

23.05.23

10 Deputy S.Y. Mézec of the Minister for Housing and Communities regarding the provision of support to first-time buyers (OQ.102/2023)

Will the Minister advise what plans, if any, he has to utilise the £10 million set aside in successive Government Plans to support first-time buyers in such a way to maximise the number of Islanders who will benefit from this but without causing inflationary pressures which would push homeownership further out of reach for those not able to benefit from the scheme?

Deputy D. Warr of St. Helier South (The Minister for Housing and Communities):

I thank the Deputy for his question. I am grateful for such a timely question. I am also grateful for the Deputy to recognise how challenging this is, that when we are deploying this kind of money we need to be considering inflationary effects that the options could have on the market. That is a really important point to make. I am fully committed to utilising the £10 million in the Government Plan to invest in assisted home ownership schemes. I can confirm that I intend to bring forward my preferred policy options in the summer with a view to launching a scheme as soon as possible after that. It is one of my priorities to assist Islanders in realising their aspirations of home ownership. As the Deputy himself notes, however, we must ensure that such a scheme addresses the affordability challenges that Islanders are facing.

[11:00]

We must also ensure it is targeted towards those who need assistance and it does not have an inflationary impact, as I already stated, on property prices. This is why we must explore a broad range of options before committing to the specific type and features of an assisted home ownership scheme. I will keep Members up to date as we progress this work.

3.10.1 Deputy S.Y. Mézec:

In a recent interview, I heard the Minister refer to the potential use of this fund for loans and that slightly concerns me because there are iterations of a loan scheme that could risk having an inflationary impact in the housing market. Could I ask the Minister to inform the Assembly whether he has ruled out any kind of loan option that would risk inflationary pressures and whether he is instead exploring shared equity options, which may stand a better chance of mitigating against that?

Deputy D. Warr:

Nothing is ruled out at this moment in time. We are considering shared equity schemes; deposit loan schemes, where a Government contributes to the deposit that a homebuyer cannot find themselves; potentially shared ownership schemes; supply-side schemes, for instance, where Government provides funding towards increasing the supply of assisted ownership homes for purchasing land or refurbishing vacant homes, as an example; and then there is obviously also better use of the Island's existing housing stock by such ideas as subdividing larger properties and assisting in doing that.

3.10.2 Deputy M. Tadier:

Would the Minister ensure that mistakes from the past are learned from, for example, any schemes that do exist are set up in perpetuity so that they remain affordable in perpetuity and so that people cannot take advantage, intentionally or otherwise, of using government subsidies for their own profit, which then end up of no help to affordable housing in the longer term?

Deputy D. Warr:

I thank the Deputy for his question. Absolutely that is our intention. The objective here, and we already have this with first-time purchasers, whereby someone who has bought a first-time purchaser home has to sell to a first-time purchaser, so that that value is kept down and there are not unanticipated gains made in this field.

3.10.3 Deputy M. Tadier:

Does the Minister believe that some of the terms need to be redefined? Being a first-time purchaser is not necessary equivalent to somebody who has an affordability issue. It just means they have not necessarily owned yet or they have not owned in that particular way. Does he think that it is more important that the schemes remain intact so that if you buy a property, either shared equity or other form of subsidy, you sell it back to the scheme and then it goes to the next person on the waiting list, rather than simply relying on the blunt tool of first-time buyer definition?

Deputy D. Warr:

Yes, I absolutely agree with that sentiment. I would suggest that that is our intent in our policy development.

3.10.4 Deputy L.V. Feltham:

Could the Minister confirm whether he has any defined policy position when it comes to the provision of affordable first-time buyers homes?

Deputy D. Warr:

I thank the Deputy for her question. Do we have any policies? We obviously have existing policies in place. I am hoping we are referring to how we utilise the £10 million scheme, so that is where I am trying to put my focus. In terms of what is the best option and how we use that and how we deploy that, no, I do not have any particular preferences at this moment in time and are awaiting my policy officers to develop those schemes and bring them forward.

3.10.5 Deputy L.V. Feltham:

I heard the Minister admit that he is letting officers lead on policy. Does he agree that the public are getting fed up with the lack of policy leadership being shown by the Minister for Housing and Communities and that this lack of leadership is to blame for the lack of action currently being taken by his Government?

Deputy D. Warr:

I thank the Deputy for her question or challenge. That is grossly unfair, to be honest with you. We are doing a huge amount in this sphere. It is quite interesting that this £10 million to which I am referring, again we are getting dragged away from the original oral question here, and that is we are trying to spend a sum of money which has been recognised for the last 3 years and has been failed to be delivered in any shape or form by any previous Minister for Housing and Communities. I would suggest the fact that if I get this scheme through, which I totally intend to do this summer, will be a huge amount of progress, given all the failed efforts of previous Ministers for Housing and Communities. I would also add that we are seeing consultation in terms of legislation, which is currently ongoing. We are also seeing announcements in connection with homelessness. There is a huge amount of work being done in our department and I really object to saying that we are doing nothing.

3.10.6 Connétable K.C. Lewis of St. Saviour:

I am sure the Minister is doing his very best to alleviate the situation. Being old school, can I ask the Minister whether a good old-fashioned States loan scheme, well-funded by the States, would be one of the solutions to help young people get on the housing ladder?

Deputy D. Warr:

I thank the Deputy for his question. Absolutely, it is certainly not ruled out as one of the considerations.

3.10.7 Deputy S.Y. Mézec:

Nothing is ruled out, but it sounds like nothing is ruled in either. In answer to an earlier question, he gave such a wide list of considerations of what may be featured in this scheme that we can have no confidence whatsoever that they are at the point of delivering a scheme. The suggestion that has been made by the Constable of St. Saviour would risk being inflationary, because it increases demand without increasing supply. Would, in the attempt to show at least some leadership today, he be willing to rule out such a scheme because of the negative impact that would have and the way that it may push more people further away from home ownership than towards it?

Deputy D. Warr:

I thank the Deputy for his question. The most important thing about all of this is it is about deliverability. Can we deliver and employ and put out this fund in an effective and timely way? That is the most important issue. In terms of ruling things out and ruling things in, as a previous Minister for Housing and Communities, I am sure Deputy Mézec considered an awful lot of this and never delivered any of it. My job now is to go out there and deliver some of this. We will, for sure, deliver for the benefit of the people of this Island.