

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024- 2027 (P.72/2023): NINETEENTH AMENDMENT

INVESTMENT OF STAMP DUTY UPLIFT INTO FIRST TIME BUYER FUNDS

**Lodged au Greffe on 27th November 2023
by Deputy S.Y. Mézec of St. Helier South**

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): NINETEENTH AMENDMENT

1 PAGE 3, PARAGRAPH (h) –

After the words “Appendix 2 – Summary Tables 5(i) and (ii) of the Report” insert the words –

“, except that, in Summary Table 5(i), in order to ensure the revenue gained from the 3% Stamp Duty uplift on ‘Buy to Let’ investment properties, second homes, and holiday homes may be used to increase the First Step shared equity scheme

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- (i) the Head of Expenditure for the Cabinet Office should be decreased by £2,330,000; and
- (ii) the Reserve Expenditure line should be increased by £2,330,000”.

2 PAGE 3, PARAGRAPH (I) –

After the words “Appendix 3 to the Report” insert the words –

“, except that on page 9 in the section “Improving Access to Housing” after the words “housing market” there should be inserted the words “The revenue gained from the 3% Stamp Duty uplift on ‘Buy to Let’ investment properties, second homes, and holiday homes will be allocated to increase the First Step shared equity scheme.”

DEPUTY S.Y. MÉZEC OF ST. HELIER SOUTH

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2024 – 2027 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2024 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law;
- (b) to refer to their Act dated 30th September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste;
- (c) to approve the proposed Changes to Approval for financing/borrowing for 2024, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when

required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;

- (d) to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article;
- (e) to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;
- (f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024;
- (g) to approve each major project that is to be started or continued in 2024 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (h) to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report, except that, in Summary Table 5(i), in order to ensure the revenue gained from the 3% Stamp Duty uplift on ‘Buy to Let’ investment properties, second homes, and holiday homes may be used to increase the First Step shared equity scheme;
- (i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;
- (j) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2024 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report; and
- (l) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, as set out at Appendix 3 to the Report, except that on page 9 in the section “Improving Access to Housing” after the words “housing

market” should be inserted the words “The revenue gained from the 3% Stamp Duty uplift on ‘Buy to Let’ investment properties, second homes, and holiday homes will be allocated to increase the First Step shared equity scheme.”.

REPORT

Summary

If adopted, this amendment would see the revenue raised from the 3% uplift on Stamp Duty for buy-to-let investors directed straight to the First Step shared equity scheme to support first time buyers, to increase the number of aspiring homeowners who can benefit from this scheme.

First Step

In 2020, the then Housing Minister secured £10m in the Government Plan to be set aside for a fund to support first time buyers. After a few years of prevarication, the First Step¹ scheme was announced in September this year. This scheme will see the establishment of a shared equity scheme to assist first time buyers to purchase homes in the private sector. This scheme largely mirrors the successful Homebuy scheme, run by Andium Homes for the purchase of homes in their housing stock (including new builds). This new scheme will also be administered by Andium.

This scheme reflects exactly what was proposed in Reform Jersey's '*Housing Crisis Action Plan*'² and election manifesto '*the New Deal for Jersey*'³. However, this plan also sought to provide a revenue stream from a Stamp Duty surcharge to continue topping up the scheme to maximise the number of aspiring homeowners who could benefit. As it currently stands, there are no clear plans to add to the fund to support First Step.

With the current proposed criteria and thresholds for eligibility for First Step, the government estimates that only 30-60 purchasers will benefit from this scheme in the first instance. Andium's Homebuy scheme currently only delivers around 60 homes a year to first time buyers⁴.

Given that there are c.2,000 applications⁵ currently live on the Assisted Purchase Pathway, which is the waiting list for Andium's Homebuy scheme (which demonstrates the huge demand there is for this kind of support scheme), the best-case scenario of 160 assisted purchases next year is clearly not adequate to deliver on the ambition of drastically improving homeownership rates in Jersey. Without replenishing the First Step fund, the amount of first time buyers it can support in future years will be significantly less.

It is also worth noting that, because of inflation, the £10m allocated to First Step is worth significantly less than when it was first set aside. If it had been uplifted with inflation, it would now be £12,375,906.30. This amendment would bring it up to £12,330,000, almost restoring it to its original value.

Stamp Duty uplift

In 2022, the States Assembly agreed to introduce a 3% uplift on Stamp Duty for those purchasing homes as buy-to-let investments. This followed an in-principle agreement

¹ [First Step \(andiumhomes.je\)](https://www.andiumhomes.je)

² www.reformjersey.je/housingcrisisactionplan

³ www.reformjersey.je/manifesto

⁴ [wq.228-2023.pdf \(gov.je\)](https://www.gov.je/wq.228-2023.pdf)

⁵ [wq.76-2023.pdf \(gov.je\)](https://www.gov.je/wq.76-2023.pdf)

in an amendment to the Government Plan brought by the previous Corporate Services Scrutiny Panel in 2021⁶.

The aim of this was to provide an advantage to aspiring owner-occupiers when bidding to purchase a property, and disincentivise buy-to-let purchases which might come at the expense of others.

The revenue currently raised by this surcharge just goes into general revenues and is not ring fenced for any specific purpose. This amendment seeks to introduce a ringfencing, to direct the revenue to a purpose connected to that which the surcharge was introduced to achieve.

Financial and staffing implications

The estimated income of the 3% uplift on Stamp Duty in 2024 is £2.33m. This amendment aims to allocate this amount to the First Step shared equity scheme for first time buyers.

The £10,000,000 currently allocated for that scheme is held in the reserve fund, so the reserve fund will need to be increased by £2,330,000. This will come from the estimated income of Stamp Duty. To balance out the cost, £2,330,000 will be decreased from the Cabinet Office head of expenditure.

The increase in expenditure for the Cabinet Office next year is almost £12m. Many struggle to understand why this department needs such a drastic increase in funding so soon after its establishment. It is also clear that there are some functions performed by the Cabinet Office which are not universally considered good value for money for taxpayers (such as the communications function, which far exceeds in cost and staffing what comparable jurisdictions spend).

⁶ [p.90-2021 amd. \(22\).pdf \(gov.je\)](#)