

1.0 SUMMARY OF CONSULTATION DETAILS

The Jersey HomeBuy consultation paper sought public opinion on the proposal to introduce a form of 'shared equity' housing.

The consultation report proposed:

- The need for new forms of affordable housing, in addition to social rented housing;
- A framework to introduce a scheme called '*Jersey HomeBuy*', which would make first time buyer homes available to qualifying purchasers at a 35% discount.
- The Island Plan 2002 be amended to enable the application of the Jersey HomeBuy approach on the remaining allocated H2 housing sites;
- Qualifying purchasers would be identified by the Minister for Housing, having regard to the applicant's financial resources;
- The discounted percentage becomes payable to a recognized provider of affordable housing when the purchaser sells the property, to be re-invested into affordable housing provision in Jersey.

The Jersey HomeBuy consultation commenced 30 January 2008 and ended 26 March 2008 and a total of 13 responses were received.

2.0 CONSULTATION PROCESS

Formal Consultation took place between 30 January 2008 and 26 March 2008 as a result of the Ministerial Decision MD-PE-2008-0020.

Documents were available on www.gov.je, in hard copy at, the Planning and Environment Department and the States Greffe Book Shop and were also distributed to stakeholders or upon request.

3.0 OVERVIEW OF CONSULTATION RESPONSES

The consultation was widely advertised and 13 responses were received.

4.0 KEY POINTS AND QUESTIONS:

- **74% of respondents supported the principle of Jersey HomeBuy**
- **13% were not in favour primarily because of the potential to interfere with housing market.**
- **13% raised technical points over how the scheme would work**

Questions concerning the details and viability of the scheme

- Who funds the 35%?
- How will the proportion of intermediate housing be determined?
- Should stair-casing be allowed or should homes retain Jersey HomeBuy status in perpetuity.
- Who will scrutinise the Non-Profit Organisation (NPO) transactions and approve project spend?
- In the light of Jersey's heated housing market how will profiteering be managed?
- First time buyers will suffer prejudice if they earn just above the intermediate housing cut off point. How will this hardship be managed?

Questions concerning legal implications

What are the legal implications for home owners and NPO's in respect of stamp duty, inheritance, insolvency, protection and safeguards?

Legal definition of an NPO

Questions concerning economic implications

What are the economic implications of introducing such a system to the local housing market?

Questions concerning purchase price

How will the initial purchase price of an intermediate dwelling be determined?

Should intermediate housing have a different value from FTB housing?

Questions concerning the demand

Concern that many people will be eligible for intermediate housing, but that demand will outstrip the potential supply.

Response Details

Mr B. Sarre, CBRE

General comments:

- Tinkering with the market creates problems and distortions **(The comment is not accepted. This proposal meets the States strategic commitment 3)**
- Subsidizing people to buy property effectively block people who can afford to purchase. **(The comment is not accepted. This proposal meets the States strategic commitment 3 and the gateway to be established will restrict eligibility to homebuy homes only to those that need the assistance)**
- Erratic supply needs to be addressed **(The comment is accepted and the Island Plan review will address the issue)**
- Provision of downsize homes will release family homes into the market **(The comment is accepted)**

Specific comments:

- Will scheme be extended to older people? **(This does not currently form part of the consultation, which is aimed specifically at first time buyers on the remaining H2 sites)**
- Can discount level vary if purchasers can pay more? **(The final discount will be fixed for all purchasers, however the Minister will retain discretion to amend the discount for future sites dependant on the prevailing need at the time)**
- Can purchasers reduce level of discount and pay more? **(Staircasing is unlikely to be permitted, however the Minister will give consideration to this point)**
- Could Jersey HomeBuy be extended to include the purchase of open market flats? **(It is the intention of this proposal that Jersey HomeBuy only be used on the remaining H2 sites. The Minister will give consideration to how the scheme might be extended in the Island Plan review)**
- Can existing social rent be converted to Jersey HomeBuy? **(No other than those already approved by the States as part of the Social Housing Property Plan. Changing the occupancy conditions on other social rented properties would require a separate act of the States)**
- Will non-profit organisation have own valuation process to avoid paying inflated prices? **(Valuation of the dwellings will be carried out by the Housing Department, using independent valuers)**
- Where will non-profit organisation receive funds to discount FTB purchase and what independent financial controls will be in place? **(The NPO will hold a second charge on the property and will receive funds only when the property is sold on)**
- Will Jersey HomeBuy be capped on the period of the loan? **(The 35% second charge will be held against the property from the date of purchase until the property is next conveyed. This will be set out**

in the contract. This means that the second charge could still exist beyond the life of the principle lending on the property)

Mr M. Van Neste, Jersey Homes Trust

- JHT supports the initiative to provide intermediate housing. **(The comment is noted)**
- It is noted that the Jersey HomeBuy will come from the 45% but pleased to note that some of the 45% will be retained for social rent. **(On the remaining H2 sites none of the 45% will be retained for social rent. On future sites as they come for rezoning the Minister will consider the mix of homes needed with information gleaned from future Housing Needs Surveys. The mix of future sites could then be very different to the 55:45 used over the past 7 years.)**
- Scheme should not allow developers to profit – price should accord with social rent prices. **(This point is noted and will be carefully considered)**
- Scheme could potentially lock low earners who will be unable to contemplate moving home. Housing swap arrangements could be considered or removing first time buyer condition from any onward sale. **(The homes must be retained as first time buyer in perpetuity to ensure that there is an increase in the numbers of these homes. This increase in the numbers of first time buyer restricted homes in the market will ensure that prices in this sector will become less pressured as supply and demand come into better balance)**
- Rule required to cover marital breakdown, death, inheritance, etc. **(A standard contract and bond have been developed the use of which will be a requirement for any NPO wishing to carryout homebuy.)**
- JHT would be interested in expanding its role to become one of the non-profit organisations. **(This point is noted.)**

Ms. A. Le Brun, Chartered Accountant and Economist

- Scheme is ill-defined and lacks detailed information. **(The comment is noted – the purpose of the consultation is to explore and identify issues which need to be addressed)**
- Price of Jersey homes is a function of supply and demand Increase in population and limited supply of homes will keep prices high. Scheme will not solve the problem of affordable housing and is not sustainable. **(The comment is noted. This proposal meets the States strategic commitment 3)**
- Scheme will potentially increase cost of basic housing by making more funds available to first time buyers. **(The scheme avoids the creation of additional social rented accommodation which is not needed. By increasing the numbers of first time buyer restricted homes in the market prices in this sector should become less pressured as supply and demand come into better balance)**
- Concern that purchaser will have 100% legal title and non-profit organisation will have no legal interest or charge over the property. This has legal implications under Jersey inheritance law, bankruptcy and insolvency laws and in a divorce or separation. **(The NPO does**

hold a charge over the property in a similar way to the lender of a mortgage. Triggers for repayment are all set out in a standard contract and bond which have been developed the use of which will be a requirement for any NPO wishing to carryout homebuy)

- Who pays the 35% is unclear – is this developer contribution or is it paid by the States? **(There is no payment. This is a developer contribution secured by planning obligation agreement)**
- Concern about the role of the non-profit making body, which is undefined. **(The comment is noted and the Law Officers' Department are in the process of defining the legal status of the NPO's)**
- An implication in terms of legal costs and stamp duty – given the role of the non-profit organisation is there potential for duplication. **(The comment is noted and the matter is being addressed. The intention is that stamp duty is only paid once)**
- Basic FTB prices will increase allowing developers to distort the market. **(The comment is noted but not accepted. By increasing the numbers of first time buyer restricted homes in the market prices in this sector should become less pressured as supply and demand come into better balance.)**
- How will property improvements be accounted for? **(When the purchaser comes to sell any improvements will be valued and appropriate adjustment made in the apportionment of value. This issue is catered for in the standard contract and bond which have been developed the use of which will be a requirement for any NPO wishing to carryout homebuy.)**
- Scheme will not achieve its objective and will have an adverse effect on the housing market. It is too simplistic and only considers purchasers without adequate consideration of cost implications to States and tax payers. **(The comment is noted. This scheme has no cost to the Public or the States. A similar scheme is already being operated by the Housing Department for its own tenants which works well and meets the States strategic commitment 3)**
- States should introduce a proper shared equity law instead of Jersey HomeBuy scheme. **(The comment is noted. However, this proposal builds on the success already achieved by the Housing Department on the redevelopment of Le Squez and Le Marais.)**

Mrs A. Minchinton

- FTB situation for people who are on average earnings and not employed in the finance industry is becoming a disaster. **(The comment is accepted as this proposal meets the States strategic commitment 3)**
- Town flats may be ok for couples however families need space. **(The comment is accepted and ultimately Jersey HomeBuy will be extended to all size and types of affordable accommodation)**
- Agree with the principle of shared equity but will need careful scrutiny to ensure homes are and remain affordable. **(The comment is accepted, ensuring that there are first time buyer conditions in perpetuity is fundamental to achieving this.)**

- Developers must not be allowed to charge exceptionally high prices. Dandara homes discounted by 35% will mean that purchaser will pay £300,000. **(The comment is noted and the values and discount will be carefully considered)**
- Jersey HomeBuy scheme needs to be for people who can't afford to get on the property ladder. **(The comment is accepted. The gateway to be established will restrict eligibility to homebuy homes only to those that need the assistance. This proposal meets the States strategic commitment 3)**

Mr. K. Shaw

- Potential for abuse and profiteering, like the old agricultural loan scheme, which needs to be controlled. For instance, there may be eligible people who own property outside of the Island. **(The comment is noted and the Housing Department will operate an intermediate Gateway system which will identify eligible purchasers)**
- There may be legal difficulties, if couples split up, people die, wills are not made, inheritance laws, etc. **(The comment is noted. These issues are catered for in the standard contract and bond which have been developed the use of which will be a requirement for any NPO wishing to carryout homebuy.)**
- How long will the financial charge exist? **(The 35% second charge will be held against the property from the date of purchase until the property is next conveyed. This will be set out in the contract. This means that the second charge could still exist beyond the life of the principle lending on the property)**

Mr. J. Collins

- Although this proposal enables people to get on the property ladder, it does nothing to tackle the problem of soaring house prices – indeed it will exacerbate the problem. **(The comment is noted, but not accepted. By increasing the numbers of first time buyer restricted homes in the market prices in this sector should become less pressured as supply and demand come into better balance. This proposal meets the States strategic commitment 3)**
- Shared equity simply swaps parental assistance for States contribution and developers will still maintain high prices. **(The comment is not accepted. Jersey HomeBuy does not rely on any contribution from the States financial or otherwise)**
- Introduce development tax. **(The comment is noted but is not considered to be material to this consultation)**

Mr. J. F. Bates

- Principle of enabling young people to purchase their own home is right. **(The commented is noted)**
- There is a huge monetary gulf between the potential Jersey HomeBuy discounted value of £260000 and the current FTB value of £400000. Potentially some first time buyers who fail to come within the intermediate bracket will suffer prejudice if they earn just above the cut

off point. How will this hardship be managed? **(The comment is noted but there has to be a cut off. It may be that the Minister for Housing will consider exercising a discretion based on the facts of each case)**

- Initiative and deposit – where possible if the proposed buyer has saved a deposit for their new home is this rewarded in the scheme? **(The comment is noted, however no such reward is being considered. The aim is to keep Jersey HomeBuy as simple as possible.)**

Mr P. Seymour, Mortgage Shop Plus

- Why apply Jersey HomeBuy only to a proportion of properties on the remaining H2 sites rather than the whole? **(The comment is noted and the Minister will retain discretion over the adjustment of the % split and will be informed by the Housing Needs Survey)**
- Jersey HomeBuy will need to be extended to all new sites that emerge **(The comment is noted and that hopefully will happen in the fullness of time)**
- Developers could put their schemes on hold if poa's are too onerous. Accordingly Compulsory purchase could be used to avoid this happening. **(The comment is noted. Compulsory purchase is always an option if developers were to restrict the supply of affordable housing)**
- The 'Gateway' means-testing approach will have to be vetted on a two tier basis. The first being to satisfy housing's criteria and also the underwriting criteria imposed by mortgage lenders to ensure that applicants in fact qualify for a mortgage. **(The comment is accepted and will be addressed by the Housing Department)**
- House prices under Jersey HomeBuy will be higher and therefore warrant a higher level of discounting. **(The comment is noted and will be addressed as part of the valuation process which will be set out in the arrangements for the formation of the NPO's.)**
- States will need to monitor the financial administration of the non-profit organisation and the ultimate destination of all funds. **(The comment is noted. A suitable level of control will be set out in the arrangements for the formation of the NPO's)**
- MSP has received a number of enquiries and would raise concern about the potential number who would qualify under the Jersey HomeBuy scheme. **(The comment is not accepted the gateway to be established will restrict eligibility to homebuy homes only to those that need the assistance by setting financial limits for qualification.)**

Ms. T. Soley

Qualifying

I think that at this preliminary stage all interested parties should be invited to register an interest via your Jersey Gov website - a simple pilot questionnaire could be devised at the consultative stage - requesting date of birth, occupation, number of dependant children – this would be a valuable means

of gathering data – do not rely solely on data from the Housing department – engage the first time buyer market. **(The proposal has relied on data from several sources including the Housing Department. A key piece of information has been the Housing Needs Survey, which confirms the need for affordable homes)**

Means Testing

Is Gateway merely to ascertain an ability to repay or is it to offer housing to a certain sector of the population. States members need to recognise the desire for home ownership spans the ages Middle aged people should not be discriminated against if they are first time buyers, and have the ability to service a mortgage. How objective will a financial means test be? What are the terms for qualifying - how stringent are they – can a single person qualify – is there an upper or lower age limit. **(The Housing Department will operate a ‘gateway’ to ensure that those first time buyers unable to purchase housing in the unrestricted open market are eligible for Jersey HomeBuy. It will not be age restricted)**

Selling On

Would the resale of such properties be conducted solely through the housing department, and offered to prospective approved buyers held on the first time buyer register? I think such a portfolio of properties should be managed solely by the Housing Department, I would not approve of involvement by Estate Agents. **(The homes will be retained as first time buyer in perpetuity to ensure that there is an increase in the numbers of these homes)**

Conclusion

This concept is a positive step in taking ownership of a real problem in Jersey – that of affordable housing. I feel that not enough consideration is given to the plight of people in their thirties who have not got on the property ladder. I now have middle aged friends and their children scattered all over the globe, having left Jersey in mid life because owning their own home here and having a satisfactory work life balance was just not attainable. I read much about university graduates coming back to the island in their mid twenties, but how many of them leave again disillusioned in their early thirties/ forties – is it an urban myth – not from my personal experience. **(Your observations have been noted)**

Mr. D. Lynes, CTJ Housing Trust

- The Trust agrees that the concept to make home ownership available to those classified as “Intermediate Housing” does in fact have merits. **(The comment is noted)**
- Not clear who funds the 35% Discount. For the Purposes of this reply we assume that discount is funded by States and not the Developer of the Various Sites. **(The 35% is a developer contribution secured through a planning obligation agreement)**
- It is assumed that the definitions following definitions referred to in the consultation document mean that the Value is determined by market forces in the knowledge that the properties must remain in the first-time buyer market in perpetuity:
 - First Time Buyer Market Value (page one of the Paper)

- Full prevailing first-time market value (page ten of the Paper)
(The comment is noted and will be addressed as part of the valuation process which will be set out in the arrangements for the formation of the NPO's)
- The Trust believes that the Island Plan should be amended to make provision for JERSEY HOMEBUY. **(The comment is noted and this proposal is an interim measure in advance of the Island Plan review)**
- We are not aware of any other mechanisms to provide more affordable homes. **(The comment is noted)**
- It will be very difficult for prospective buyers to understand the scheme and how to access the help at hand. Our Comments are as follows.
 - The Party funding the Discount will have a second charge over the property to secure these funds and in the circumstances any lender would be slow to lend and no doubt funding will be difficult. **(Not accepted. A similar scheme is already being operated by the Housing Department for sales to its tenants. Lenders have been keen to lend on this basis.)**
 - No reference in the paper is made to the possibility of the purchaser at a later date acquiring the remaining equity of the property. **(The buyer can purchase the 35% at any future time, however, the first time buyer condition will remain in place in perpetuity)**
 - Who does the Proposed Purchaser negotiate with? Is it the Builder/Developer or the Administering Body?? **(The purchaser will be approved as eligible by the Housing Department and will then be able to approach any NPO operating homebuy.)**
- The amount of homes in this category will not be great and in the circumstances the Administering Body could be a Housing Trust. It is our opinion that we cannot have a number of different bodies undertaking this work and for uniformity it should be a Housing Trust(s) As you are aware at this stage we are a young Trust which has no permanent employees and could not undertake any of the administrative work in the early stages. However, when funds are available say in ten years on resales we would welcome being involved. **(The comment is noted)**

Mr J. Mesch

- It would be more logical for the Housing Minister to promote Jersey HomeBuy **(The comment is noted, however because the Minister for Planning & Environment is responsible for rezoning land, it is necessary for the planning policies to be amended. The Housing Minister is involved in establishing the gateway to allocate property for the Jersey HomeBuy scheme)**
- Scheme should include open market housing **(The comment is noted but goes beyond the remit of this proposal)**
- Financial planning figures are already out of date and need to be revised to current values. **(The comment is accepted)**

- Who will underwrite the scheme? **(The discount to be provided is a developer contribution required under planning obligations.)**
- Will purchasers have to provide a deposit? **(Not to the Public or the NPO, No.)**
- What is the estimated cost **(The cost will be absorbed by the developer)**

Advocate A. Regal

- How will the scheme work and what is the legal structure? **(The legal structure of the NPO is being addressed by the Law Officers' Department)**
- As shared equity is not legally possible in Jersey, can it be assumed that the model will be similar to La Cloche and Les Hoummets where the States obtained a second charge on the property? **(Yes, fundamentally the scheme operates the same. However, the second charge is held by the NPO and not the States.)**
- In those schemes the States will receive back the initial amount which is provided, but it will not be able to take advantage of any rise in value of the property – is this what is envisaged? **(No. A legal mechanism does exist and is set out in the contracts and associated bond to cater for interest accrued on the second charge.)**
- The proposed scheme envisages that the purchaser will eventually pay the NPO 35% of the sale price when it is eventually sold. How will this be secured? **(As a second charge on the property. (Judicial Hypothec))**

Health, Social Security and Housing Scrutiny Panel - Housing Sub-Panel

Key findings:

1. The sub-panel is concerned that the Minister publicised plans for a shared equity scheme before making details available either to scrutiny or States Members.
(This is a formal consultation which the Minister for Planning & Environment is obliged, under the planning law, to undertake in order to assist his decision on whether to submit a policy to the States to introduce Jersey HomeBuy.

The States consultation procedure requires the Minister to begin the process by presenting a report to the States and R.C 7/2008 was presented on 29 January 2008.

The action to introduce shared equity was endorsed by the States in its Strategic Plan 2006-2011 (P40/2006 debated on 27 June 2006). It was also a major election promise of the Planning and Environment Minister.

During the debate on P.6/2007, The Social Housing Property Plan, commitments were made by both the Planning and Housing Ministers that a proposal to introduce a shared equity scheme for rezoned sites would be forthcoming.

It is not accepted therefore that these proposals can come as a surprise to the Sub-Panel or the Public at large. The average cost of a first time buyer home in Jersey is some 13 times average income levels and it is difficult to conceive of a mechanism for raising the level of home ownership without some form of significant discount scheme)

2. The consultation document lack detailed financial and factual content and does not say how, or by whom, Jersey HomeBuy would be funded. **(It would appear that the Sub-Panel have misunderstood the Jersey Homebuy principles. The simplicity of the scheme ensures that it does not require government funding as the Homebuy homes are delivered and controlled under Planning Obligation Agreements in a similar way in which social rented homes were achieved on the first tranche of H2 sites.**

Developers have responded positively to the consultation)

3. Proposals for the delivery of shared equity are considered to be unrealistic and take no account of the surge in demand that could be anticipated from raising public expectations. **(Demand for affordable homes to purchase already outstrips supply – significantly.**

Homebuy represents an interim measure to answer some of that pent up demand. Waiting for the outcome of the Island Plan review, which it is acknowledged must seek a long term solution to the supply of land and therefore affordable homes, is not appropriate given that any debate on that matter will be some 2 years away.

Homebuy is being proposed for the remaining H2 sites, effectively just some 65 homes all of which it is anticipated will be delivered before the Island Plan review is complete. Without the introduction of Homebuy these dwellings can only be sold to a social rented landlord for occupation by tenants. There is limited demand for such homes for rental and it would seem nonsensical to create more rental accommodation when what is needed are affordable homes to buy. To do so would be to miss a significant opportunity to raise the level of home ownership, which is significantly lower than in similar jurisdictions)

4. The example of income included in the consultation document suggests that large numbers of Islanders would qualify for Jersey HomeBuy, with further consequences for demand for new housing. **(There are two financial limits which make up the Gateway.**

A lower income limit, below which applicants will not have the income to support the necessary borrowing (given that lenders will generally lend approximately 5 times joint income)

An upper income limit where applicants are deemed to have the means necessary to purchase a regular first time buyer home without assistance.

Setting these limits can only be undertaken when the results of the Housing Needs Survey are known.

In respect of the proportion of homes to be developed for intermediate housing, this appears to have been misunderstood by the Sub-Panel. Policy H2 dictates that for these sites there be a 45:55 split between first time buyer and social rented homes. What is being proposed is that the 55% first time buyer homes remain available for that market and that the 45% social rented become intermediate housing available under the Homebuy scheme. Some 65 units spread over the 3 remaining H2 sites.

As future sites emerge regular Housing Needs Surveys will inform on the most appropriate split between First Time Buyer, Intermediate and Social Rented tenures to meet current demand.)

5. Definitions of first time buyer housing are not transparent and there is a lack of clarity as to who the Jersey HomeBuy scheme is intended to support.

(What the Sub-Panel appear to be suggesting is the formation of an overly bureaucratic, punitive mechanism to socially engineer how homes are occupied. It is suggested that this is unworkable and would be wholly unacceptable to the Public at large.

The Gateway has been established to ensure that Homebuy homes are reserved for those who fall within the qualifying criteria as defined by the Gateway.

The Social Housing Property Plan does as the Sub-Panel highlights permit the sale of a limited number of States owned social rented homes under very similar arrangements, but only to States Tenants.

What is proposed with Homebuy is a scheme which will provide a similar opportunity for non-States tenants to purchase a home which otherwise will have to be occupied as social rented accommodation, social rented accommodation which is in any case surplus to current needs.

What is the point in creating subsidised social rented housing when the same people, with just a little assistance can become home owners in an Island where the level of home ownership is significantly less than in other jurisdictions?

The Sub-Panel are suggesting that the well evidenced demographic changes towards an older society are somehow bypassing Jersey. The need is very real and one which the Island must ensure it is well prepared to meet. This view was first

formulated by ISAS, based on the 2001 census and will be expected to be reinforced when the outcome of the Housing Needs Survey is known)

6. The basis for the proposed discount of 35% on new build properties is not clear and this level of subsidy is considered to be potentially unnecessary and probably unsustainable.

(The proportion of Jersey Homebuy homes and the level of discount to be provided site by site will be informed by the outcome of the Housing Needs Surveys. It is accepted that the H2 sites will not meet the required demand. It is however, a start. It is the Island Plan which will establish a land bank to ensure that the long term need for homes is met.)

7. No consideration appears to have been given to issues of equity between existing Homebuyers and those who could obtain significant financial benefit by means of this scheme.

(There are indeed many people who have in the past worked hard to buy their own home. Some assisted by the former States Loan scheme. Those people will already be benefiting from the increase in the value of their asset. In order for a new generation of Jersey people to enjoy the benefit of home ownership we do need to create the opportunity for them to do so affordably but without creating some of the windfalls created under the former States Loan developments. What is being proposed is to make Homebuy homes available to those who can afford to borrow at the discounted level. Those purchasers will still be borrowing at 5 times their gross income and certainly not be any better off in relative terms than existing home owners were when they purchased.

The Sub-Panel has suggested that any future purchaser would have to pay the full market value at the time of sale. That is not the case, at paragraph 4.3 of the White Paper it is made clear that any future sale must be to a first time buyer who would pay the full prevailing first time buyer market value. The homes are reserved for First Time Buyers in perpetuity, thereby over time increasing the availability of first time buyer homes in the market which is widely accepted will have the greatest impact on house prices overall.)

8. No new research would appear to have been given out to support or test the viability of the scheme, which is largely based on statistics that are three years or more out of date.

(The current Housing Needs Survey is a sampling of some 10,000 households and has had a response rate of 60%. Short of a full census it is the most comprehensive data on the housing needs and aspirations of Islanders. Its findings cannot then be so readily dismissed. Such surveys have been widely used in the UK to inform on future housing strategy.

The Sub-Panel is correct in so much that there is a need for a long term approach to the supply of land and this will be addressed as part of the Island Plan Review.)

9. The consultation itself appears to be little more than window dressing, asking questions without providing any relevant financial detail or alternatives.

(This is a consultation, the results of which will inform the decision to introduce an interim proposal for intermediate Housing and make the best possible use of the remaining H2 sites, just 65 houses. The Island Plan review will be the mechanism for providing the land necessary to meet housing needs in the long term and will be informed by a number of other pieces of work, notably:-

- Housing Needs Survey
- Social Housing Waiting Lists
- The Review of Social Housing
- Planning for Homes
- Migration Policy
- Social Policy Review

The proposal for Jersey Homebuy on the remaining H2 sites (65 homes) is an interim measure to make the best possible use of the planned homes. It would be nonsensical to fill those homes with 65 tenants when those people could actually buy with just a little assistance.

In the longer term Homebuy could be extended onto emerging sites with both the proportion of Homebuy homes and the discount at which they are offered being dictated by regular updates of the Housing Needs Survey.

It is the long term supply of sufficient first time buyer homes into the market which will bring an enduring solution to the affordability problems which have bedevilled the Housing market for far too long.)

Comments of the Law Society of Jersey – Conveyancing Sub-Committee

1. Comments relate principally to the existing legislation governing the hypothecation of immovable property, namely the Loi (1880) sur la propriete fonciere and how Jersey Homebuy might be safely created under that law. Issue of concern relates to whether an entitlement to a specified percentage of the value of a property can safely be hypothecated under the existing legislation. Concern in respect of the use of bonds, as used to secure the public's interest in the Les Cloches development, and whether this is an appropriate and secure mechanism in the circumstances.

Comments from the Law Officers' Department

1. The "Les Cloches Bond" was the only way to achieve the political objectives within current legislation.
2. The preferred way forward would be for appropriate legislation to be drafted to empower any deferred payment scheme or a shared equity scheme a scheme. This would have been the ideal way to proceed but would have taken significant time to complete.
3. The potential difficulties outlined by the Law Society are not insurmountable and have to an extent been covered in the "Les Cloche Bond".
4. There is no other way of securing the deferred payment within the limits of current legislation. The decision to proceed with this scheme is a commercial and/or political one taking into account the inherent risks.
5. This is however, a complex issue and further and detailed advice would be justified.

(The Jersey Homebuy proposals do not involve the States or the Public as being party to any transaction. The second charge is held by the NPO who will carry any perceived risk thereon)

MINISTER'S RESPONSE TO THE CONSULTATION

The Minister for Planning and Environment considered the results of the public consultation and decided, following the inclusion of comments of the Council of Ministers in respect of the draft report and proposition, to lodge the Jersey Homebuy report and proposition with the Greffier of the States for debate by the States. (MD-PE-2008-0109)