

22.04.25

10 Deputy K.F. Morel of the Minister for Treasury and Resources regarding plans to disincentivise Islanders from buying multiple properties (OQ.75/2022)

Will the Minister advise whether she has any plans to disincentivise - apologies for the use of that word - Islanders from buying multiple properties in order to ensure that the housing market is primarily focused on providing residential homes for Islanders rather than being used as a source of investment returns?

Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):

Housing is an issue that affects all Islanders. That is why promoting a sustainable housing market is an important priority for this Government. However, as is so often the case, there is no one-size-fits-all solution. As the final report of the Housing Policy Development Board noted, moving to a more sustainable housing market will rely on promoting both owner occupation and renting.

[11:00]

To do that, we must accept that purchasing residential property as a source of investment returns is a necessity for a functioning rental market. However, at the same time we should not accept property investment at any cost. That is why Treasury officers are working to implement C.S.S.P. (Corporate Services Scrutiny Panel) Amendment 22 to the Government Plan, which seeks to introduce a higher rate of stamp duty on buy-to-lets, second homes and holiday homes. When brought into force, the higher rate is intended to help to reshape the supply and demand of the housing market. Buying properties is only one side of this issue. The other side is making sure that housing stock is utilised efficiently, and I am aware that the Minister for Housing and Communities has also started work on options to address the issue of empty properties, as he mentioned in an earlier answer. We are not considering the use of any further tax levers at this moment, but will be exploring this issue in more detail as part of the review of stamp duty announced in the Government Plan that my successor as Minister for Treasury and Resources will be taking forward.

3.10.1 Deputy K.F. Morel:

I thank the Minister for her response. I am very pleased with the Minister's response. It is what I would have liked to hear. I was wondering if the Minister would be able to give greater clarity on the timeline for that review of stamp duty.

Deputy S.J. Pinel:

The stamp duty I think is what the Deputy is referring to. We are committed to introducing a higher rate by the end of December this year and any legislative changes will be included in the Finance Law for 2023.

3.10.2 Deputy M. Tadier:

Has the Minister thought about what unintended consequences there might be of an increase in buy-to-let stamp duty? For example, is there a risk that the buy-to-let landlord will simply pass that on to the tenant? Is there also a concern that it might create a 2-tier playing field insofar as somebody who has lots of inherited properties that they already own which they can rent out would possibly be able to rent their properties out much cheaper than somebody who has had to buy 20 properties with this increased stamp duty rate? Are those kind of consequences, and arguably distortions that could occur, have they been taken into account?

Deputy S.J. Pinel:

That is entirely why we are doing the review, so that we can look at all the consequences and ways forward that the Deputy has mentioned.

3.10.3 Deputy M. Tadier:

What is exactly the problem that the Minister is trying to resolve here in terms of buy-to-lets? Is it simply to raise extra revenue for the Tax Department or is there some underlying issue that she has with the private rental market that she wishes to address?

Deputy S.J. Pinel:

No, I do not have an issue with the ... I do not really think that is a question for Treasury and Resources, but I think the Minister for Housing and Communities very eloquently outlined in an earlier question the situation with empty properties, the stamp duty is merely being introduced to make the system fairer. As I said in answer to an earlier question, that we will have the answer to a lot of the questions that the Deputy has mentioned by the end of this year.

3.10.4 Deputy K.F. Morel:

The Minister mentioned that she would expect that review and any consequences from it to appear, effectively, in the Government Plan for 2023. Would she be able to confirm, therefore, that if that did not appear in the Government Plan, it would be because the next Government has chosen to withdraw it because currently the view is that it will go ahead?

Deputy S.J. Pinel:

Yes, currently the view is that it will go ahead. I cannot speak for the next Government.