

## **7. ORAL QUESTIONS (continued...)**

### **7.1 Senator B.E. Shenton of the Chief Minister regarding the effect on the housing market of a change in (j) Category policy:**

Given that the Jersey house price index stated that 8 per cent of properties were purchased by (j) Category licence holders during the third quarter of 2006, would the Minister advise the Assembly what effect the change in (j) Category housing controls has had on the increase in house price inflation? How has this change in policy affected the housing market for local residents and has it been inflationary?

#### **Senator F.H. Walker (The Chief Minister):**

There has been some increase in the number of (j) Category house purchases but it should also be emphasised that the great majority of purchases - 92 per cent - have been made by locally qualified people with at least 10 years' residence in the Island. The impact of (j) Category purchases is considered minimal. It is simply not plausible, in the context of large increases in local employment and real economic growth for the first time in 5 years, to ascribe the increase in house prices to a small number of essential employees purchasing 8 per cent or 30 out of 400 properties. It is important to add, however, that house prices are a supply and demand equation and that positive initiatives are being developed around shared equity and first-time buyer schemes to seek to address issues of affordability for local people as a matter of priority.

#### **7.1.2 Deputy P.V.F. Le Claire:**

The Chief Minister responded by saying in the initial part of his answer that the other 92 per cent of properties were purchased by locally qualified individuals within the Island in that quarter. May I inquire as to how many of that percentage were share transfer sales?

#### **Senator F.H. Walker:**

I have not got that information.

#### **7.1.3 Deputy G.C.L. Baudains:**

There was a recent report in the *Evening Post* suggesting that house prices were being held up by people purchasing houses who had recently moved to the Island. Would the Chief Minister comment on that?

#### **Senator F.H. Walker:**

I believe that report referred to the very top-end of the market because we had seen a recent increase over the last 18 months or so in wealthy immigrants or 1(1)(k)s coming to Jersey. But there is a shortage of supply I am informed at that end of the market and willing buyers, so inevitably the price there has gone up, but that does not affect the lower echelons of the market which are of most concern to us and, indeed, to the majority of local people.

#### **7.1.4 Deputy G.P. Southern:**

Is the Chief Minister aware that there was warning given of this in the Planning for Homes document in 2004, as I pointed out at the time, and what measures does he envisage to be in the Planning for Homes document 2006 in order to ameliorate this inequity in supply and demand?

**Senator F.H. Walker:**

Much work has been done to ameliorate the imbalance between supply and demand. That was recognised immediately by the Council of Ministers when the Council first took office, and one of the high priorities for the Council of Ministers - the Housing and Planning Ministers in particular - is to ensure that we have more equity between supply and demand. But what it means is building more houses but, yet again, let us not imagine that this is to satisfy heavy inwards migration demand. This is to satisfy the needs of local people.

**7.1.5 Senator B.E. Shenton:**

Would the Chief Minister not agree that the change in housing controls and change in (j) Category controls would be inflationary - obviously inflationary - and that it does alter the demand aspects and it is down to the Council of Ministers' policies that house prices inflation is moving ahead?

**Senator F.H. Walker:**

No, Sir, I do not. House price inflation is moving ahead because the economy in Jersey is currently the strongest it has been in many years. I would also point out that house prices are moving ahead in exactly the same way in the U.K., Guernsey and the Isle of Man, all of whom also have strong economies at this point. It is an inevitable consequence of success in terms of developing our economy.

**7.1.6 Deputy A.D. Lewis of St. John:**

Would the Chief Minister not agree that if the value of homeowners' property did not increase many residents would be very concerned about our economy?

**Senator F.H. Walker:**

Of course that is the other side of the scale, that many local people have relied over the years on some increases in the value of their property to move up the property chain and, indeed, for other reasons. So the Deputy's point I think is well made.

**7.1.7 Deputy P.V.F. Le Claire:**

May I ask the Chief Minister, given that access to employment and access to housing are the 2 main issues that the Island has faced for generations, and will continue to face for generations in terms of immigration, will the Minister undertake- as he has indicated in response to my first answer - to circulate a list of the purchases that have occurred in the last 3 years to States' Members so that Members can ascertain what sectors of what markets have been active and which ones are increasing? Especially as the buy-to-let market which has been encouraged by local insurance companies of late has suffered an enormous setback in the United Kingdom, and it is, in particular, of concern to local residents that the average house price of £400,000 may be good news for the person that has got a house but is not good news for the people that do not.

**Senator F.H. Walker:**

I will circulate as much of the information the Deputy has requested that is available. That is, I think, all I can do. We have always accepted house prices in Jersey are high but the differential between house prices in Jersey and those elsewhere has narrowed in recent years and the time when we saw house prices galloping ahead at 20 per cent a year price increases has long gone, and thankfully so.

**7.1.8 Deputy G.P. Southern:**

The Chief Minister has stated that this was the inevitable consequence of success. Does that imply that he is to do nothing about the inability of many local people to buy a decent house at the £400,000 level which render it impossible, and does he not accept that this has been brought about by the imbalance in building whereby too many one and 2-bedroom flats have been built and not enough 3-bedroom houses?

**Senator F.H. Walker:**

I am not going to answer the second part of the question because that is much more for the Planning or the Housing Minister, but I do not think the Deputy could have listened to the answer I gave to the original question when I said, in answer to his question about supply and demand, are the Council of Ministers doing nothing? No, the Council of Ministers are doing a great deal. A great deal in terms of shared equity schemes and other house purchase schemes, witness the incredibly successful sale of previously rented accommodate at Les Marais to Jersey families, many of whom I have spoken to personally, and the plans to release considerably more - a number of several hundred more - in the very near future; plus, totally new plans to introduce shared equity into Jersey. Exactly what the Deputy would want us to do to respond to this situation and to make sure property is affordable to people lower down the income ladder in the Island.

**7.1.9 Deputy G.P. Southern:**

Will the Chief Minister indicate when this shared equity scheme is to be introduced and where its funding is coming from?

**Senator F.H. Walker:**

The final details of the shared equity scheme are yet to be resolved but it will, I am told, be introduced in the very near future. I cannot give a specific date, but it is an urgent priority for the Council of Ministers.