

3.4 Deputy G.P. Southern of St. Helier of the Minister for Housing regarding efforts to increase supply of housing in the short and medium term:

Given that the price of a 3-bed house remains over 13 times the average wage rendering purchase beyond the means of most families what, if anything, will the Minister do to increase supply and therefore bring prices down to affordable levels in the short and medium term?

Deputy A.K.F. Green of St. Helier (The Minister for Housing):

We need to recognise that high house prices are a result of economic success combined with our natural desire to limit development; simply, too much demand chasing too little supply. This is why the Housing Transformation and the Island Plan and our population policies are so important in supporting supply and managing demand. For example, the Housing Transformation Programme and the revised Island Plan provide increased supply and funding around a limited migration objective of 325 people per year. The revised Island Plan provides for 3,700 new homes by 2020 with the £250 million invested in more and better social housing. We also trialled a starter home deposit loan scheme last year, recognising the deposit hurdle that many young families are facing, and also to help people move on from first-time buyers buying their home and then they can move up. I was allocated the responsibility last year for co-ordinating all housing in the Island. I have already commissioned a housing strategy, including measures to increase home ownership and affordability. The detailed research is well underway with the new Strategic Housing Unit working alongside the Economics and Statistics Units, and other departments, so that we can secure genuine joined-up thinking and clear direction. This will dovetail with the long-term plan for strategies in St. Helier.

3.4.1 Deputy G.P. Southern:

I am glad to hear that all is for the best in the best of possible worlds once more from the Minister, but the Minister talked about 3,700 homes by 2020, he also talks about 1,100 'A' category homes by 2020. What is the record of house-building in his tenure over the past 3, 5 or 7 years? Does the Minister have a figure for success already proven?

Deputy A.K.F. Green:

Yes, I think we have a really exciting development programme that has already started due to the £27 million that the Minister for Treasury and Resources was able to make available under fiscal stimulus. I could read ... I have got a long 2-page list of developments underway, but I think you would prefer me not to. I am happy that we are heading in the right direction.

3.4.2 Deputy G.P. Southern:

How many was the question, compared to 1,100 or 3,700, or whatever number he picks out of the sky for the future, how many has he built in the last ... any period?

[10:00]

Deputy A.K.F. Green:

I have got the information here but it is in list form. Some schemes are underway, such as Le Squez, some schemes are under way such as Lesquende, others such as Journeaux Street are finished. If you will allow me to, Sir, I will read the whole list and you can add them up, or I will provide the total later.

The Bailiff:

No. We have got many questions to be asked today. Deputy Martin?

3.4.3 Deputy J.A. Martin of St. Helier:

The Minister said in his reply that he is now responsible for all housing on the Island. What back-up plan does he have given that many of the top banks - or one at least and the others will follow - are going to make it legal that you can only borrow 4 times your wage? They are starting it in London, because of the very high house prices, which is the only place I can think of in Europe where it is exactly the same as here. Does he have a back-up plan to help people buy or will banks in Jersey be allowed to loan 13 times their wage here?

Deputy A.K.F. Green:

I do not think we are looking at this from the right angle. The figures quoted by my friend the Deputy of St. Helier relate to 3-bedroomed homes. People entering the housing market rarely enter a 3-bedroom home, so what you should be looking at is when they buy their first home, be it one-bedroom or 2-bedroom in St. Helier, or anywhere else come to that, the multiples are very different. But to specifically answer the Deputy's question, there are a whole host of schemes that we are working on, both as part of the Housing Transformation Programme ... we have to accept that for some people affording to buy their home is just not on and that is why we need good-quality social housing. But for some, who find their situation improving - because I always say that Jersey is a socially-mobile society - opportunities will arise soon with things like rent-to-buy, where you rent for a period of time, that becomes your deposit, and then you buy. Shared equity is another one.

The Bailiff:

Sorry, Deputy, give a concise answer, if you would.

Deputy A.K.F. Green:

I have got schemes in progress.

3.4.4 Deputy J.H. Young:

The Minister emphasises the Housing Transformation Programme that is going to address Deputy Southern's question. Can he tell us what the ratio of costs to annual earnings is likely to reduce to under the Housing Transformation Programme, including the £180 million interest on the £250 million?

Deputy A.K.F. Green:

I am not sure that I completely understand the question. I wonder if the Deputy could just repeat.

Deputy J.H. Young:

Yes. It occurred to me that the Minister says he is going to increase supply and this will bring down the prices of houses, and his answer was he is going to deliver extra homes through the Housing Transformation Programme. What I would like him to do is tell us what will it come down to from 13 times average wage? Will it be 10 times, will it be 8 times, will it be 7 times, when calculating the cost of producing a home, including the interest, compared with the annual earnings of people? That is what I would like him to forecast.

Deputy A.K.F. Green:

I do not know the answer to that: that is the work we are doing at the moment with the Strategic Housing Unit and the plan for housing our community in the Island; that work is well underway and when I have the information, I will make it available. It is basic economics that if you have sufficient supply then the price remains stable, and maybe even it reduces.

3.4.5 Deputy G.C.L. Baudains:

The Minister makes much of supply and demand, and I presume he is aware that there are many houses that could be built but developers are sitting on their permits waiting for more economically-favourable conditions. Does he not therefore believe that there is a conundrum to be solved here and, if so, has he any solutions in that direction?

Deputy A.K.F. Green:

The Deputy is right, and this is one of the challenges that we have and certainly I have been speaking with the Minister for Planning and Environment, who is a member of my Strategic Housing Oversight Group. It is difficult to undo the past, but I can assure you that this will not be allowed to continue in the future.

3.4.6 Deputy M. Tadier:

Given the fact that at least one of his fellow Ministers seems to believe that there is at least £3.5 million knocking around which can just be given away, does the Minister for Housing believe that he could identify a similar amount that could be given to people who cannot afford their own homes to buy so that we can save money from the income support bill?

Deputy A.K.F. Green:

Part of my Housing Transformation Programme, and indeed the work that my good friend the Minister for Planning and Environment has done in bringing forward the draft Island Plan, 80 per cent of any site rezoned at the moment will go to social housing. That is good. 20 per cent will go to affordable-to-purchase homes, and they will be affordable; I would not like to put a price on them, but they will be considerably cheaper than the normal open market. But I sound one word of warning: it will not be like it was in the past - you will not be able to buy, for example, a 40 per cent cheaper than marketplace house and then sell it at full marketplace price weeks later. Once affordable, it will always remain affordable.
[Approbation]

3.4.7 Deputy G.P. Southern:

The Minister has twice mentioned the period up till 2020. Is the Minister confident that he can bring house prices down by 2020 or does he realistically expect the house prices to continue to rise by 2020?

Deputy A.K.F. Green:

You have to be careful what you wish for here; we do not want to force prices right down, I do not want to see young couples who are working hard and have put everything that they have into their homes and end up in negative equity. The best we can hope for are stable prices with some schemes, as I have referred to before, to help young couples get on the housing market.

Deputy G.P. Southern:

Will the Minister answer the question: is he confident that he expects to stabilise house prices by 2020?

Deputy A.K.F. Green:

I am confident, if we do all the things that we are talking about, we will have stable house prices. That is already happening; just look at the house prices in comparison to London now.