

## **6. The Minister for Housing will make a statement regarding the Starter Homes Deposit Loan Scheme**

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

I am very pleased that the Minister for Treasury and Resources has worked with me in developing a scheme to assist hard-working and frugal Islanders in achieving home ownership. We are a very successful and small Island, inevitably this gives rise to affordability issues around housing. Indeed, both the Jersey Housing assessment and the Housing Affordability Index illustrate the challenges that exist, for example, 79 per cent of householders cannot afford a 3-bedroom house and 51 per cent of householders are unable to afford a 2-bedroom flat. In anticipation of these challenges the Strategic Plan prioritised improvements in home ownership and housing standards. The Starter Homes Deposit Scheme is a pilot scheme that will support this objective, as agreed by this Assembly. The scheme recognises that raising a deposit on a property at the current market lending criteria is challenging, for example, a 20 per cent deposit on a lower quartile 2-bedroom flat is as much as £52,000. It is not easy for Islanders to save this money. Therefore, we will support households who have worked hard to save 5 per cent deposit themselves by lending them a further 15 per cent of the deposit at zero per cent interest. The remainder of the money would need to be borrowed from a private mortgage lender who would satisfy themselves that the loans could be repaid. We have had discussions with lenders and they have indicated that they will support the scheme. In this way we can help households who can afford to make repayments with a discounted deposit loan from the States. Without this and, understandably, these households cannot readily raise the full deposit, given all the other costs that they face in daily life. The scheme will be directed at those buying in the lower quartile properties and will have various eligibility criteria to ensure that the scheme is targeted. It is proper, as a pilot scheme, that it should be prudently defined in this way and we can then assess its success. The scheme is planned to operate for 6 months and will commence, subject to a States approval, early in early spring. The initial investment of £3 million, which will be repaid over 20 years, it is expected that 100 households could benefit from this. The money has been saved from the Dwelling House Loans Fund, which was established to support home ownership and this new targeted scheme will use money keeping it within that objective. I look forward to the debate in the New Year.

#### **6.1.1 Deputy J.M. Maçon:**

Noting the statistics that the Minister has provided for us, 79 per cent and 51 per cent talking about the affordability, does this not indicate to the Minister that we have market failure and that propping up the existing market by making this facility available is not going to solve the wider problem?

#### **Deputy A.K.F. Green:**

I do not see this as propping up the existing market. I see this as supporting particularly young families but anybody that is eligible in getting their first foot on the rung of the property ladder. If what the Deputy is suggesting is that we need to take action to lower significantly the prices of current houses, I wonder if he would like to explain to me how you would deal with the negative equity problems that would come from that.

#### **6.1.2 Deputy R.J. Rondel of St. Helier:**

A little bit similar along the lines to Deputy Maçon. Would the Minister agree that without the delivery of sites for the first-time buyers' homes the scheme could in fact create a surge in demand, therefore leading to an even higher base price than presently exists and, in turn, wiping out any financial benefit for the young couples desperately wanting the homes?

#### **Deputy A.K.F. Green:**

In a word, no, I do not agree but I am not being flippant when I say that. I have taken considerable advice from the Economic Adviser. This is why we are aiming this not at new properties, that is one of the conditions, and also aiming it at the lower quartile of house prices. It is not inflationary, it is a pilot scheme. It might bring about, I hope, some mobility within the market as well as helping young people achieve their dream of their first home but it is not inflationary.

### **6.1.3 Deputy J.H. Young:**

Could the Minister tell the Assembly, please, in what circumstances will these loans be repayable? Is it not likely that this liability for repayment will impose upon already onerous liabilities for young people maintaining their first homes?

**Deputy A.K.F. Green:**

Dealing with the latter bit first, if I believed that I would not have brought the scheme forward. These loans will be paid as part of the normal monthly mortgage but, clearly, it is considerably cheaper when it is at interest free. It is for the main lender to be satisfied that the borrower can meet all the requirements of paying back the interest-free loan, the deposit loan, the starter loan and the main capital.

### **6.1.4 Deputy K.L. Moore of St. Peter:**

Could the Minister explain, please, why this scheme will only operate for 6 months?

**Deputy A.K.F. Green:**

Yes, it is a pilot scheme. We are using £3 million out of the Dwelling Homes system. If that works then I will be making a case to find more money but, like all good schemes, you need to make sure that it works and that it achieves what it is supposed to achieve and that it does the things that it says on the tin, that is the only reason.

### **6.1.5 Connétable J. Gallichan of St. Mary:**

Following on, quite appropriately, from the Deputy of St. Peter, I am also concerned about the 6 months. First of all, I congratulate the Minister on this initiative. It is very important if this works and works well that it is kept rolling with no great hiatus between the evaluation of this pilot scheme and the implementation of a second scheme so that we keep the momentum going. Can the Minister assure me that evaluation will be ongoing and can he advise if he has any ideas whether funds are going to come to prolong the scheme?

**Deputy A.K.F. Green:**

I can assure that evaluation will be ongoing. It is important that this works and we continue it.

[11:45]

Of course, I will have to go back and speak to my good friend, the Minister for Treasury and Resources, about how we might fund that. I also want to review whether we do have any... I do not believe we will, the Economic Adviser does not believe we will, but we need to be careful that we do not have an adverse effect on pricing and then drive the price up. All those things will be part of the evaluation.

### **6.1.6 The Connétable of St. John:**

Firstly, can I say how discourteous it is to receive statements just as we are asking questions on previous statements. Surely the Ministers have had this in their minds for some time and they leave it until we get on the floor of the House at this time. Given the Minister's statement, and I am aware where his loyalties lie in relation to Plémont, given there is something like £10 million to £14 million possibly going to be spent in that area or could be spent in that area, would he not support that money being used for first-time buyers instead of going down the road of wanting to give good hard-earned cash to a developer who could build some houses?

**Deputy A.K.F. Green:**

First of all, I am sorry if the Constable thinks I have been discourteous. As Members will know it is only my second day back at work following a short stay in hospital but I apologise if people think I have been discourteous, that certainly was not my intention. On the subject at Plémont, the Constable knows my view on Plémont. I learnt very early in my management career that sometimes if you make a mistake - and I would suggest that the development of Plémont many years ago was a mistake - if you get the opportunity to put it right then you should do so because what we are talking about there is about investment for the Island for the future. I have to balance the Island and the future, the things that we like in this Island, the beauty of this Island, with the needs of the people that want to live here. It is a balance and I believe I have got that balance right.

#### **6.1.7 The Connétable of St. John:**

Supplementary on that, Sir? Does the Minister not consider the future of our children and their accommodation more important than the beauty?

**Deputy A.K.F. Green:**

No, I consider the environment that our children will be living in to be as important and if we cannot protect the environment then I am afraid we will not need homes for the people, they will leave.

#### **6.1.8 Senator A. Breckon:**

The Minister mentions in his statement the Dwelling Houses Loans Fund and he has also just mentioned it in an answer. Could he confirm that there was over £50 million in that fund and it was used for other purposes apart from housing?

**Deputy A.K.F. Green:**

No, I cannot confirm that. I am not sure what there is in there at the moment, to be perfectly honest. I am quite happy to come back.

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

While it is all very nice for a Minister to be seen to be doing something, does the Minister not accept that this is sticking a plaster on a gaping wound? The fact is that the supply of housing has not met demand and the real gap is in the provision of social rented housing that shows some 400-and-something houses short on the latest housing assessment.

**Deputy A.K.F. Green:**

I do not see this as sticking a plaster. I see this as one of the things that we would want to do to improve opportunities for young people, but I do agree with Deputy Southern that we have a shortage of social rented housing. We have a shortage of affordable private renting housing. We have a shortage of affordable homes for people to buy. This is just one of the very small solutions to help people. This is why we need the Strategic Housing Unit. This is why we have the Housing Transformation Programme that I am very close to lodging and this is why we need to get on and do it. But Ministers are often criticised when they do something and then they are criticised when they do not do something. I am going to bring forward a whole plan...

**The Bailiff:**

I think a concise answer, if you would, Minister. I know there are a number of other questions still. Deputy Martin.

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

It is probably a maths question but the third paragraph; we are talking about examples of 79 per cent of households and then 51 per cent of households. Is that a total of 130 per cent who cannot

get on the ladder? In real terms, does that go anywhere near the 100 that this might help because I would say it does not?

**Deputy A.K.F. Green:**

Of course it does not, 79 per cent of householders could not afford a 3-bedroom home. Some of those 79 could afford a 2-bedroom home, you do not add the 2 together and it is only 100 households. Yes, it is only 100 households but it is a start. There are 100 families that will have the opportunity to get into the housing market, fulfil their dream to have their own homes, and I would rather have 100 families helped than none. This is just a start.

**The Bailiff:**

Very well, I am afraid that brings questions to the Minister to an end. Next we have a statement to be made by the Chief Minister.