

2.1 Deputy G.P. Southern of St. Helier of the Minister for Housing regarding the purchase of buy-to-let properties through share transfer methods:

Will the Minister explain to Members what action he intends to take, if any, and in what timescale, over the purchase for buy-to-let purposes through share transfer of Jersey residential properties by non-qualified persons or companies, whether resident in Jersey or elsewhere, and will he inform Members what the likely effect of these actions will be on the housing market?

Senator T.J. Le Main (The Minister for Housing):

As I have previously said, I have asked for a review of the current policies. As part of this review, we are seeking legal advice and when I receive this legal advice I will then be in a position to outline in more detail whether or not and in what way and over what timeframe any change may or may not take place.

2.1.1 Deputy G.P. Southern:

The Minister, in a previous answer in the States, suggested that all timeshare purchase activity was down to commercial activity. Does he have any figures to back this up with?

Senator T.J. Le Main:

I do not understand what the Deputy means by “timeshare”.

Deputy G.P. Southern:

Sorry, I apologise. I meant share transfer; too many shares. Share transfer purpose of commercial properties by non-residentially qualified parties or persons.

Senator T.J. Le Main:

The Housing Law does not apply to commercial properties in purchases of share transfer by individuals or companies. The question would be far better directed to the Treasury and Resources Minister. The Housing Law specifically allows individuals or companies to purchase share transfer residential property but that property is regulated by having occupancy conditions.

2.1.2 Deputy G.P. Southern:

Will the Minister, further to his answer, outline the proposals he has under consideration and what legal advice he is seeking?

Senator T.J. Le Main:

I cannot, at this time, give any indication, although I share my Housing Law and population issues with the Migration Advisory Group and we have had one or 2 discussions and we have asked officers to go away and seek views of the Crown Officers.

2.1.3 Senator S. Syvret:

Does the Minister for Housing accept that the purchase of residential accommodation by private individuals or companies from outside of the Island has the effect of driving up inflation in the Island’s housing market and depriving local people of more easily affordable accommodation? If so, will he say whether he, in principle believes that something should be done about that?

Senator T.J. Le Main:

No, Sir, I do not believe that is the case at all. In fact, I believe that some investment in the market by non-qualified people or investors has been a great asset for people who want to rent in the private sector. It has certainly eased the burden on the Housing Trust and the Housing Department. In fact, it has brought a lot of rental units in the market, which I welcome.

2.1.4 Deputy P.V.F. Le Claire of St. Helier:

I was told this morning that there was one purchase of the recent development at the harbour front by a gentleman of 5 flats in one time, after he queued up overnight. If that was correct, which I do not have any evidence to back that up, although this has been reported to me, does that not indicate that there is a great market for a landlord to enter into in Jersey, to keep people in high rented accommodation?

Senator T.J. Le Main:

As I have explained before, there are approximately 16 per cent of share transfer apartments or flats that have been purchased by local residents without housing qualifications or investors from outside the Island and that percentage I consider to be not detrimental but to have provided good rental opportunities in the market for local people.

2.1.5 Senator S. Syvret:

Could the Minister for Housing outline to the Assembly which economic theory and philosophy he bases his assertions on in which he essentially gave me an answer in that he denied that the influx of purchase power into the particular market has an inflationary effect?

Senator T.J. Le Main:

As I am not an economic guru, I would prefer that any questions from the Senator would be put in writing.

2.1.6 Deputy S.C. Ferguson of St. Brelade:

Does the Minister not understand that if there is a lack of demand for a product, then the price will come down? If the outside investors are not buying our property then the price will come down.

Senator T.J. Le Main:

I well understand what the Deputy is saying but let me just say that there is a market in Jersey that people need rental accommodation. There have to be investors. If one remembers, years ago, when price control was the issue in Jersey - when all properties were controlled by prices - it caused a huge problem where people did not invest in providing homes for local people. What I have got to say to you, Sir, is that the market at the moment in the flat market is fairly static. There is a good mixture of investors, of around 16 per cent that are providing homes for local people at affordable prices in today's market. The issue is, of course, that the only way to drive prices down is to put more supply in the marketplace and it is quite clear that there are high prices, particularly in residential houses, particularly in houses because there is a shortage in the marketplace. The same can be said for this first time buyer market. At the moment there is a huge demand for first-time buyers. Prices have reached an all time high because there is not enough in the marketplace.

2.1.7 Deputy G.P. Southern:

Will the Minister inform the House when he expects to be in a position to bring forward some information on this contentious issue?

Senator T.J. Le Main:

I have promised that I will, once I have all the information before me, the legal advice and the advice shared by Deputy Gorst and Senator Ozouf on the Migration Advisory Group, then I have always said that I will come back to this Assembly to advise Members of any changes or otherwise and, if there need to be changes, then, of course, it is this Assembly that will decide.