

# STATES OF JERSEY



## **GOVERNMENT PLAN 2020–2023 (P.71/2019): NINETEENTH AMENDMENT (P.71/2019 Amd.(19)) – COMMENTS**

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**Presented to the States on 22nd November 2019  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

The Corporate Services Scrutiny Panel proposes the following in [P.71/2019 Amd.\(19\)](#) –

### PAGE 2, PARAGRAPH (g) –

After the words “to the Report” insert the words –

“, except that the amount to be transferred from the Consolidated Fund to the Stabilisation Fund shall be reduced by £5,000,000 and a new line shall be added to Summary Table 7 as follows, to provide funding for 2020 for the Assisted Home Ownership Scheme –

From Consolidated Fund to Dwelling Houses Loan Fund	(5,000)
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”.

### **The Council of Ministers opposes this proposal and urges States Members to reject the amendment.**

The Council of Ministers has lodged its own amendment ([P.71/2019 Amd.\(22\)](#)) which already reduces the amount of money transferred from the Consolidated Fund to the Stabilisation Fund, to reflect the latest Fiscal Policy Panel assumptions. Bearing their recommendation to build the balance in the Fund, a further reduction cannot be supported.

The Housing Policy Development Board (“HPDB”) will report to the Chief Minister in early 2020 with a comprehensive package of policy interventions to address the identified challenges in Jersey’s housing market. It is premature to re-introduce the 2013 loan scheme in 2020 in isolation for the following reasons –

1. It risks overheating the market: Introducing a deposit loan scheme to increase the demand for home ownership, without increasing the supply of affordable housing, is likely to heat the market and increase house prices. The 2013 scheme was introduced at a time when the housing market had slowed, and the scheme did not have a significant impact on the price of housing. Today, there is a high demand for housing, and increasing the availability of loans is likely to push prices up, unless there is a similar increase in supply (the most recent Jersey House Price Index shows an increase in the average price of a dwelling in Jersey of 8%, to £521,000).

There is a concern that the Assembly might be seen to be encouraging Islanders to commit to debt, in a low-interest environment that may become unaffordable for them in the future. This needs careful consideration.

As noted in the letter from Andium Homes to the Environment, Housing and Infrastructure Scrutiny Panel with regard to the Government Plan: “The Government’s “Deposit Loan Scheme” which was piloted in 2013 was only obtainable for existing stock, which in our view did nothing for affordability. We strongly believe that any investment in housing must be directed into the supply of new homes.”.

The Government’s aim is to create a scheme that maximises on its effectiveness. This proposal would only benefit a small number of families.

2. Too many different schemes: In the past, the Government and Parishes have produced a number of different discounted or affordable home ownership schemes. It is essential in future that a clear and consistent approach towards such schemes is adopted, rather than a piecemeal approach, so that mortgage providers, the legal profession and purchasers can all understand the system. This will take time to develop, and will not be assisted by the re-introduction of the 2013 scheme.
3. Creates delay: While the proposal will benefit a few families in 2020, many more will see a delay in getting the help that they need. Re-introducing the 2013 scheme will take time that would be better spent on developing an agreed scheme as part of a coherent package to provide appropriate renting and ownership choices, maximising the use of existing stock, increasing supply and helping with housing costs. £10 million will be available in 2021 for the scheme, if approved by the States Assembly.
4. Causes confusion: It will take time to establish mortgage providers' appetite for, and familiarity with, any scheme. It is important therefore that old schemes are not re-introduced at a time when plans are being developed to introduce a unified affordable housing scheme in 2021.