

21.12.13

**8 Deputy R.J. Ward of the Minister for Housing and Communities regarding monthly mortgage costs (OQ.253/2021):**

Will the Minister state the anticipated monthly mortgage cost on a 2-bedroom and 3-bedroom home at the new waterfront and South Hill developments, if purchased via a shared equity or deferred deposit scheme?

**Deputy J.M. Maçon (Assistant Minister for Housing and Communities - *rapporteur*):**

On behalf of the Minister, it is Deputy Maçon here, I will be taking this question. Deputy Ward has agreed. I can confirm that I am at home with no officers and I have only got the cat for company. The South Hill development is at least 10 months away from being released for presale and the first phase of the waterfront is at least 2 years away from being released for presale. The value of the open market units will be at the value prevailing in the market at the point where a presale contract is entered into. At this early stage in the developments' timeline, it is impossible to give accurate monthly mortgage costs associated with the property, as this will depend on the eventual sale price of the units, the Bank of England base rate prevailing at the time, the individual circumstances of the purchaser, which includes a number of variables, for example the age, level of deposit, et cetera, the funder's interest rate - these obviously vary from funder to funder - and whether the purchaser has opted for a variable, fixed rate or tracker rate mortgage. With a shared equity option Islanders are able to access these homes which are built to a full B.R.E.E.A.M. (Building Research Establishment's Environmental Assessment Method) standard offering energy efficiency homes in a good location close to improved local amenities.

**3.8.1 Deputy R.J. Ward:**

It is clear that there is absolutely no clue as to how much these things are going to cost. Can I ask the Assistant Minister therefore how can we have been reassured during the recent debate that there was not a need for more affordable homes on that site, given that we have absolutely no idea how much the other homes are going to be, even in the shared equity or deposit scheme? Can the Minister reassure people that they will be affordable and, if so, how can he do that?

**Deputy J.M. Maçon:**

The question that was proposed to me was about monthly mortgage payments. What S.o.J.D.C. (States of Jersey Development Company) have as a way of estimated cost of the project are of course different and they will be working off that model, which of course they have to work from. That is the explanation. The thing is you cannot tie the final unit price with the monthly mortgage payments, which is what the Deputy asked for.

**3.8.2 Senator S.Y. Mézec:**

The Deputy said in his original answer that this would be based on the prevailing market rates at the time. Given that in the last 12 months the cost of an average home in Jersey has increased by £97,000 can we assume that for those waterfront-based properties that we will be looking at a cost in the range of £200,000 more than they would be worth today?

**Deputy J.M. Maçon:**

I am unable to answer that question. I simply do not know and I do not think anyone can know.

**3.8.3 Senator S.Y. Mézec:**

Given that that has been the case for the rate of increase over the previous year, is the Assistant Minister telling us that there is currently no ability to anticipate how much those properties will be valued at that time, and if they are unable to anticipate that does that not make a mockery out of the financial projections that were given to States Members in a previous debate and used for grounds for opposing more affordable housing?

**Deputy J.M. Maçon:**

I do not agree with the assertions that the Senator is putting together, in that yes, anyone can make estimates, anyone can apply percentages to them and come up with a figure, but of course we will not know what that will be for when a presale contract is passed.

**3.8.4 Deputy R.J. Ward:**

Given that we do not know how much they will be but there are huge increases in the market and they will go on to market value, can I ask the Assistant Minister to confirm, if they are a price that is unaffordable for first-time buyers, unaffordable to young families, unaffordable for those trying to get somewhere to live, will they then go to investors because they have to be sold, given that circumstance? Can the Minister rule out that they will be sold to investors?

**Deputy J.M. Maçon:**

All of this I think is addressed in the report, which was published earlier in the year, which ties into the next question from Deputy Ward. I think that the caveats in that report are quite clear.