

3.8 Deputy R.G. Le Hérisssier of the Minister for Housing regarding the impact of granting more (j) category licences:

Would the Minister outline the issues, if any, that have arisen for the housing market by the granting of more (j) category licenses?

Senator T.J. Le Main (The Minister for Housing):

As I have previously stated, (j) category consents continue to account for a significant minority of property purchase, with about 92 per cent of consents are for properties being bought by people with full housing qualifications.

3.8.1 Deputy R.G. Le Hérisssier:

Would the Minister agree that the liberalisation suddenly of the regulations led to a flood of well-resourced buyers on the market, and this has totally led to a blockage, particularly in the 2-, 3-, 4-bedroomed area?

Senator T.J. Le Main:

No, Sir, I do not agree with that at all. But I have to say that I am concerned at the overall ongoing demand and the lack of supply of homes in all areas of the market, and I am working currently very hard with the Minister for Planning in all areas of housing, in which there is a dire need right across the marketplace. But certainly the issue about J category purchases as highlighted erroneously by Deputy Breckon the other day, saying that 400-500 had been sold to (j) category, is totally erroneous.

3.8.2 Deputy R.G. Le Hérisssier:

Would he confirm he is saying that the anecdotal feedback, from people like estate agents and so forth, is wrong, and that there is not a shortage of particular properties because of the sudden granting of a large number of (j) category licences?

Senator T.J. Le Main:

The feedback, or alleged feedback, by the estate agents, is totally wrong. The figures are quite clear. Let me just say to the Member concerned that the number of (j) consents for purchase from January to August this year has been 104 consents, out of a total of 1410. The same period, 2006, was 85 consents out of a total of 1,436, an increase of just 19. I have to say that the average (j) category purchase price for the second quarter of 2007 was £631,830, which is well above the average house price for the quarter of £388,000.

3.8.3 Deputy G.P. Southern:

Does the Minister accept that the increase in numbers and in the number of permanent (j) categories has led to an increase in demand, particularly for 3-bed housing and above, and that this increase in demand has not been matched by an increase in supply, therefore pushing up house prices in this category?

Senator T.J. Le Main:

The house prices, particularly between £400,000 and £1 million, have gone up dramatically because there is a lack of supply. Solely, there are too many people in all areas of the market chasing too few properties that are currently for sale. There is some blocking, and people are finding that they are not moving, but perhaps are putting on conservatories and additions to their properties. But the Planning Minister does realise that there is a huge shortage of property right across the market, including 1-beds in the town areas, that have a parking space. Very great shortage in that area as well.

Deputy G.P. Southern:

Point of clarification, Sir? Does the Minister accept that demand is increasing, supply is not, particularly in three-bed houses?

Senator T.J. Le Main:

Yes, I do, Sir.

3.8.4 Deputy R.G. Le Hérisier:

Does the Minister believe that the attempt to free up housing by encouraging more people to buy apartments or to rent apartments, has not worked?

Senator T.J. Le Main:

I am not sure that I have been encouraging people to buy apartments. But the issue is that I know very well that there many people in the marketplace at the moment who are sitting asset-rich with large family properties, and wanting to purchase smaller two-bed properties, particularly detached ones, and there is nothing in the marketplace, and of course there is a huge blockage of those family homes in the marketplace that otherwise could have been released for families.