

4.1 Deputy P.V.F. Le Claire of the Minister for Treasury and Resources regarding the introduction of a first-time buyers loan scheme for those earning under £60,000:

Will the Minister consider introducing a scheme in Jersey similar to that recently announced in the United Kingdom whereby interest free loans will be available to first-time buyers earning under £60,000 looking to buy a property to help them get a foothold on the housing ladder and if not, why?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

This is an important question as I believe that affordable homes is a vital policy which the Council of Ministers needs to have. Providing affordable homes is of course also a key element in the Draft Island Plan, which is scheduled for debate in the Assembly in June. This document has gone through a lengthy and extremely thorough consultation process. Any proposals relating to the provision of affordable homes, whether it be social housing or in the form of low cost home ownership, should be considered in the context of that plan. The approach to affordable housing has to take account of many elements, not just the cost of a mortgage. Supply and demand, access to financing, the economic environment and the costs to the individual and taxpayer all need to be considered. I can tell the Deputy that I am looking at the scheme that was announced in the U.K. budget. Members will also be aware that we have been trialling the shared equity scheme for first-time buyers - Jersey Homebuy - and I am currently awaiting the P.A.C. report on that. Following the debate on the Island Plan and the report by the P.A.C., with Ministerial colleagues I will be pleased to consider proposals to help meet the need for access to more affordable housing in Jersey, including looking at the U.K. scheme.

4.1.1 Deputy G.P. Southern:

Is the Minister aware that the predecessor to this particular scheme ... under the Tory Government there was a scheme which was very similar which was brought in by Labour and was folded as unsuccessful initiative and was not working?

Senator P.F.C. Ozouf:

A number of policies have been brought forward by successive governments in the United Kingdom, and indeed others about getting first-time buyers on to the housing market. The scheme announced by the Chancellor in the U.K. if it was translated locally would effectively help 15 first-time buyers and the public subsidy or the capital made available for it would be in the region of £365,000. Those are my calculations. So it is a relatively small scheme and I have to say that Chancellors and Finance Ministers do make big announcements in budgets in order to position themselves and that scheme in the U.K., I am not sure whether directly it would deliver much, but I am prepared to look at the issue.

4.1.2 Deputy G.P. Southern:

Supplementary, if I may. Does the Minister accept that the essential need in Jersey is for the supply of States-owned rental housing?

Senator P.F.C. Ozouf:

Most certainly not. I have always believed that there should be supply in all sectors of the accommodation market in Jersey: Category B, Category A, first-time buyers. With Senator Cohen I have shared a long view about the importance of shared equity

and I have also worked very effectively with the previous Ministers for Housing in relation to the availability of low-cost purchase housing. It is not just about social rented. It is about giving people also the opportunity of owning their homes.

4.1.3 Senator T.J. Le Main:

I have just come in so I apologise, I missed part of the question but I would like to pursue some discussions that I had recently with the Minister whether somehow the States could look at guaranteeing the deposit for a first-time buyer. I wonder whether the Minister would give us some assurance - and I am very happy to participate as I know several other Members are - whether we could pursue this because I think it is a very, very viable option to assist first-time buyers.

Senator P.F.C. Ozouf:

I agree with the Senator, but the issue is the bank lending criteria has changed in terms of now purchasers are requiring to have up to a 20 per cent deposit in many cases and then very punitive interest rates compared to what was available in previous years, in terms of getting on the housing ladder. I do think and I am prepared to spend some time with him and other Members on devising a scheme if possible - I want to make no promises about it - but if it is the issue of the deposit that is blocking young people in Jersey getting on to the housing ladder, then that is something that I am happy to work with Members of the Assembly to find a solution with some sort of States involvement.

4.1.4 Senator F. du H. Le Gresley:

Could the Minister advise the House what happened to the funds that were historically set aside for States loans for first-time buyers?

Senator P.F.C. Ozouf:

There was not an actual fund set aside. There was the Dwelling Houses Loan Fund... I think I have got that title right, if I have got that label wrong I will email Members later. But there was a fund that money was lent from States resources, and repayments were made to a certain fund. Some of that resource was transferred to the Stabilisation Fund. That was one of the key reasons why we built up the Stabilisation Fund in addition to the tax revenues that were accrued in advance of Zero/Ten coming in. There is a residual balance in there and that is certainly something that I have had some very productive meetings with the Minister for Housing about potentially using some of those remaining funds in order to help him achieve some of his objectives in terms of social housing and other housing and there are good discussions going on with Housing in relation to the Housing Transformation Plan, and we will be making some possible statements about that in the forthcoming months.

4.1.5 Deputy P.V.F. Le Claire:

I did not think I would have a supplementary but given the broad exchanges, I would like to ask the Minister... the last question highlighted the fund that was set aside recently. Up to about 6 years ago, there was something like £40 million in that fund down to about £4 million now I think. The Minister for Treasury and Resources has made a statement this morning that he would be willing to work with other Members. Would he not acknowledge the plight of many people in this Island by undertaking to form a taskforce to look at affordable housing in Jersey and invite on to that taskforce a group of States Members so this issue can be kept on the boil continuously because at the moment, the average house in Jersey is £450,000. In the United Kingdom, it is

£160,000. Home ownership in Jersey is 54 per cent. In the U.K., it is 74 per cent and there is no light at the end of the tunnel for many people in Jersey. Would he undertake to tackle this by creating a taskforce of Members and people in the private sector to get to grips with this once and for all?

Senator P.F.C. Ozouf:

Throughout my 12 years in this Assembly, I have spent a lot of my political time on dealing with the issue of the housing market, and it is a complex issue. Yes, I am prepared to have a working party of States Members. I recognise the importance of this issue. I believe in plurality of home ownership and getting people into different types of tenure of home ownership. I am more than happy to work with the Minister for Housing who has responsibility for this area, and the Minister for Planning and Environment. Now we have the published Island Plan I am sure that we can put forward some sort of group in order to look at it. I would say one thing though. The issue is price and availability of credit and sometimes unintentionally governments do support the house prices in an artificial way and one needs to be extremely careful when subsidising the housing market that it does not just end up in the landlords'... or the asset price. Sometimes the benevolence of Members can have unintended consequences which does not help and that is a challenge, but yes, I am more than happy to have a discussion.