

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE HOUSING COMMITTEE ON TUESDAY,
18th FEBRUARY 2003 BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

Question

Paragraph 3.6.3 of the report accompanying the Housing Committee's Strategic Policy (P.2/2002) states –

‘the Committee proposes to investigate the possibility of introducing schemes for the part sale of dwellings on a shared equity basis. A working party set up by the Committee will report on this matter in 2002.’

- (a) Will the President inform members what progress has been made on this issue?;
- (b) Will the President indicate when the Committee expects to receive the working party's report?

Answer

- (a) In April 2002, the Working Party commissioned consultants, Boleat Consulting, to prepare a report on Low Cost Home Ownership which was received by the Housing Committee in May 2002. One of the report's conclusions was that the traditional shared equity scheme, involving part-rent and part-purchase, had nothing to offer Jersey given the current relationship between rent and mortgage payments. In other words, anyone who could afford to part-rent and part-purchase could almost certainly afford to purchase the whole property.

However, the Report did recommend further investigation of a new scheme currently available in the UK, known as "Homebuy". Under this scheme the Committee, if selling its own stock, would only initially receive a percentage, say 75 per cent, of the value of the property and would receive no rental for the remainder. The Committee would not recover the full value until such time, perhaps many years hence, when the property was sold or the part owner decided to buy the whole. If developing a new property for sale, the Committee would be required to expend capital funds of which say 25 per cent would be indefinitely 'locked up' in the properties sold.

Clearly a scheme which either reduces considerably the return on assets sold or requires significant capital outlay, is not, at present, an attractive proposition.

- (b) As stated, the Committee has already received this preliminary report but will be giving further thought to shared equity schemes at its next policy meeting on 17th March 2003, with the intention, in due course, to report its findings to the States.