

2.1 Connétable G.F. Butcher of St. John of the Minister for Housing regarding the possible reintroduction of the old States' Loan system:

Would the Minister advise Members what progress, if any, the Housing Department has made investigating the possible reintroduction of the old States loan system to make it fit for purpose for today's needs?

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

The Population Office are considering these issues and have been doing so in conjunction with Housing for a number of years and, in doing so, work closely as ever with the Economic Adviser, the Treasury and currently the Housing Department. Of course the initial dangers are evident. In a time of constrained public finances we should exercise extreme caution in adding significantly to public sector spending as this may mean more tax or less money for other services. If we provide subsidised loans and create more demand for housing without adding more supply then Jersey will not only be faced with higher taxes but higher property prices for the majority. This is simple economics. I am therefore not optimistic that a States loan scheme is the answer. You would need at the moment to find a minimum of £100 million for 250 homes and rising up to £200 million if you wanted to provide finance available for up to 500 homes. Therefore, I am not optimistic that a States loan scheme is the answer but I am happy to consider whether there is any merit in further investigation. Indeed, this is currently being done in response to a recent internal audit of the scheme. Overall, however, my focus continues to be on joint working with the Minister for Planning and Environment to support overall housing supply including affordable and social housing within the Island Plan and through such schemes as Jersey Homebuy.

2.1.1 Deputy G.P. Southern of St. Helier:

Could the Minister state for Members what alternatives he has to enable affordable housing to be built in Jersey in the light of his statement 10 days ago to the Health, Social Services and Housing Scrutiny Panel that he could no longer build affordable houses for the average person in Jersey?

Senator T.J. Le Main:

I cannot build one affordable house. The Deputy very well knows that. I am the Minister for Housing and it is up to this Assembly to support the Minister for Planning and Environment in the forthcoming Island Plan in rezoning suitable land; not open greenfield land, but suitable land that will provide more homes and more opportunities in providing affordable schemes so that young Jersey people can afford housing.

2.1.2 Deputy G.P. Southern:

Would the Minister mind answering the question? What alternatives does he have under consideration?

Senator T.J. Le Main:

There are no alternatives currently at the moment apart from the current schemes which are home ownership schemes, shared equity schemes and those kind of issues. The Minister for Planning and Environment has it in his hands to come to this Assembly to rezone more land and to provide opportunities in the planning obligations.

2.1.3 Deputy P.J. Rondel of St. John:

I note the Minister's comments about the approximate £100 million or possibly up to £200 million if the scheme was reintroduced. Given that in recent times investments in banks, *et cetera*, are, if anything, a bit dodgy and giving very little return, would it not be better to invest in our own people thereby giving us a regular return year on year for long periods, 30 years and thereabouts? Does the Minister not agree that this should be looked at?

Senator T.J. Le Main:

I cannot agree to anything like that. The question should be directed to the Minister for Treasury and Resources who has a handle on the issues in regard to investments and to investing public monies. My view is that the old States loan scheme would work very well in the early days when people bought homes and borrowed £2,000-£3,000 to buy a home but in this day of the prices of homes rising up to £400,000 I would have thought that the Minister for Treasury and Resources would have some grave concerns about finding hundreds of millions of pounds to set up a scheme.

2.1.4 Deputy D.J.A. Wimberley of St. Mary:

Is the Minister also going to pass the parcel on my question, which is what is the Minister doing about the increasing value of land when it is zoned or otherwise acquired for housing?

Senator T.J. Le Main:

The Minister can do nothing about the increased value in land. The Minister is the Minister for Housing and currently predominantly my role at Housing is a social landlord in many aspects. Some of the other aspects have been hived-off. But the issue is quite clear that the only way of reducing the cost for first-time buyers, in my view, is the States to buy-up land and create a land bank and also put into place obligations that reduces the cost of land.

2.1.5 The Deputy of St. Mary:

Does the Minister not agree that dealing with this issue would help the problem of providing affordable housing and is that not part of his job?

Senator T.J. Le Main:

As Minister for Housing I have no power under the law to put into place any schemes or otherwise to reduce land costs.

2.1.6 Deputy M. Tadier of St. Brelade:

First of all can I just say I agree with the Minister about buying-up land, it is a good socialist policy which I think the Minister should pursue. The question is if the Minister is not willing to accept the idea of the reintroduction of States loans would he be interested in a system of buy as you rent to enable locals to end up owning their own houses or at least have the flexibility?

Senator T.J. Le Main:

I did not say I was not interested in returning to the original States loan or otherwise. I have just notified the Assembly that we are currently looking at it, and we have been looking at it over a period of years and it always boils down to the fact that it is a horrendous financial commitment which the States, we are advised, cannot afford at this present time. In fact, over the period of years it has been more beneficial for a

home purchaser to have a mortgage through the private sector - through the banks - than it has been with States Loan.

2.1.7 Deputy M. Tadier:

I appreciate that clarification on the position of the States Loan. Would the Minister now answer whether he would be in favour of the buy as you rent scheme and how that might work?

Senator T.J. Le Main:

I am very happy for any Member to come and talk with us on any scheme such as has been proposed or suggested by the Deputy. I would always have an open door for any suggestions on ways and means where young people can aspire to an affordable home. The answer is yes.

2.1.8 Deputy R.C. Duhamel of St. Saviour:

Would the Minister for Housing confirm to the House that he recently set up a new working party which included his own Assistant Minister for Housing, and indeed myself as Assistant Minister for Planning and Environment, to specifically look at affordable housing options in a novel way?

[10:00]

Senator T.J. Le Main:

Yes, I very much welcome that.

The Deputy Bailiff:

Connétable, do you wish one last question? Then do you wish to assign it to Deputy Southern who has been trying to get in for some ...

The Connétable of St. John:

Yes. [Laughter]

2.1.9 Deputy G.P. Southern:

What a wise man. In the light of the Minister's commitment to introducing regulation of housing trusts and his commitment to providing social rental housing, what measures, 4 years after it appeared in the Strategic Plan - his Strategic Plan - is he going to do this year in order to regulate housings trusts properly?

Senator T.J. Le Main:

I cannot see that has anything to do with the question asked by the Constable of St. John.

Deputy G.P. Southern:

The Minister mentioned social rental housing currently provided by the housing trusts; it is a perfectly appropriate question. Will the Minister answer what is he going to do this year about regulating housing trusts which he has not done for the past 4 years?

Senator T.J. Le Main:

Can I reply to the Deputy and say that the question was: "Would the Minister advise Members what progress, if any, the Housing Department has made investigating the possible introduction of the old States loan system and make it fit for purpose for

today's needs?" Can I ask the Deputy where this comes in with the question he is now asking?

The Deputy Bailiff:

I rather agree with the Minister, Deputy. We will go on to the next question.