

2025.06.24

3.8 Deputy P.F.C. Ozouf of St. Saviour of the Minister for Treasury and Resources regarding rental market pressures and their consideration in the draft Budget 2026-2029 (OQ.157/2025):

Will the Assistant Minister advise what consideration, if any, will be given to fostering a balanced housing market and to concerns about rising home-rental costs in the preparation of the draft 2026-2029 Budget?

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter (Assistant Minister for Treasury and Resources - rapporteur):

I will read out the prepared answer and then we will no doubt deal with the underlying question. One of the aims outlined in the Government's Common Strategic Policy is to improve the housing market with a focus on increasing the availability of affordable homes for Islanders. While the Council of Ministers is still in the early stage of developing the Budget for 2026-2029 and has not yet considered any changes to stamp duty, it has identified housing as a key policy priority.

The Deputy Bailiff:

Just to say, we will have a supplementary, then questions from Alex Curtis, Deputy Wilson, and then a final supplementary.

3.8.1 Deputy P.F.C. Ozouf:

The Assistant Minister said the housing market is in dire straits and he said he was reading off a script. Is it a socialist script? Because are we not seeing that the truth is now coming out, that the surcharge of 3 per cent, which the Council themselves brought forward to produce at 2 per cent, that got thrown out, all my proposals got thrown out, and my worst fears are now coming true. The situation is getting worse. Turnover is still at a 2-decade low, prices may be too ...

The Deputy Bailiff:

Are you going to ask a question or make a speech, Deputy Ozouf?

Deputy P.F.C. Ozouf:

No, I am going to say: is the Council of Ministers going to take the issues that are a plunging housing market, no confidence, private sector rentals increasing, rents going up, transactions falling? Last week the Royal Court saw more Andium things than anything else. Are they going to get real and speak to real people rather than socialist nonsense?

Deputy I.J. Gorst:

Well I have never been accused of reading a socialist script; I did not know my glasses allowed me to read [Laughter] such a script. The Deputy is touching on a most important point in regard to our housing market and the construction sector. This is not approved by the Council of Ministers, as I said in answer to my previous question. Council of Ministers are currently navigating those 3 policy priorities as every Council of Ministers has to do. I voted for an amendment to the Deputy's proposal in the last Budget to reduce the surcharge on buy-to-let properties to reduce it to 2 per cent. It is absolutely critical that the supply, I believe, in the private rented market is increased. The reality is that the surcharges - and some would say this was a good policy outcome - have the other effect. But right now as we sit, here I was informed

only last week by a developer who looks carefully at all the prices, that there are 1,800 properties for sale, and the market is not moving. Of course, if we look at the official statistics we can see a slight uptick in transactions but, as the Deputy said, we have to go beneath the surface of what those transactions are and are they in the private sector? I am not sure that they are, so we need to stimulate what we think of as the chain or the ladder of property. I would be arguing for changes to the stamp duty surcharge. I know that other Ministers will be making that case as well. I will also be arguing for more thought and actual action to be brought around the downsizing policy. I think the only way you can deal with downsizing is probably through stamp duty changes. Of course, that is quite difficult from a policy perspective because what is downsizing, who is going to monitor it? I, with colleague Ministers, will be strongly making the case that there is now a need for intervention.

3.8.2 Deputy A.F. Curtis of St. Clement:

The Minister highlighted the need for affordable homes as a key priority. Is it his view as the Assistant Minister from a fiscal perspective that the best model would be a working open housing market where homes were suitably affordable in the open market without the need for such a level of intervention by his department and the wider government?

Deputy I.J. Gorst:

I believe passionately in home ownership and I do so because it gives Islanders a hope for the future. It is the fundamental issue around why Islanders see no hope and cannot see how they can manage to stay in the Island unless they have got parental support. We are, and have, historically had high house prices. The market is now stagnant, prices are coming off, but there is nothing that is stimulating movement within the housing market so we need to do that.

[11:00]

I broadly supported the First Step scheme introduction because of the fall-off in housing prices and because we needed to do something to stimulate the housing market. If we look at the statistics that came out of that intervention in First Step schemes, I think there are some questions which still have not been answered. Yes, it is really great that Islanders are getting on to the housing market - fantastic; we all agree with that - the question is, is it then stimulating activity across the wider market? I have not yet had satisfactory answers, for my part, to those questions. That was the reason why I, when the previous Government brought it forward, believed it was an acceptable intervention if prices are off by 20 per cent, as they were at the time.

3.8.3 Deputy A.F. Curtis:

Could the Minister just go a little further on the difference between having incentives in the market versus a market that functions at the right price? Does he not see a concern that wanting to stimulate the market at its current position risks a challenge that a dropped market drops more people into negative equity or creates a fear that people do not want falling house prices, which I think most of us realistically do?

Deputy I.J. Gorst:

Government intervention is always something which has to be undertaken carefully. We have to review the effects of such intervention so that there are not the unintended consequences that the Deputy referred to.

3.8.4 Deputy K.M. Wilson of St. Clement:

As someone representing St. Clement, experiences shared by some constituents have shown that housing transactions are down in our Parish and rentals are going up. Some people seem

to be saying that the 3 per cent surcharge may be hindering the sales under missing supply. Pleased to hear the Minister's personal reflections on this but can he assure us that the Treasury is testing the impact of the 3 per cent surcharge? If so, what conclusions are they reaching on that? Given that he has just explained how he will commit personally to restoring market confidence, is he confident that we will see this commitment demonstrated in the forthcoming Budget?

Deputy I.J. Gorst:

How long is a piece of string? I personally believe that we need to reinitil confidence in the housing market from all of those involved in it that I speak to. They are most concerned about that confidence. We have seen the effect in the construction industry and there is a lack of confidence there. They are looking to Government to consider whether - back to Deputy Alex Curtis's question - Government intervention has had an effect or can now, by taking the perhaps opposite intervention, have a more positive stimulating effect. Those are conversations that Council of Ministers will continue to have. I am optimistic that Ministers will see the need for intervention but they are, as I say, conversations which we are getting to in the Government Plan process. I would not wish to second-guess my colleagues' decisions.

3.8.5 Deputy P.F.C. Ozouf:

I wanted to circulate the article from *The Economist* magazine which warned rental interventions do not work. I am pleased to hear the Assistant Minister saying that what we tried to do in the Budget was right. Do I need to, with the Assistant Minister or other Ministers, send them the copy of the article of *The Economist* to say why it is wrong? Are they going to really take seriously the issues that Deputy Wilson and others raise that there is now a worse housing crisis? He said so, dire straits, housing market falling 20 per cent, it has now surely gone past the point of emergency and it is self-inflicted. Would he not agree?

Deputy I.J. Gorst:

Well, it is difficult to argue that it is self-inflicted. I think it is easier to argue that an intervention made by Government previously was perhaps at the wrong time in the cycle of what was happening in housing. I see others nodding, they would disagree, and this is the joy of both the Council of Ministers and this Assembly. The point is that we are experiencing not just local headwinds, but global headwinds. When we see the effects of both international and local headwinds on any sector of the economy, then we have got to ask ourselves - maybe my glasses have turned socialist after all **[Laughter]** - is intervention the right thing for Government to do? I can only at this point think that it is. The arguments will be, not just in the Budget about what we do with stamp duty, which I am looking forward to in our live arguments, but there will be other proposals around intervention that some of us may think will have an even further detrimental effect upon rental prices in our community. That will be a debate that this Assembly will be having in due course.