

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 16th JANUARY 2007

Question

- (a) On page 43 of the report “Planning for Homes 2006” (R.94/2006) it states that one of the contributing factors to the rise in activity (and prices) in the housing market identified by estate agents is “new ‘j category’ (essential employee) buyers”. How does the Minister reconcile this with his written answer on 5th December 2006 in which he stated that “it is simply not plausible (...) to ascribe the increase in house prices to a small number of essential employees”?
- (b) In light of the statement in the Planning for Homes 2006 report that the average prices for certain 3 bedroom houses are now “more than ten times current average annual earnings” what action, if any, does the Minister intend to take to tackle this situation in a meaningful way?
- (c) Would the Minister inform members whether the purchase of property by non-residents on a “buy to let” basis further restricts the supply of properties for purchase by locals and whether such purchases put additional upward pressure on prices?

Answer

- (a) The Planning For Homes document makes it clear that “new j category (essential employee) buyers” is only one of five factors that is ascribed by the agents as being a contributory factor to the increased activity in the housing market. The preceding comments in that report refer to “a new found confidence follows an upturn in the economy” and “this in turn has given rise to a more optimistic outlook in relation to the future of the Island’s economy and future employment prospects..”

I maintain the view that any increase in new j category employees is not having a disproportional impact on house prices, and is entirely consistent with current States strategic and economic policies.

- (b) ‘Planning for Homes 2006’ makes it clear that property prices are subject to the normal laws of supply and demand. The Planning Minister will be undertaking a review of the Island Plan this year. I shall be working closely with Senator Cohen to ensure this document identifies building land to meet the housing needs of Island residents.

The demand side of the equation – as pointed out in ‘Planning for Homes’ – is influenced by many factors, including, at present, a more optimistic outlook in relation to the future of the Island’s economy; and the continued availability of cheap mortgages based on high multiples of earnings.

However, I am very conscious of the need for affordable housing to meet the needs of first-time buyers, and to satisfy the commitment made by the States in last year’s Strategic Plan, to expand home ownership. My Department’s Ten-Year Property Plan, lodged today, seeks to address these issues, and others, in a sustainable way. I therefore refer the Deputy to the Property Plan, and to the statement I will be making today on that subject.

- (c) It must be remembered that only developments that are in multiple units and are sold by way of share transfer rather than by flying freehold are capable of being purchased by non locally qualified persons. Save for a few historical exceptions individual houses are not allowed to be sold in this manner. It follows that within the context of the overall controlled housing market the number available to non qualified persons is relatively small, and I have no evidence that locals are being restricted in their choice of new homes, or that such purchases are putting any additional upward pressure on prices in that section of the market. I would remind members that all such units can only be occupied by persons with residential

qualifications.