

## **2.8 Deputy R.G. Le Hérissier of the Minister for Housing regarding the discount rate applied in the sales of States-owned housing:**

Would the Minister explain why the discount rate applied to the sales of States-owned housing has been fixed at 25 per cent?

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

I would like the Deputy to listen very carefully because [Laughter] he has already had a very full explanation from my officers, but I will repeat it so that he does hopefully understand it. Some 30 per cent of States' tenants do not receive any form of rental subsidy. Taking the example of a tenant in a 3-bedroom house this would indicate an income of around £45,000. In deciding the percentage figure I considered those income levels, the first-time buyer values of our homes and the willingness of lenders to lend and the associated levels of borrowings sustainable. Having considered this I felt that a 25 per cent discount, which was approved by this Assembly, would represent a realistic and sustainable figure for many of our tenants and would provide sufficient revenue for the department to carry out the necessary refurbishment and realignment of the stock, as we explained in the Property Plan. As an example, at the time a Clos Du Roncier terrace house was coming in at a first-time buyer valuation of approximately £300,000. With the benefit of a 25 per cent discount the purchase price reduces to £225,000. Discussions with lenders confirmed that they would be willing to lend this amount to someone with an income of approximately £45,000 per annum. Although the value of the homes of Clos Du Roncier will have increased since that time so will individual incomes. Our list of potential purchasers indicates an ability to purchase with this level of discount, not forgetting of course that we will, in due course, be selling a number of flats which will have a lower first-time value.

### **2.8.1 Deputy R.G. Le Hérissier:**

A few questions. First, could the Minister explain why his highly esteemed Planning and Environment colleague has chosen 35 per cent and he has chosen 25 per cent? Second, Sir, could he explain how his department will be holding the line at a 25 per cent evaluation in a runaway market, as exists at present? In other words, how will he hold the line at 25 per cent? Thirdly, Sir...

### **The Deputy Bailiff:**

I think you are stretching Standing Orders a little asking more than one question. So let us just have the 2 dealt with first.

### **Senator T.J. Le Main:**

I think the first question ought to be perhaps directed more at the Minister for Planning and Environment, but I would respectfully say, Sir, that there is currently a difference in prices in valuation of properties in social housing from the States of Jersey because we want to try, as I say, by putting in a 25 per cent we want to get people into home ownership that otherwise should not be currently in States' housing and I know that there is a consultation paper out at the present time on the 35 per cent by the Minister for Planning and Environment, and those issues will be raised, Sir.

### **2.8.2 Deputy R.G. Le Hérissier:**

How does his department intend to hold the line between evaluation and the kind of price hysteria that is occurring in the open housing market at the moment?

### **Senator T.J. Le Main:**

I think I explained very strongly during the Property Plan debate, Sir, that this is a plan that will carry over for 10 years and the idea is that over a 10-year period we will create 800 home owners out of our stock. Currently I am prepared to hold this figure, but if the situation changes dramatically, that Members or otherwise are concerned, or we are concerned in the marketplace, then we would obviously come back to this Assembly to seek guidance on it.

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

Does the Minister for Housing not accept that measures such as 25 per cent discounts or 35 per cent discounts are mere stop gaps? That the real problem lies in matching supply of housing in this area with demand, either by reducing demand or increasing supply.

### **Senator T.J. Le Main:**

There is no question, Sir, that currently house prices are at their levels because of the lack of supply. I absolutely totally agree with that and we are working very hard with the Minister for Planning and Environment and hopefully, with all Members of this Assembly, that we will see that we need to increase supply and that land will be rezoned.

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

Does the Minister for Housing accept responsibility, in his 8-year tenure, for that lack of supply?

### **Senator T.J. Le Main:**

How many times have I got to explain to the Deputy that I am not the Minister for Planning and Environment, Sir? I am the Housing Minister. The Minister for Housing cannot produce one new home on any kind of land or land development. As I say, I am very, very confident. I have an excellent working relationship with the Minister for Planning and Environment and his Assistant Minister for Planning and Environment and we are confident that, in the next few months and the next year or so and within the Island Plan, that enough land will come forward in the next few years to meet the needs of all our owners.

### **2.8.5 Deputy J.A. Martin:**

As the Minister for Housing, as he said, he can only supply housing when there is planning permission given; then how can he defend, as Minister for Housing, and our great shortage of need for the elderly, as giving away a valuable property like Ann Court, that is in the heart of the St. Helier community, is already in housing, but the Minister for Housing, how can he defend giving it to a concrete jungle of a 1,000 space car park, Sir?

### **Senator T.J. Le Main:**

Thank goodness: thank goodness the Minister for Housing is a person that works corporately for the benefit of this Island. Quite honestly, I am due to be questioned again this morning about self-catering. This Island has got to live, work, breathe and survive and the issue about Ann Court is a classic example. We made a promise many years ago to 16,000 or 18,000 people that we would produce a town park and the issue is that I am confident, as I say, with the Minister for Planning and Environment and with sites like the Sunshine regenerated, now we are able to sell a bit off and keep some and Le Masurier is another site that we will be able to recover what we are losing in the town areas by the release of that valuable site to meet the needs of the 16,000 people that signed that petition, acquiring, in the eastern part of St. Helier, some leisure facilities and a park.

### **2.8.6 Deputy R.G. Le Hérissier:**

Would the Minister explain the relationship between the valuation price, which his department place upon these houses, and the developer led price. Could he therefore say, if prices in the open market go up, as they are allegedly doing, for example, on a new development, how does that affect the prices at which his houses are being...

### **Senator T.J. Le Main:**

I cannot answer that question, Sir. The issue is that we are currently valuing our homes for sale to our clients, our tenants, and valuations are coming out of both of my ears at the moment. We have valuing for the sake of valuing for valuing. The issue is that we have to realise that the homes that we are selling are social affordable homes and, as I say, we have got highly experienced professionals valuing the homes that we are selling currently to our clients and tenants. As to the

valuations, I am not sure that any of us know what the true valuations in the private sector are for first-time buyers. I mean, one minute you are seeing a home at £280,000 about 12 months ago, being sold and now I understand they are being advertised and sold and offered at around £450,000 and £500,000. It really is a mad market at the moment and it is totally down to the shortage of supply in the marketplace. We need supply in the marketplace. Thank you.