



## **Corporate Services Scrutiny Panel Starter Home Deposit Loan Scheme Review Hearing with the Minister for Housing**

**WEDNESDAY, 13th FEBRUARY 2013**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy J.G. Reed of St. Ouen (Vice Chairman)  
Connétable D.J. Murphy of Grouville  
Deputy S. Power of St. Brelade  
Deputy R.J. Rondel of St. Helier

**Witnesses:**

Deputy A.K.F. Green MBE of St. Helier (The Minister for Housing)  
Mr. P. Bradbury (Director of Corporate Policy, Chief Minister's Department)  
Mr. S. Read (Policy Principal, Chief Minister's Department)

[10:00]

**Deputy J.G. Reed of St. Ouen:**

On behalf of the Corporate Services Scrutiny Panel, I would like to welcome you all to this public hearing. I would like to just first of all draw the public's attention to the code of behaviour that we expect you to abide by and I would like to personally welcome Deputy Green, the Minister for Housing, and draw your attention to the disclaimer that is provided at all of these public hearings, just to make sure that you are familiar with that. It would probably be useful for the recording if we just very quickly go around the room and introduce ourselves. So I will ask the Chairman first, but all of you introduce yourselves.

**The Deputy of St. Ouen:**

Thank you very much. We have only got an hour, so we will try and move on as quick as possible. First of all, Minister, could you please explain where the idea for the Starter Home Deposit Loan Scheme came from?

**The Minister for Housing:**

It came from various sources, really. You will know that we are not unique in proposing a scheme like this. Several other countries across the world have done the same and the U.K. (United Kingdom) have done. It also came about not only in discussion with the Chief Minister, Minister for Treasury and other Ministers, but from questions in the Assembly from a number of different Members who asked were we going to bring back the States Loan Scheme. Now, I personally think that would have been totally inappropriate. Why would we want to bring back a scheme that would lend, say, £400,000 to buy a house when it is not the availability of money that is the problem, it is the access to it? We have got banks that do it very well. Why would you want to tie up millions of pounds of public money? It is the access to it that is the problem, and the problem is that people do not always have the deposit, especially those who are struggling to pay rent to raise a family and so on. Providing their income is at sufficient level, we thought we could help them access the housing market by supporting them with their deposit as a loan. That is where it came from. The Chief Minister announced it in November, that we were working on it - I do not know if you remember that in the States earlier than November - and I made a statement in November that we were going to bring it forward and the rest, as they say, is history. We are where are.

**The Deputy of St. Ouen:**

So it is a combined effort or was it an individual that first of all brought the idea to the attention of the Chief Minister?

**The Minister for Housing:**

No, it was a combined effort. I have to say that the majority of the work has obviously been done by Housing officers and the Treasury officers, certainly under the - I will not say direction - close eye of the Chief Minister and then it went to the Council of Ministers. They saw our proposal. They only had, if I remember rightly, 2 or 3 days to comment on it, but they were supportive, bar one, and so it is a Council of Ministers proposition, although I have to say I am championing it with the Minister for Treasury.

**The Deputy of St. Ouen:**

You say that this scheme compares with other schemes in other jurisdictions. How does it compare with the First Buy Scheme that was announced by the U.K. Government in its own 2011 budget?

**The Minister for Housing:**

I am aware of the scheme. I have not directly compared one with the other. Jersey is a unique environment in terms of housing. I am aware of the scheme and I have not directly compared them. That might be something that obviously as a Panel you want to look at, but I have not.

**The Deputy of St. Ouen:**

So how certain are you that the scheme will be effective in addressing the matters that you quite clearly are concerned about?

**The Minister for Housing:**

I am reasonably comfortable. I mean, we have to start from the premise that nearly 80 per cent of people in Jersey cannot afford to buy a home, nearly 80 per cent of people. In the U.K. they have 68 per cent home ownership; we have 54 per cent. So we need to do something, and this is only one part of what we need to do, I might suggest. The Strategic Housing Unit, when developed - hopefully the States will support that - I hope will bring forward a number of different things that will support people as well. How confident am I? I am very confident that this will do what it says on the tin, that it will help people access housing to buy that could not necessarily have accessed it before. But it is a 6-month trial, and obviously in any new scheme you have a review to see that you are ticking the boxes you want to tick, that you are achieving what you want to achieve and that you are not having any adverse effect in other areas.

**Senator S.C. Ferguson:**

You say 80 per cent. I do query, 80 per cent of what?

**The Minister for Housing:**

Well, 80 per cent of the working population - this is not my figures, this is the statistics; it is 79 per cent, but I have rounded it to 80 per cent - could not afford a £380,000 house.

**Senator S.C. Ferguson:**

Thank you, because you are implying that 80 per cent of the population had no access to flats ...

**The Minister for Housing:**

No, I was not saying that. No.

**Senator S.C. Ferguson:**

... and things like that. But that was the implication, so I am glad to straighten that one out.

**The Minister for Housing:**

Yes, to be precise, 51 per cent of the population could not afford a 2-bedroom flat.

**The Deputy of St. Ouen:**

Just moving on, who have you consulted during the development of these proposals?

**The Minister for Housing:**

I have not consulted directly; my officers have with a number of different people and that includes the bankers, estate agents, obviously officers in Treasury. If you want, I do have it in my file here, but if you want precise details, I suggest you ask the officers on either side of me. But I have been satisfied that proper consultation has taken place at the appropriate time with the appropriate people and definitely has the support of lenders and the estate agents.

**The Deputy of St. Ouen:**

What concerns, if any, have been raised by those that you have consulted with?

**The Minister for Housing:**

Well, very few concerns. The other person that we did consult with - and I know you are probably going to see him at some time - is the Economic Advisor, because one has to be careful that you are not having a detrimental effect on the housing market when you are trying to do something that is good for young people in Jersey. Very few concerns, but that is why we have aimed the scheme as we have. The proposition is very clear about the income levels that people will have to have and the houses or flats that they can be eligible to buy and they are always at the lower end of the quartile, to use the terms that they use, so that we do not think we will have a detrimental effect on house prices or a detrimental effect on the market.

**Senator S.C. Ferguson:**

All right. What other advice have you received on the impact of the proposals and from whom?

**Director of Corporate Policy, Chief Minister's Department:**

As the Minister said, we have consulted with a range of lenders and we have consulted with relevant internal departments, so Economic Development, Planning and Environment, Statistics Unit, Economics Unit et cetera. We can provide to the Panel a full schedule of all the meetings we have had with all the people I have just mentioned.

**Senator S.C. Ferguson:**

You have talked about the non-availability of, for instance, 100 per cent mortgages, whereas we have had a submission from a lending organisation which does provide 100 per cent mortgages, so are we all in the same universe, do you think?

**The Minister for Housing:**

No, I do not think we are, because the reality is that people generally cannot access 100 per cent mortgages. They cannot access anything less than 80 per cent generally, so I do not think we are in the same universe. That one lender might be unique to a particular situation, but it is not the norm.

**Senator S.C. Ferguson:**

There is obviously somebody around if you go and hunt hard enough. There is somebody who will give 100 per cent mortgages.

**The Minister for Housing:**

But you might find that that would not be suitable for first-time buyers, young couples who cannot access it. They cannot access that. I do not care how we dress it up, they cannot access and lenders are looking for - and this is the same problem throughout the world, not just here, since we had the problem in America - 80 per cent loan, 20 per cent deposit.

**The Connétable of Grouville:**

I can see your point of view. However, a 100 per cent mortgage is feasible providing the affordability is right. Your affordability, if you are lending them 15 per cent and you are giving them 95 per cent mortgages with the primary lender giving 80 per cent, they then end up at 95 per cent, so you are virtually at a 100 per cent mortgage. So the affordability then kicks in.

**The Minister for Housing:**

But you are looking at fowl and fish, might I suggest, because the 15 per cent is an interest-free loan, so that already takes some of the strain off the family and makes it more affordable. I am sorry, but most lenders will not lend 95 or 100 per cent.

**The Connétable of Grouville:**

We have got a letter from one of the lenders saying they will, so we can obviously let you have that later.

**The Minister for Housing:**

That is fine, but you need to go and ask the young couples out there that cannot get the mortgages.

**The Deputy of St. Ouen:**

I am sorry, somebody from the public wants to ...

**Senator S.C. Ferguson:**

Sorry, you can make a submission to the Panel, if you would be so kind.

**The Connétable of Grouville:**

If I could just go on from there, how many of the lenders in Jersey have agreed to take part in the scheme or have backed the scheme?

**The Minister for Housing:**

One has definitely said.

**The Connétable of Grouville:**

One?

**The Minister for Housing:**

Yes, one definitely. Others are interested and very close with a second to signing up.

**Senator S.C. Ferguson:**

Is their signing up dependent on it being on non-interest bearing?

**The Minister for Housing:**

I am not aware that that was dependent, no. They were just signing up to the scheme. They do all the affordability tests.

**Director of Corporate Policy, Chief Minister's Department:**

But the material fact for the lenders is not whether they wish to participate in the scheme at zero interest or not, it is the precise administrative arrangements that cause issues and require negotiation. There was a broad acceptance from most lenders that they would participate in the scheme. Where we have narrowed that down to one and possibly 2 providers is we would like the lender to act as a partner for us, whereby they lend the money on our behalf and they join in with us on the joint due diligence and the collection processes and any arrear collection processes. So a range of lenders have been interested in it, but we have narrowed that down, because what we

want is not just somebody who is prepared to lend if the States lend 15 per cent, but somebody who is prepared to work with us on the payments and arrear collection and the assessment of the eligibility.

**The Connétable of Grouville:**

That would be a guarantee then. You would be guaranteeing part of the work.

**Director of Corporate Policy, Chief Minister's Department:**

Well, that would enhance your security, because you would be partnering with an established organisation which was used to lending monies, assessing eligibility, that was used collecting arrears, that was used to dealing with customers, that had the customer facilities. So I think what I am saying is we had a broad range of interest from lenders, but we want more than just a lender who is prepared if the States will lend 15 per cent. We want a lender who will act as our partner in the lending and the collecting of money.

**The Connétable of Grouville:**

Let me just go a bit further on this. Am I reading this right, in that you are saying you would be partners with a lender who will lend the 15 per cent under your guarantee? Is that what you are saying?

**Director of Corporate Policy, Chief Minister's Department:**

No. The money will still come from the States, but the partner would help us with the remitting and the collection, so the capital is States of Jersey capital.

**The Connétable of Grouville:**

So they will take over the management of it?

**Director of Corporate Policy, Chief Minister's Department:**

They would be a partner in the management.

**The Minister for Housing:**

The person holding the mortgage makes one payment.

**Director of Corporate Policy, Chief Minister's Department:**

It is much more efficient as a process.

**Senator S.C. Ferguson:**

Right, so what discussions have there been at the Council of Ministers about the proposals?

**The Minister for Housing:**

Not a huge amount, to be honest with you. We worked on the scheme. We emailed all Ministers with a copy of the proposed scheme and we discussed it very briefly at, from recollection, one meeting. As I say, full support, bar one Minister. One Minister does not agree with it, but everybody else does.

**Deputy S. Power:**

I would have thought, Minister, given the significance of this and given the significance of the push that has been announced this morning by the Minister for Treasury, your colleague, this would have been discussed in some detail by the Council of Ministers and also the alternates to this. As a matter of fact, if my colleagues will remember correctly, it was the Minister for Treasury announced it at a quarterly hearing in one of these meetings before you said anything, so I am just wondering ...

**The Minister for Housing:**

Yes, that is true, the Minister for Treasury did announce it in the Scrutiny hearing ahead of when we were ready to, if you like, unveil it, and then the Chief Minister also in question time in the States supported that and said that we were close to bringing this scheme forward. This is just a small version of the States loan, and people keep saying to me: "When are you going to bring the States loan system back?"

[10:15]

The States loan system still exists, it is just not fit for purpose now. You just would not generally be able to, using the States loan system, buy a house because the maximum lending rate would not allow it. This is just a variation of that. It is using the same fund, it is using the same principles of getting young couples or single people, people that work hard that save their money, 5 per cent they have to save themselves. Their commitment in terms of fees, they are probably putting themselves in straight away £30,000. How many young couples can find £30,000? That does not come easy. They work hard for it. So this is just a slight variation on what already exists. I do not think it needs a huge amount. We are only committing £3 million to it. We will review it and if it is working then we may have to find a way of extending it, but I might suggest to you that there are 3 or 4 other schemes that the Strategic Housing Unit need to bring forward to help young couples achieve their aspirations.

**Deputy S. Power:**

Can I come in on that fuller answer there? I just want to get the process right. This was circulated to Ministers by email prior to the 4th. The lodging was 4th December.



**The Minister for Housing:**

Yes, prior to that. Yes.

**Deputy S. Power:**

So essentially this is an email agreement by Ministers without a formal discussion and one Minister expressed he is not supporting this. Is that what I ...

**The Minister for Housing:**

That is correct. There was a discussion, but there was not a formal agenda item. It was done by email, there was a brief discussion and one Minister said he could not support it.

**Deputy S. Power:**

Are you prepared to disclose that Minister that ...

**The Minister for Housing:**

Yes, because he is going to - if we get round to or when we get round to debating it - object to it anyway. He has made that quite clear. He has been consistent all the way through, and that is the Minister for Planning.

**Senator S.C. Ferguson:**

Can you explain why you feel it necessary that the loans should be interest free, because it seems somewhat unfair for people who are paying their taxes to be supporting ... I know everybody wants to get people on the housing ladder and so on and so forth, but in effect you are getting taxpayers who will be subsidising the people who are taking these loans. The old States loan system, people paid interest.

**The Minister for Housing:**

They paid 3 per cent to 10 per cent, depending on the scheme, but we are in a totally different situation now, and it is about ...

**Senator S.C. Ferguson:**

No, we are lending money to taxpayers and taxpayers' money to other taxpayers.

**Director of Corporate Policy, Chief Minister's Department:**

No, this is not taxpayers' money. This is coming from the Dwelling-Houses Loan Fund and the balances in that have accumulated from people who have owned States housing repaying their mortgages and interest.

**Senator S.C. Ferguson:**

Yes, but we are just ...

**The Connétable of Grouville:**

It is States money.

**Senator S.C. Ferguson:**

It is still States money.

**The Connétable of Grouville:**

It is ridiculous.

**The Minister for Housing:**

So I could ask you another question ...

**Senator S.C. Ferguson:**

No, you are not here to ask questions. You are here to answer questions.

**The Minister for Housing:**

Well, I will answer it.

**Senator S.C. Ferguson:**

The question was ...

**The Minister for Housing:**

“Is it fair?”

**Senator S.C. Ferguson:**

... if this is taxpayers' money, why is there no interest being paid?

**The Minister for Housing:**

The question was: “Is it fair to taxpayers?”

**Senator S.C. Ferguson:**

Well, I said: “Why is it not being charged interest?”

**The Minister for Housing:**

Okay. This is not only aimed at those in social housing, but those in social housing - whose situation has improved somewhat - will be able to access this scheme and no longer be in social housing, which is subsidised by the States.

**The Deputy of St. Ouen:**

Okay. We want to explore the scheme a little bit more in detail.

**Deputy R.J. Rondel:**

I just want to come in on one earlier question.

**The Deputy of St. Ouen:**

Please do.

**Deputy R.J. Rondel:**

You spoke about the Economic Advisor and possibly the effect this might have on actual prices, I presume.

**The Minister for Housing:**

Yes.

**Deputy R.J. Rondel:**

Surely that really is subject to there being a supply in the housing market and there will be an effect unless the supply comes onstream of homes, the delivery.

**The Minister for Housing:**

That needs to be done as well, I accept that. The Economic Advisor, you will be speaking to him, you can get his advice from him. But it was the cautious support of the scheme, because we are talking about 100 possible people/families being supported here. I believe, and only time will tell - I went through the *Evening Post* the last couple of nights looking for homes in the price range of this proposition and there were very few - it will not push prices up. It might make people be a little bit more realistic about the prices that they can get for their homes. For example, I am thinking as the person selling: "I have got a buyer who can only afford to pay £171,000 for a one-bedroom flat. I was asking £181,000. I have got a buyer, so I will let it go for £171,000." I think, because it is such a small number, only time will tell who is right and who is wrong.

**Deputy R.J. Rondel:**

But do you accept there is a serious concern? I asked you a question in the Assembly, and you came back and said there were only 51 homes due for delivery over the next 5 years under Affordable Housing. Now, is that accepted?

**The Minister for Housing:**

No, you did not ask me. Well, you asked me, but that is a matter for the Minister for Planning. That is something that needs to be sorted out and it has to be sorted out, but that is another issue. This is not aimed at new homes. It is specifically excluded from new homes.

**Deputy R.J. Rondel:**

Okay. If I move on to the operation of the scheme, Minister, could you please explain how a person will be able to apply to the scheme?

**The Minister for Housing:**

Yes, okay. I will give a broad outline and if you need more information, officers will provide that later. Anybody wanting to access the scheme will have to go through initially the Affordable Housing Gateway, so the gateway looks at eligibility rather than a first-time buyer. Broadly speaking, does their income ...

**Deputy S. Power:**

Sorry, Minister, who would be running the eligibility gateway test? What officers? Is that Population officers or Housing? Can you explain the mechanics?

**The Minister for Housing:**

Okay. The gateway currently sits in the Housing Department, but it will move to the Strategic Housing Unit, assuming that the States accept there is going to be a Strategic Housing Unit.

**Senator S.C. Ferguson:**

Who is forming that?

**The Minister for Housing:**

That is in my proposition which I am going to lodge on 1st March, but it sits in my Department at the moment. So the eligibility bit currently sits in my Department: are they first-time buyers; do they have sufficient income et cetera? Once they are eligible, then the rest of that is down to the individual to find a home to buy, the individual to find a lender prepared to lend on the basis that we just talked about and then with Population and Treasury, the loans and agreements will be

drawn up, overseen by the Law Officers' Department. But if you want to go into much more detail than that - that is a broad outline - the officers will be able to take you through it.

**Deputy S. Power:**

So can I just clarify this? So are you saying that the team that, for instance, did the 2009 scheme, the eligibility and gateway for the other scheme, they would be doing this scheme as well?

**The Minister for Housing:**

Yes.

**Deputy S. Power:**

The exact same team?

**The Minister for Housing:**

Well, it is the same senior officer. I do not know who else was working with her at the time, but it is the same senior officer, yes.

**The Deputy of St. Ouen:**

Are you suggesting that to access a scheme, individuals would be required to be registered and identified on the current gateway?

**The Minister for Housing:**

They have to be on the Affordable Housing Gateway in order to access this scheme, yes.

**The Deputy of St. Ouen:**

So currently, as I understand it, people on the Affordable Housing Gateway are generally looking for access to States rentals.

**The Minister for Housing:**

No, no. Category 5 is people that wish to buy if a scheme exists, and this is not in order of application. It is not the old - as I remember going back - States Loan Scheme. You had to wait until you moved up and it was your turn. If you are eligible, you are eligible; you then go out and find a house and get your loan. You do not have to wait until it is your turn to be eligible.

**Deputy R.J. Rondel:**

Up to 100 people?

**The Minister for Housing:**

Up to 100 for the pilot scheme, correct, yes. This is first come, first served if you are eligible. Does that make sense?

**The Deputy of St. Ouen:**

Can I just ask, bearing that in mind, the one thing that I presume you will be doing is encouraging, especially if you introduce this scheme in a reasonably short space of time, those that may wish to purchase homes and fit the criteria to register?

**The Minister for Housing:**

Absolutely.

**The Deputy of St. Ouen:**

Why have you not done that yet?

**The Minister for Housing:**

Well, we have been doing that.

**The Deputy of St. Ouen:**

If you are saying that you are planning on lodging it ...

**The Minister for Housing:**

We have been doing that. We have got 150 families already on band 5. We need to have a much bigger push and advertising campaign, but there is no point in building up people's expectations currently if we do not have anything to offer them. If the States accept this, we will have something to offer another 100 families, so we will have a push then. But there is no point in going out there now saying: "Come on, join band 5 for the eligibility thing, but I do not have anything to offer you and there is nothing in the foreseeable future. Just get your name on a piece of paper." There is no point.

**The Deputy of St. Ouen:**

I thought you were confident in the scheme and that it will ...

**The Minister for Housing:**

I am confident in the scheme, but I do not have the scheme yet.

**The Deputy of St. Ouen:**

... deliver some help, those seeking to purchase a home will be able to so?

**The Minister for Housing:**

I am confident in the scheme, but the question you asked me is why have we not pushed it before, and there is no point in pushing someone to go on to a waiting list for something that does not exist. It will exist, and the lenders, I have just been reminded, are also going to - if the States accept this proposition - work with us in advertising and marketing of the scheme.

**The Deputy of St. Ouen:**

Is it primarily aimed ... I think you mentioned about those that are currently accommodated within social housing.

**The Minister for Housing:**

No, it is not primarily aimed at them. There will be some that would be eligible. Looking at the figures that I was looking at last night for a different piece of work, probably if they wanted to, I would imagine something like 36 families in the social housing scheme would probably fit that. I would imagine they may not want to, it may not be suitable for them, but looking at figures for something else last night, I would imagine about 36 immediately spring to mind that could perhaps go for this. But it is not aimed only at them.

**Deputy R.J. Rondel:**

Will you have any discretion as Minister on decisions?

**The Minister for Housing:**

As Minister, I prefer to keep out of this as much as possible. Certainly I will have no say in eligibility. They are either eligible or they are not. They either meet the criteria or they do not.

**Deputy R.J. Rondel:**

Okay, but you are responsible as Minister ...

**The Minister for Housing:**

I am not getting involved between the lender and the borrower. The lender takes a decision, based on the information they have from the person wishing to borrow, whether they are prepared to lend to that person, and I am not going to get involved in that. That would be folly.

**Deputy S. Power:**

Can I ask a question, sorry? Are you finished?

**Deputy R.J. Rondel:**

Just to confirm, you as Minister for Housing will be responsible anyway?

**The Minister for Housing:**

The gateway will be responsible. Currently that sits with me, but that may move.

**Deputy R.J. Rondel:**

Right, okay.

**The Minister for Housing:**

But currently the gateway is responsible for eligibility. Management of the scheme will be a combination of Treasury, Population and oversight from the Law Officers' Department on the contracts.

**Deputy R.J. Rondel:**

So which Minister will be responsible, do you believe?

**The Minister for Housing:**

The gateway it would be at the moment.

**Senator S.C. Ferguson:**

Yes, but, Minister, if the Strategic Housing ...

**The Minister for Housing:**

The Chief Minister.

**Senator S.C. Ferguson:**

That will go to the Chief Minister.

**Deputy S. Power:**

Thank you. Just again, Minister, on the operation of the scheme, if you have a married couple with a number of children and their main average income - we know it has not gone up in the last 3 or 4 years - is £55,000 to £60,000, that gives them an eligibility with assistance of about £48,000 to be able to buy a dwelling of £320,000. Have you done an assessment of the supply that is out there at the moment for couples with £50,000 to £60,000 a year combined income?

**The Minister for Housing:**

Yes.



**Deputy S. Power:**

But my question is it appears that the supply may not get this budget off the ground, that the price of the 3-bedroom house is not at £320,000, it is not at £420,000, it is higher. Can you answer that?

**The Minister for Housing:**

That is different information to the information that we have been given from the Statistics Unit in the *Housing Affordability Survey*, that there are a whole range of prices there. I would be the first to admit that there are not thousands of them at the lower price range, but they do exist. They are not figments of our imagination, they are actual dwellings that have been sold and are being sold. It is all in there from the Statistics Unit. They exist. But you are quite right, we do need to increase the supply as well.

**Deputy R.J. Rondel:**

That is the key.

**The Deputy of St. Ouen:**

Regarding eligibility that has been presented that supports P.131, it states that those who already own a property could be eligible for this particular scheme.

**The Minister for Housing:**

Yes.

**The Deputy of St. Ouen:**

Can you just explain why that might be the case?

**The Minister for Housing:**

Yes, that was something I was keen on in certain criteria, certain circumstances. I was trying to bring some equity in here between someone who has owned a share transfer property who would be a first-time buyer and someone who has struggled to buy a very small unit of accommodation in the back streets of St. Helier that want now or need now, because the family is bigger, to have something bigger. I was trying to bring some equity in there, so if you like, that is why it is called the starter home and not purely first-time buyers.

[10:30]

**The Deputy of St. Ouen:**

So how are you going to identify and support the individual that you identified as being in the back streets of St. Helier as opposed to the one that is in a 2-bedroom share transfer apartment that is adequate for their needs, but would wish to have a 3-bedroom house with a garage and a garden?

**The Minister for Housing:**

That detail has to be worked out, but surely you can see what I am trying to do there in terms of trying to make sure that young couples that have worked hard to stand on their own 2 feet are not disadvantaged when it comes to moving to something more suitable to the now family, if they were a young couple without family; they now need another bedroom or they now need ... the whole emphasis of this scheme has to be about people investing in their home. I think the market is doing this now. We have got to look at investing in homes, not in speculation. This is about buying a home for a family.

**The Deputy of St. Ouen:**

You speak about the detail having to be still worked out, but I am slightly confused that you say you have identified a scheme, you know what it is all about and yet there is still a whole range of work that still seems to need to be done before the scheme could be up and running. Can you just explain ...

**The Minister for Housing:**

There is not a whole range of work. There is a little bit of detail to be worked out, but not much.

**Director of Corporate Policy, Chief Minister's Department:**

On this question of being able to own a flat and still be eligible for the scheme, those are the rules we currently apply to first-time buyers now. The Population Office administers; we go and inspect units to confirm that they are indeed of the nature of a flat and that people are still eligible to be first-time buyers. We do it now.

**The Deputy of St. Ouen:**

But if this is a new scheme and it is targeted at a different range of people, I suppose our question to you is why should we be necessarily supporting those who have and are able to afford a home - and I accept that it may not be necessarily the right size - whereas we have got other people that cannot afford any home?

**The Minister for Housing:**

Yes. When you put it that way, I can see where you are coming from, but when you have got couples earning the same money, one lot has had all the holidays and the nice cars, they get

supported in this; the other lot bought their little dwelling in the middle of town and now need to move on, but they do not get supported. Where is the equity in that?

**Deputy S. Power:**

Can I come in on a question? You quoted the Statistics Unit, Minister. We have the figures in front of us, the *Jersey Housing Affordability Index*, and looking at the median 3-bedroom house price, it has dropped from £490,000 down to £460,000. It went up to £506,000. So based on your figures and based on the Statistics Unit, the Statistics Department, they are saying that 3 and 4-bedroom houses fall outside the affordability index, but that one and 2-bedroom flats just scrape into it. So again my question is based on a married couple with, say, 2 children. Based on the figures that the Stats Unit produced, it seems to me that you may have a situation that evolves whereby the affordability, even at the gateway and the assistance in the scheme, a lot of people who would need a 3 and 4-bedroom house will fall outside it.

**The Minister for Housing:**

Yes, okay. When you are looking at affordability, you are also looking at the multiples around what they earn. If I take you back to the proposition, the maximum purchase price for a 3-bedroom house, £410,000, yes?

**Deputy S. Power:**

Yes, but the median price in 2011 was £465,000.

**The Minister for Housing:**

Yes, but the median price is not the lowest price. Sorry, if you look at the lower quartile type houses, they exist. The median price is a statistical piece of information that tries to balance out. It is not an average. It does not take the top price and lower price and then divide it by the number of units in between. The median price is trying to balance it. There are properties well below that.

**Deputy S. Power:**

So you are saying there are some houses that are below that price ...

**The Minister for Housing:**

Yes.

**Deputy S. Power:**

... that may fit, but the problem is that you are trying to match a couple with a £50,000 or £60,000 income to a house out there that might be around £410,000.

**The Minister for Housing:**

Yes. I am not trying to match it. I am putting this scheme forward. If they can go out there and find that home - and they do exist - then we will help them access it.

**The Deputy of St. Ouen:**

Regarding the application to the scheme, obviously the public and the people that you mentioned are extremely keen to see whether they are eligible or not. What can you say to us and to the public with regards to how people can engage and register their interest?

**The Minister for Housing:**

As I said, the lenders are prepared to work with us. There is little point in pushing it before, when we do not have a scheme, and just putting people on a waiting list in the department for which no schemes exist. We have been working with the lenders and the mortgage brokers and people like that to get people to apply, and have been very clear of the eligibility. We have given you the very broad outline. It is very clear. People then make up their mind whether they think they are eligible, they apply and we say yes or no.

**The Deputy of St. Ouen:**

So you have got clearly defined eligibility criteria that you are going to operate?

**The Minister for Housing:**

Yes, exactly. Exactly the same as ... not the same, but the same principle - it is not far off - as the eligibility for a States loan.

**The Deputy of St. Ouen:**

Particularly those that you want to help. Can you provide us with that information, because currently we have got some general expressions ...

**The Minister for Housing:**

We will report back to you.

**The Deputy of St. Ouen:**

... in the proposition, but it does not necessarily help an individual who is interested in perhaps exploring whether they are eligible for this scheme to access it.

**The Minister for Housing:**

Of course we can, but the proposition was not the marketing tool. The proposition was to get the scheme through the Assembly hopefully so that we had something to market. This is not the marketing material.

**The Deputy of St. Ouen:**

It is not a case of marketing, Minister, but it is really just a case - and perhaps I am not making myself necessarily that clear - that we really would like to understand exactly who you are targeting, the group of people, not in general terms, but specifically, because we are talking about a relatively small amount of money and number that can be and will be supported by the scheme. We want to just make sure exactly who those people are and who you believe should be helped.

**The Minister for Housing:**

We are targeting not just families but single people as well, with incomes within the brackets shown in the proposition. They have to be first-time buyers, and the definition of the first-time buyers there, there are 1,300 or so people who could be aided by the scheme.

**The Deputy of St. Ouen:**

I think that is even more important then. If you are saying that there are 1,300 people out there that you feel statistically have been identified as perhaps potentially being eligible, how are you going to select the 100 people that can participate in this proposal?

**The Minister for Housing:**

I thought I was quite clear on that. During the trial period, we will establish eligibility - they have to be eligible - and the first 100 with their eligibility that have gone out and found their property and found their lender, then we will do the rest. It is not for us: "Well, you can come on and you cannot." You are either eligible or you are not. If you are eligible, you then have to go out and find your property and find your lender, and we can guide people as to lenders that want to participate in the scheme.

**The Deputy of St. Ouen:**

What are you going to say to those that would be eligible but are not going to be included in the first 6-month period?

**The Minister for Housing:**

Number 110 or something, yes? That will prove that we need to continue the scheme or hopefully we have done other things as well.

**The Connétable of Grouville:**

Okay, can I just come in here, because I am not confused for once. I think I am reasonably straight on this. I am confused between your words “eligibility” and “availability” and also “affordability.”

**The Minister for Housing:**

Right, okay.

**The Connétable of Grouville:**

Eligibility I assume means that you have got housing qualifications.

**The Minister for Housing:**

“Do you fit the scheme? Do you have resident qualifications?”

**The Connétable of Grouville:**

Yes, but in order to be in the scheme ...

**The Minister for Housing:**

“Are you on the right income? Are you a first-time buyer?” So eligibility is about: “Do you as a family or an individual, a couple, fit the scheme?”

**The Connétable of Grouville:**

Yes, okay.

**The Minister for Housing:**

Okay? So if you are eligible to fit the scheme, you will know what you can afford to buy because that is very clear, then you go out and look for a home.

**The Connétable of Grouville:**

So eligibility includes affordability, let us get that straight, because you are talking about 1,300 people on your list.

**The Minister for Housing:**

No, no, no.

**The Connétable of Grouville:**

Well, it must do, surely. You cannot be eligible unless you can afford to participate.

**The Minister for Housing:**

No, no. Eligibility, you could be eligible and not have sufficient income to buy the home that you dream of.

**The Connétable of Grouville:**

That is what I am trying to get at.

**The Minister for Housing:**

Eligibility is just: "I fit the criteria for the scheme."

**The Connétable of Grouville:**

So eligibility could mean anything unless you can afford it?

**The Minister for Housing:**

The affordability test has to be done by the lender.

**The Connétable of Grouville:**

Yes, and what I am worried about ...

**The Minister for Housing:**

Because that is about risk.

**The Connétable of Grouville:**

... is that you are running people into a situation where the affordability on paper is one thing, but affordability in reality is another. I see that affordability is based on net household income, yes?

**The Minister for Housing:**

Yes.

**The Connétable of Grouville:**

Which is gross household income plus benefits in kind, which is very unusual to include those, and minus income tax, Social Security, pension. Now, that does not include hire purchase, loans, anything else like that, which is really where the crux comes on affordability, to my mind.

**The Minister for Housing:**

I mean, just to say that I talked earlier about the partnership arrangement. The primary lender will assess affordability. They are not going to lend 80 per cent unless they are satisfied that the 80 per cent can be repaid and the 15 per cent, which is why we wished to work with a partner. So we

have got to assess risk, we have got to assess the ability to repay and then we will look to our partner lenders and we will use obviously their assessment as well. So we will confirm the ability to repay. Lenders are not going to lend money that they do not think they are going to get back.

**The Connétable of Grouville:**

No, exactly. I mean, the whole thing hinges on the primary lenders here. They are really going to make the lending decisions, not you or not the Treasury, but ...

**The Minister for Housing:**

Yes, exactly, and nor do we want to. The primary lenders say that they are prepared to work to the scheme.

**The Connétable of Grouville:**

Well, one of them has.

**The Minister for Housing:**

No, they all have said they are prepared to work to it. One of them has said they are prepared to do it the way we would like them to do it, and that is to run the whole package for us, and another one is looking at coming on board.

**The Connétable of Grouville:**

Let us be honest, you have got one lender who is on board, that is all at the moment ...

**The Minister for Housing:**

No, no.

**The Connétable of Grouville:**

... to do what you want.

**The Minister for Housing:**

To do what we want, yes, but the others ... the principle of lending is not the problem.

**Director of Corporate Policy, Chief Minister's Department:**

But when we say: "Do what we want" that is an administrative process. We are saying ...

**The Connétable of Grouville:**

I have seen many a scheme like this fall on its face because of administrative process and box ticking.



**Director of Corporate Policy, Chief Minister's Department:**

Absolutely, which is why we are quite advanced with one lender. Obviously we cannot sign and seal anything until the States have approved, and we have done that so that we can go to the States, the proposition can be lodged and the debate can be had with assurance that the practicalities can be achieved with the lenders.

**The Connétable of Grouville:**

Shall I just tell you what is going to happen if you do this? Your one lender who is on board with everything involved in the scheme will put his rates up, because he is going to have to cover his costs. Do we know any banks are in the business of charity?

**The Minister for Housing:**

Why do you think we are close to signing up a second lender?

**The Connétable of Grouville:**

Well, have you got 2 in a whole market? That is ...

**Director of Corporate Policy, Chief Minister's Department:**

Just to be clear, it would seem odd for a lender to push up his rate across its whole market base for the sake of up to 100 loans. That would make it uncompetitive for the rest of his loan base.

**The Connétable of Grouville:**

Well, I would say you are being right naïve, completely naïve. Anyway, that is my opinion.

**Director of Corporate Policy, Chief Minister's Department:**

There is no product specific ...

**The Minister for Housing:**

I think we are looking at in the real world, frankly.

**Deputy R.J. Rondel:**

I am sorry to go on about supply, or lack of supply, and I know you are as frustrated as I am about the lack of supply, but is there a danger that once this is passed in the States that those 100 people will come about very quickly and estate agents will realise that and say: "Tighten up selling prices" or put them up by £5,000 or £10,000, wiping all the benefit out?

**Director of Corporate Policy, Chief Minister's Department:**

Sorry, of the house?

**The Minister for Housing:**

You have lost me.

**Deputy R.J. Rondel:**

Right, so these 100 people go out and look for their homes. Is there a danger that because the scheme is in operation that will push the market value up a little bit?

**The Minister for Housing:**

No, no.

**Deputy R.J. Rondel:**

You do not believe there is?

**The Minister for Housing:**

No, I do not believe it is, but we will only know that when we have done the scheme and evaluated it. I believe it could tighten the market at the lower end downwards. As I said to you, the market is not moving anywhere at the moment. We have seen that.

**Senator S.C. Ferguson:**

What effort have you made to find out what the availability in the market is? We have had information given to us, some anecdotally, some in written submission, that there is an excess of capacity in the market. What efforts have you made in order to find out how much there is in the market?

**The Minister for Housing:**

We have been assured from the advice that we have been getting from a number of sources that there is sufficient capacity in the market at the present time. You are saying there is an excess, Deputy Rondel is saying there is a shortage, but we have been assured that there is sufficient capacity in the market at the price. It would be pointless bringing this scheme forward if there was not. It would be pointless bringing it forward; it would just be a paper exercise.

**Senator S.C. Ferguson:**

Well, I just ...

**The Minister for Housing:**

So the advice we have been given again from ...

**Senator S.C. Ferguson:**

Even the Statistics Unit do not have the figures. Where have you got the figures from?

[10:45]

**Policy Principal, Chief Minister's Department:**

It is the turnover of properties.

**Senator S.C. Ferguson:**

Yes, it is turnover of properties, but it is not the absolute number.

**Policy Principal, Chief Minister's Department:**

Not the total number.

**Senator S.C. Ferguson:**

I am getting figures from estate agents or stories from estate agents that a lot of the houses for sale at the moment are not selling because they are pitched too high and a lot of them are empty. What efforts have you made to find out exactly what there is available in the market?

**The Minister for Housing:**

I am satisfied there is sufficient availability.

**Senator S.C. Ferguson:**

Yes, I am not saying that. I am saying what efforts and where from?

**The Minister for Housing:**

The advice I have, sorry.

**Director of Corporate Policy, Chief Minister's Department:**

We talked before about the Economic Advisor and I think you have asked for an in-private briefing from the Economic Advisor. His advice is premised on the fact that there is supply in the market, there are a large number of properties in the market. The Population Office deals with the property market all the time. I know from my experience in the office and my team know - and they will support this and have supported it - that there is a large number of properties on the market now compared to 4 or 5 years ago. I am not aware of any estate agent that is saying the contrary.

**Deputy R.J. Rondel:**

Are they affordable then?

**The Minister for Housing:**

That is a market issue if we are talking just about supply, which is what the question was. Based on our experience and our day-to-day knowledge in the administering the housing laws and a lot of engagement with estate agents and the extra work that we have done on this scheme in terms of the discussions with lenders and some estate agents and brokers, all the evidence points one way, which is there are a large number of properties on the market. It is quite difficult to refute that.

**Deputy S. Power:**

So essentially what you are saying is - and I think we agree - there are a greater number of residential properties on the market than there have been before, 2007, 2008. So really the test of this scheme will be if you can match boy and girl, couple, in a certain income to a property at a certain value. The result of that will be that somewhere along the line that the 27 properties or the 81 in a quarter - the one I was interested in was the 81 houses in a quarter, which is not a lot - and the test will be if you can increase activity in some small way in the residential housing market to match that prospective purchaser who is willing, or wishing and wanting to get on the property market with that property. That will be the test as to whether you can inject something into the market. The success or otherwise will be getting the stats up.

**The Minister for Housing:**

If you ask me what the success would look like, 100 families in their own home that would not otherwise have been.

**Deputy S. Power:**

So the plan is to extend it over and above the £3 million in the proposition?

**The Minister for Housing:**

Hopefully that would be the plan, but having been involved in a number of different schemes, not housing schemes but different projects, you never commit to that until you have carried out your evaluation. Did it do the things you wanted it to do? What was the effect? Were there any adverse effects that you did not foresee? You do all that before you decide to extend it.

**Director of Corporate Policy, Chief Minister's Department:**

Just to reiterate that the objective, as the Minister says, is to get up to 100 people into homes without that having a material impact on house prices, which appears to be the Panel's concern,

which is why it is a pilot or which is why it is limited, that it is £3 million and not more, and why we will do an evaluation at the end.

**Deputy S. Power:**

My last question on this then to perhaps the Director or the Minister - any of the 3 of you - what is your target for the first 6 months once it is launched? How many do you hope will come through the scheme? Do you have an actual target as to the number of people you will match to a property and get those mortgages out there?

**The Minister for Housing:**

No, I do not have a target, to be perfectly frank. I do not know whether we are going to exceed the 100 in the first 6 months or whether there will only be 40 in the first 6 months. I do not know the answer to that, but nobody brings forward a scheme without some proper success criteria, which we have, and also proper evaluation: "Does it need tweaking? What did we do well? What could we do better? What would we not want to repeat?" All those sort of things in any project you do, and this is why it is only a 12-month scheme.

**The Deputy of St. Ouen:**

Can you provide us with that detailed information, Minister, because that would be helpful?

**The Minister for Housing:**

What success looks like?

**The Deputy of St. Ouen:**

Yes, success criteria that you can monitor.

**The Minister for Housing:**

Yes, we will. I mean, the ultimate part is the 100 families in their own home, standing on their own 2 feet and no adverse on the house prices, but yes, we will.

**The Connétable of Grouville:**

Digressing slightly, but also being part of your scheme, would you agree with me that the only way we are going to solve this first-time buyer plan is to have more homes being built in that market range so that people can assess that there are houses out there which they can afford to buy with or without the deposit start scheme? No homes are being built for first-time buyers and I know it is not really your problem, but it is something which perhaps at the Council of Ministers you might bring to the fore and say: "Look, what we need is we need more houses being built or more homes being built in this range in order that people can buy them."

**The Minister for Housing:**

In a word, yes, I would agree with you, but I would need to be specific. You are absolutely right. We need to increase the supply and we need to increase the supply in a number of different ways. For example, and we are going outside of this group now, I have to say your question on the Council of Ministers, the Chief Minister has said that the whole of the Council of Ministers is going to concentrate on the housing issue - I think it is alongside there with jobs - over the next month or so. So I have got my colleagues behind me, with me.

**The Connétable of Grouville:**

All of them?

**The Minister for Housing:**

I think I could say all of them. I think perhaps we have the same destination with a different route on some occasions, so I think I could say all of them, yes. But this is one of the reasons why I pushed very strongly, and when we debate the Housing Transformation Programme, one of the big pushes for me is the Strategic Housing Unit, because I do not know if you are aware, but part of housing policy sits in Population. Some housing policy, mainly around social housing, sits in the Housing Department; some unqualified accommodation housing policy sits in Health, and some sits with Planning. No wonder we are in the mess we are in. We need one person, one small department, a Strategic Housing Unit championing the supply across all the tenures, making sure that we are providing the homes that our population need, whether that be social housing, because when I talk about affordable homes, I talk about affordable to rent as well as to buy. We have not had that joined-up process before and we need it, and I will be pushing very, very strongly for the Strategic Housing Unit. But we are going slightly away from what we are doing here. But you are right.

**Deputy S. Power:**

So are you happy, Minister, that the Strategic Housing Unit, which you say will be a small unit, restructured, pulling those composite parts together, but inevitably it is going to sit in a large department, is it not?

**The Minister for Housing:**

It is going to sit, I would imagine, as part of the Social Policy Unit within the States of Jersey. It is about time we all started working together within the Chief Minister's Department. It is about time we all started to work together instead of all trying to do our own little bit but never joining up.

**The Deputy of St. Ouen:**

Can you explain, in the report under the heading: "Additional eligibility criteria" it mentions the fact that: "Liquid assets, after payment of 5 per cent deposit and fees, should not exceed £9,200 for a single person household or £15,200 for a couple." Can you explain the rationale behind that criteria and the setting of those levels?

**The Minister for Housing:**

I am sure somebody can. I mean, obviously we took advice on that ...

**Director of Corporate Policy, Chief Minister's Department:**

Just a quick comment: we obviously do not want to lend money at a very low interest rate where people have substantial funds in the bank, so we felt it was sensible to come with an asset cap and the asset cap was with reference to those existing already in the income support rules.

**The Deputy of St. Ouen:**

But this is not an income support scheme, and in fact, the reality is that anyone that wants to buy a home that can save their deposit and goes to a mortgage lender is lucky to end up with £2,000 or £3,000 in their bank once they have completed the transaction.

**The Minister for Housing:**

Well, that is fine.

**The Deputy of St. Ouen:**

Here you are suggesting that you are prepared to give an interest-free loan and that the people that you are going to help can still end up with £9,000 in the bank if they are single or £15,000 if they are a couple. How do you explain that and how do you say again that that is equitable?

**The Minister for Housing:**

Have you taken into account £7,000 legal fees and stamp duty here yet?

**Senator S.C. Ferguson:**

Have you not included those in your basic calculations?

**The Minister for Housing:**

You do not normally borrow that.

**The Deputy of St. Ouen:**

That is important. All property transaction costs are not included or will not be included in any loan that you offer?

**The Minister for Housing:**

A couple coming forward will have to find their 5 per cent deposit and their fees.

**The Deputy of St. Ouen:**

Plus.

**The Connétable of Grouville:**

Well, on £350,000 you are talking nearer £10,000 than £7,000, are you not?

**The Minister for Housing:**

Well, yes.

**The Connétable of Grouville:**

I have just done the figures.

**The Minister for Housing:**

I mean, that is the figure that immediately springs to mind.

**The Connétable of Grouville:**

So really they have got to walk in with 5 per cent plus £10,000 in cash. That is all cash, that is not ...

**The Minister for Housing:**

They have to find the 5 per cent deposit and their fees, yes.

**The Connétable of Grouville:**

Which is a huge sum.

**The Deputy of St. Ouen:**

All fees.

**The Connétable of Grouville:**

All fees.



**The Minister for Housing:**

Yes, we are not waiving any fees.

**The Connétable of Grouville:**

But they do get assistance on the other stuff.

**The Minister for Housing:**

Although if any friendly lawyer would like to do it for nothing, we need to hear from them.

**The Connétable of Grouville:**

Yes, that is charitable.

**Deputy S. Power:**

Pigs might fly, Minister.

**Deputy S. Power:**

Can I have a quick technical question, if that is allowed? On page 4 of the proposition, Minister, it talks about the subsidy on market rates are recoverable. Is that a reference to the percentage deposit thing, if the house value goes up, that the States will recover on the transaction an uplift in their deposit as well?

**The Minister for Housing:**

Yes, yes. I made a comment that we want to encourage people to invest in homes and not to speculate. On that basis, if someone does sell and there has been an uplift, then we will share in that uplift when they have repaid the loan. I cannot remember the detail of how we share, but there will be a share in that.

**Director of Corporate Policy, Chief Minister's Department:**

Yes. The notion is that if we support somebody to buy a one-bedroom flat, they then get an equity gain out of that and move into a 2-bedroom house, they will then repay not just the capital but an interest amount as well. So the States do recover their money as that person has made a profit and moves on to their next property, so this just helps them get on to the property market.

**Deputy S. Power:**

I want to clarify the mechanism for the uplift. If a flat goes up a percentage point, your recoverable deposit will be the deposit plus the percentage increase pro-rata with the original value of that flat? Is that how it would work?

**Director of Corporate Policy, Chief Minister's Department:**

If there is profit on the sale which is sufficient to repay the interest, then the interest is repayable.

**The Deputy of St. Ouen:**

That is slightly different to the question that is being asked. The question that is being asked is that if someone accesses this scheme and gets an interest-free loan and then in 5 or 10 years' time then sells the property, who retains the uplift in value or is it shared between the States as the lender and the owner?

**Director of Corporate Policy, Chief Minister's Department:**

Just to be clear, that property belongs to the individual. We only lend the mortgage deposit. What is due to us at the end is the deposit back plus market interest rate, not a share of the profits.

**The Deputy of St. Ouen:**

Not a share of the profits.

**Director of Corporate Policy, Chief Minister's Department:**

No, because that house belongs to them. All we are saying is if they make a profit on its sale, then our loan is not in fact interest-free. We expect our money back.

**The Connétable of Grouville:**

So you have got a notional interest rate running all the time then?

**Director of Corporate Policy, Chief Minister's Department:**

Well, if they then sell we would do a calculation to recover the interest.

**Deputy S. Power:**

So if a boy and girl - or a boy - has a one-bedroom flat for 6 years, he then decides to go up to a 2-bedroom flat, in the consideration for the 2-bedroom flat, not only does he repay the bank loan, he repays the States as well, and then if he has any money left, that would go into his deposit on his 2-bed?

**Director of Corporate Policy, Chief Minister's Department:**

The policy of the thing is ...

**Senator S.C. Ferguson:**

How can you ... sorry, go on.

**Director of Corporate Policy, Chief Minister's Department:**

Well, just at that stage, they are on the property ladder. They have equity.

**Deputy S. Power:**

But if the equity is eclipsed by the repayment of the ...

**Director of Corporate Policy, Chief Minister's Department:**

Yes, only insofar as they have equity, yes.

**Policy Principal, Chief Minister's Department:**

They pay monthly anyway on the capital.

**The Connétable of Grouville:**

They are paying capital monthly, are they? Right.

**The Minister for Housing:**

Yes.

**Senator S.C. Ferguson:**

What sort of interest rate? It is quite a technical thing, this. Given that they have owned the property for about 5 years, what are you using as the basis for the interest rate?

**Director of Corporate Policy, Chief Minister's Department:**

We have other loan schemes, and what we do is we choose a market provider or a composite market provider and calculate the interest over the term, benchmarked to their rate.

**The Minister for Housing:**

But in principle, that is no different to the States Loan Scheme. If someone sells early and they have had subsidy, then that subsidy has got to be ...

**Senator S.C. Ferguson:**

Yes, but when they go into it, they know what the interest rate is. You are asking somebody to go in blind, not knowing what the interest rate will be.

**The Minister for Housing:**

Sorry, you do not know what the interest rate is if you sell early because they look at the market rate and what you paid and adjust it.

**Director of Corporate Policy, Chief Minister's Department:**

You mentioned the point about going in blind. Just to be clear, the interest recovery would not exceed their profit, so they are not exposed in terms of risk. I would expect that the interest rate that we would apply obviously would have to be clear to them as part of the contract upfront, so they would know what would happen if they sold at a profit.

[11:00]

**Senator S.C. Ferguson:**

Yes, but if they sell at a profit and the interest rate equals the profit ...

**The Minister for Housing:**

But it is still on the ladder though.

**The Connétable of Grouville:**

Can I suggest that perhaps you should tie the interest rate in with the primary lender's rate?

**Director of Corporate Policy, Chief Minister's Department:**

Our thoughts were if we ended up with only one provider, you would probably link the interest to the mortgage, the interest rate on the single provider, but there are alternatives, which is the market rate.

**The Deputy of St. Ouen:**

Are those details still to be determined?

**The Minister for Housing:**

Yes.

**The Deputy of St. Ouen:**

When do you anticipate those details being worked out?

**The Minister for Housing:**

Before we make the first loan. Before we make the first loan, it has got to be clear, has it not? But that is assuming the States agree that we can do this.

**The Deputy of St. Ouen:**

But should it not be a case that, surely, Minister, you would like to go to the States and say: "This is the scheme, and by the way, I have got lenders that are all set up, these are the details"?

**The Minister for Housing:**

No, you are right.

**The Deputy of St. Ouen:**

It is not a wish and a promise. If the States are going to support this, which obviously they want to help ...

**Director of Corporate Policy, Chief Minister's Department:**

It is our job to make the scheme credible, so you understand the practicalities as well as the policy intended.

**The Minister for Housing:**

Of course we welcome your comments as well informing our primary detail.

**The Deputy of St. Ouen:**

I am pleased to hear that.

**Senator S.C. Ferguson:**

Does that mean that you going to take notice of them?

**The Deputy of St. Ouen:**

On that note, I would like to thank you, Minister, and your 2 officers for joining us at this public hearing and I would like to thank members of the media and the public for attending. I will now close the meeting.

[11:01]