



**SELECT COMMITTEE  
OF  
TYNWALD COURT  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
BING ER-LHEH TINVAAL**

**PROCEEDINGS  
DAALTYN**

**FIRST-TIME BUYER SCHEME  
(PETITION FOR REDRESS)**

**HANSARD**

**Douglas, Monday, 1st February 2016**

**PP2016/0022**

**FTBS, No. 1**

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**Members Present:**

*Chairman:* Mr D M Anderson MLC  
Mr R K Harmer MHK  
Mr L I Singer MHK

*Clerk:*  
Mr R I S Phillips

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## Select Committee of Tynwald on the First-Time Buyer Scheme (Petition for Redress)

*The Committee sat in public at 2.30 p.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

[MR ANDERSON *in the Chair*]

### Procedural

**The Chairman (Mr Anderson):** Good afternoon and welcome to this public meeting of the Select Committee into the First-Time Buyer Scheme (Petition of Redress).

My name is David Anderson. I am chairing this Committee. With me are Mr Ray Harmer, on my left, MHK, and Mr Leonard Singer, Deputy Speaker, MHK, on my right.

5 Can you please ensure that your mobiles are switched off or on silent so we do not have any interruptions. Thank you. For the purpose of *Hansard*, I will be ensuring that we do not have two people speaking at once.

As you know, the Committee was established by Tynwald on Wednesday, 21st October, with a remit to consider and report on the Petition of Redress of the residents of Harcroft Meadows.  
10 This Petition was presented to Tynwald on Tynwald Hill in July 2015.

Today we are going to hear first from the Petitioners and later on from representatives of the Department of Infrastructure.

### EVIDENCE OF

**Mrs Y Grogan, Mr L McMurdo  
and Mr M Murphy, Petitioners**

**Q1. The Chairman:** I thank you very much. If I could just start by thanking you for coming along this afternoon and giving us the opportunity to ask you questions and for you to put your  
15 case over. Obviously we have had a large amount of correspondence regarding the history of Harcroft Meadows, particularly thanks to Mrs Grogan for her information that has come through Mr Malarkey. We thank you for that.

Can we start by saying that maybe if Mrs Grogan would like to set the scene for us and give us anything that she has not put within her correspondence to us or give us a brief background.  
20 Obviously, we have looked in detail at all the information you have supplied to us and we have some questions for you, but if you would like to maybe set the scene for us to start with.

**Mrs Grogan:** Okay. Initially we all decided to buy these properties, which we were all very excited about, and were told, 'Well, you know, you're then on the ladder, as it were, to buy a  
25 property and you have a future on the property market.' But then we exchanged contracts with Gough & Co, who were our advocates at the time. I think they were the advocates for pretty much, I do not know, 95% of the people – 90% of the people. There were a couple of other

30 residents who had a different advocate, but they were also told the same information as ourselves, by our advocate, which was that the first five years we were beholden to Government with our properties and if we sell before then, well, then we would have to just sell it for what we purchased it, so then we would not make any profits, but after that period we would be free from any encumbrances and we would not have any restrictions or the Government would not have any hold on the property.

35 Obviously, you could say, well, did I go into that unknowingly or not knowing that that was right. I deliberately asked over and over again really so I would be clear in my mind before I signed those documents. Plus I also had a letter, as everybody has a letter, from the advocate before you sign when you buy a property, outlining the information and other various items about what you should consider before you buy a property. So it was clearly outlined there, but these things were not put, as you already know from the documentation that I have given to you  
40 ... that it does not state that there were these restrictions on our property. I was told that after the five years we were then free to sell our property on the open market.

So it has then since become clear that that was not the case and that there were restrictions on the property, so there was obviously a lot of confusion.

45 **Q2. The Chairman:** So can I just pick up there: basically, one of the first faults with the scheme that you found was that you did not have the information that was required, that you would expect to have had as a first-time buyer, from your advocates.

**Mrs Grogan:** Yes, I can honestly say that I equally did not understand or was not fully  
50 informed by the Department either. I think some earlier residents did have a letter that stated something about the 70-30 share, but I certainly did not get one of those letters.

So that was significant as well because I think ... and also we liaised quite a lot with the builder who organised or suggested which advocates we should all use and that is why we all ended up having a special deal to use the same advocates as them. They also did not make it  
55 clear about the 70-30 share or the fact that there would be a restriction on valuation as well.

We had to have a valuation by the Government Valuer. I thought – and this has only come to light afterwards as we go deeper and deeper into it – that after the five years you could sell on the open market at the market value price. I did not realise that was determined by the Government Valuer and they decided what that valuation would be.

60 When I was considering moving at one point and I had some valuations done by the estate agents, they were quite considerably different to the Government valuation.

**Q3. Mr Singer:** How much?

65 **Mrs Grogan:** Some £30,000 to £40,000 difference. I had five done – I put them all in that documentation to show you that – and I thought, ‘Well, that’s a big difference.’ So not only are you losing your 30% but then you have got a down valued valuation done. But obviously that is debatable because at the time I did question it, but they said, ‘Well, in our opinion that is what those properties are worth. Properties on the estate agents are not necessarily sold at that  
70 price.’ So that was the argument to that.

**The Chairman:** Mr Singer.

**Q4. Mr Singer:** Can I ask when was that – when you had those valuations?

75 **Mrs Grogan:** I cannot remember the exact date, but they were in the documents there. I do not know – about seven years, maybe, after the period of time when we moved in.

**Q5. Mr Singer:** 2010?

80 **Mrs Grogan:** I think so. Something like that. I might not be exactly correct on that.

**Q6. Mr Singer:** Approximately what valuation were you given by the estate agents on average?

85 **Mrs Grogan:** Between about £130,000 and £140,000.

**Mr Singer:** And what did the – ?

90 **Mrs Grogan:** That was about £180,000. I have had valuations since. I think that went up to £205,000.

**Q7. Mr Singer:** So the average for the estate agents was £180,000 and the Government Valuer said about £130,000?

95 **Mrs Grogan:** Yes.

**Mr Singer:** Okay, thanks.

**Mr Murphy:** We did the same thing and it was considerably less.

100

**Q8. The Chairman:** Can we just be clear, if anybody would like to build on those comments ... Mr Murphy, do you want to say something at this stage?

105 **Mr Murphy:** Yes, we did exactly the same and the value was a lot less. I got three valuations, because we built an extension as well, and I was just saying that the Government Valuer came out – because we were in the middle of buying a business at the time, that we bought but we got the funds another way – and it was a lot less; it was about £60,000 less.

**Q9. The Chairman:** So what date would this be?

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**Mr Murphy:** It would have been six years ago, nearly seven years ago. (**The Chairman:** Right. Okay.) I think the three estate agents valued it at between £280,000 and £290,000, and he valued it at £220,000 – the Government Valuer.

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**The Chairman:** Mr Harmer.

**Q10. Mr Harmer:** Have you had any valuations since then? (**Mr Murphy:** No.) Has that been the last – ?

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**Mr Murphy:** No, because we were in the middle of thinking of buying a business and we have bought it now, but we could not do it anyway because the Government have got a hold on your mortgage so you cannot get any equity out on your house, because the house is only valued at say £220,000 and the Government have got their 30%, so you cannot release any equity because the Government have got a hold. Do you see what I mean?

125

So when we went to the Isle of Man Bank my lawyer did all the stuff to buy a ... We were buying a restaurant, so when we went, it came back and said, 'Sorry you cannot use your house as equity because the Government have got a hold on it.' So I did not know that at the time – that you could not release any equity on the house. Even though I have spent £50,000 on an extension, or just less than £50,000, the Government owns 30% of that as well –

130

**Mrs Grogan:** Yes, that is the case, isn't it?

**Mr Murphy:** That is the case. Then I went to see the Government officer. She said, 'Well, that is how it runs' ... so, 'You do not pay 30% of my rates!'

135 **Mrs Grogan:** If you have an extension or improvements you lose 30% of that when you want to sell –

**Mr Murphy:** We built an extension. Like a lot of people, we had one child, two bedrooms and then we had another child and you just try to better yourself so you build an extension and then  
140 you cannot sell your house because we had to work extremely hard to get the money to build the extension because you cannot get equity out.

**Q11. Mr Singer:** And the value of your extension, approximately?

145 **Mr Murphy:** In the end, all in all, it is about £50,000 because I have done more work. I did have a garage and I have knocked it through to one room.

**Q12. Mr Singer:** So that is about a third value or a quarter value extra on your house?

150 **Mr Murphy:** Hopefully, yes. We have made it a family home, so I do not want to –

**Mrs Grogan:** Yours was only two bedrooms, wasn't it?

**Mr Murphy:** Mine was only two bedrooms, so I have made a bigger living area and an extra  
155 bedroom for my daughter and stuff like that. I have not done it to sell, I have done it because my family has got bigger. But the Government owns 30% of my extension, so I do not think that is fair really.

**Q13. Mr Singer:** Can I just ask Mrs Grogan just to elaborate on a point she made? (**The  
160 Chairman:** Yes.) You said you were offered a special deal to go to Gough's. (**Mrs Grogan:** Yes.) What was the special deal? Do you know what the value was?

**Mrs Grogan:** With the builders, everybody was offered a special rate –

165 **Mr Murphy:** If it was at Harcrofts –

**Mr McMurdo:** It was £800.

**Mr Murphy:** If you were buying a house in Harcroft there was a special rate through Gough &  
170 Co.

**Q14. The Chairman:** Is this J G Kelly's offer?

**Mr Murphy:** J G Kelly's, yes.  
175

**Mrs Grogan:** Yes, through J G Kelly's. So that is why a majority of people used Gough & Co.

**Q15. Mr Singer:** And was it a considerable saving?

180 **Mr McMurdo:** Well, the –

**The Chairman:** Mr McMurdo, sorry, just for the tape.

185 **Mr McMurdo:** Sorry. The price that they charged was £800 for lawyers, which we were told is a considerable discount because we were buying into Harcroft. (**Mr Singer:** Right. Okay.) But there were other ones who used their own.

**Q16. Mr Singer:** You do not know how much they paid?

190 **Mr McMurdo:** No, I do not.

**Mrs Grogan:** I would just like to say as well, the other thing that we felt was not pointed out to us was this 21-year pre-emption period. That just knocked me to the floor when I found out that I was tied up for 21 years. I was actually told it was indefinite –

195 **Mr Murphy:** That is what I was –

**Mrs Grogan:** – but apparently, by law, because it is –

200 **Mr Murphy:** I went to the Government about my extension and I did not realise they owned 30% and the lady in the Government offices said, ‘Well, we own it indefinitely,’ and I was like, ‘No, but I have got a letter here that says otherwise.’ No –

**Q17. The Chairman:** Okay, but that point was clarified, through Mr Cretney, I think, (**Mrs Grogan:** Yes.) that there was a set period and it was 21 years.

**Mrs Grogan:** Apparently, by law, it cannot be taken beyond the considered life of a mortgage, so yes that is the 21 years.

210 **Q18. Mr Harmer:** When did you discover that? It was not in the deed of conveyance then specifically?

**Mrs Grogan:** Yes, I think initially all of this came about when one of the first neighbours were wanting to do – like yourself – improvements on the house and then when they went to the bank they discovered there were issues with getting a loan because of the charges that the Government had and they were told then that there were issues or restrictions, so then I started to ask questions.

220 Then I rang the Attorney General’s office as well and asked them and they said, ‘Oh, no that is not the case.’ So there was confusion there. Then I asked the advocate and they said, ‘No, that is not the case.’ So I left it for a couple of years and then I went to have a valuation done and it came up all again and I asked the questions again and rang the Commissioners’ office and they said, ‘No, this is the case.’ So I dug deeper and then found out, yes.

225 So it is over a couple of years that I started to get bits of information about what was really the case and what these restrictions were.

**Q19. The Chairman:** Yes, so you were clear then from what year the 21 years was the period?

**Mrs Grogan:** Yes.

230 **Q20. The Chairman:** So when did you learn that? What year would that be?

**Mrs Grogan:** We have been discussing this, haven’t we, since ...? I do not know – at least 10 years ago now, so we have been all trying to sort this out since then.

235 Obviously, we initially went back to Gough & Co, and then they instructed another advocate to investigate and oversee it all, and that came to no fruition really. They just said, ‘Well, yes,

this is the case, but these restrictions are ... or this is what the Government have proposed, but if you go to court there is not much you can do really; it will just come back to, 'Well, that was what was proposed and it is just unfortunate you had not been informed properly.'

240 **Q21. Mr Singer:** So Gough's just wiped their hands of it, did they, and said we did not – ?

**Mrs Grogan:** They did, yes.

245 **Q22. Mr Singer:** Did they admit they did not tell you to start off with?

**The Chairman:** Mr McMurdo.

**Mr McMurdo:** The thing is we had a meeting, we arranged a meeting with Gough & Co –

250 **Q23. Mr Singer:** This is when?

**Mr McMurdo:** 2009?

255 **Mrs Grogan:** You have got all the dates on my file, but –

**Mr McMurdo:** Approximately 2008. With Mr Cretney, we went down to the meeting and Gough & Co did not actually turn up; they actually sent their insurers, which were Mr Quinn – (**Mrs Grogan:** Quinn Kneale's) Quinn Kneale's – and they actually turned round to us ... their insurers turned round and said, 'If you write saying that you are not going to take Gough & Co to court we will help you fight this.' So they have already, to me, admitted they have done wrong.

260 **Q24. Mr Singer:** Do you have that in writing?

**Mr McMurdo:** It was at the meeting. David Cretney was there and Yvonne and myself were there, and they actually did say that.

**Q25. The Chairman:** Can I just go back one step, please.

A lot of the – or some of the – purchasers said they had a letter from the Department spelling out the 70-30%. You three say you did not have that letter?

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**Mrs Grogan:** No, a majority of residents did not have it, because I have spoken to every single resident on the estate. I think there are maybe one or two who have actually probably moved on now, but everyone I have spoken to since, who are still there – there might be one who said they had some inclination that was the case, but –

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**The Chairman:** Yes, we have had representation from one of the buyers who said they understood the 70-30%.

**Mrs Grogan:** Yes, there might be one.

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**Q26. The Chairman:** Yes, so obviously there was fault by your advocates not informing you –

**Mrs Grogan:** Well, yes, when you buy a property you are trusting the advocate to know the law to make sure you as a lay person would understand or be informed fully as to what you are letting yourself in for.

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**Q27. Mr Singer:** So the meeting with Quinn – was it with Quinn? – when they asked you for this assurance, which you did not give them ... (*Mrs Grogan:* No.) the meeting just broke up then?

290 *Mrs Grogan:* That was it really. ‘Unless you are going to get together and get your own advocates and fight it in court ...’ which obviously –

*Mr Singer:* Expensive.

295 *Mr McMurdo:* Very expensive.

*Mrs Grogan:* It is not just the money either, it is engulfing your whole life with that every day for years on end.

300 *Mr Murphy:* I certainly would not have bought a house if indefinitely someone owned 30% of it, because the way it was explained by the Government when we came – because we were going to buy another house ... but they said, ‘Well, this scheme is designed to get your foot on the ladder. That is what it is for.’ So you can build, but at the moment you cannot get your foot on the ladder because if you sell your house and the Government take their 30% and they give you your valuation, you still cannot buy a house bigger than you have just sold. So you cannot really get your foot on the ladder.

**The Chairman:** Mr Harmer.

310 **Q28. Mr Harmer:** Just to confirm: so you did not know when you bought the house about the 70-30%?

*Mrs Grogan:* No, definitely not.

315 **Q29. Mr Harmer:** How many years ago was it when you found out?

*Mr McMurdo:* 2002, I signed.

*Mrs Grogan:* We signed up in 2002, so I do not know, maybe it was about three or four years later until we actually really knew what –

*Mr McMurdo:* It was about four or five years when somebody decided to think about moving.

325 *Mrs Grogan:* It was the extension, I think, that Tim Maladery and his partner were –

**Q30. Mr Harmer:** It was the extension and the looking forwards when you were moving.

330 *Mrs Grogan:* Yes, and then somebody knew somebody I knew and they had said they had been to the bank and there was an issue with the properties. So I thought, ‘Oh, I’m going to ring up. That’s not what my advocate told me,’ and then I obviously contacted Gough and they said, ‘No’. I looked through all my documentation and thought this is the bit you read before you sign on the dotted line and it certainly does not say anything there. That is something significant, isn’t it, that would have to be set out – 70-30 equity share –

**Q31. Mr Harmer:** So it is in none of the guidance documents?

340 **Mrs Grogan:** – or 21 years until you own your house, or you have to have your house valued by the Government; it is not actually the open market, the value is determined by the Government valuer which is fine if that is fair, but ...

So there are quite a few things that were not clearly put in our letter.

345 **Q32. Mr Harmer:** So perhaps in the deeds of conveyance it was not actually in any of the guidance or any of the letters, or any of the correspondence?

**Mrs Grogan:** Yes. I just do not understand why the advocates did not interpret the deeds in the right way as the Government were presenting them. Obviously it was thought that ... a little bit ambiguous, the way they are written, maybe, I do not know.

350 **Q33. The Chairman:** Okay, but there were clearly, from documentation we have received, first-time buyers who did understand that 70-30, so somewhere ... whether they had different advocates (**Mrs Grogan:** Yes.) that did the job properly working for them ...

355 **Mrs Grogan:** They did not get that information from their advocates – definitely not. They might have got it from the Government initially when they first enquired about the property, but none of them got the information from their advocates in that way. That definitely was not –

**Q34. Mr Singer:** This includes the other advocates –?

360 **Mrs Grogan:** Yes, that includes the other advocates. They also did not interpret the deeds correctly either and ill informed their clients or did not inform them correctly.

**Q35. The Chairman:** Is there anything else –?

365 **Mrs Grogan:** I think there were only two other advocates besides Gough & Co, otherwise everybody else used Gough & Co.

**Q36. The Chairman:** Okay. Is there anything else you want to tell us about the relationship between J D Kelly ... that you had at the time of the purchase?

370 **Mrs Grogan:** They were very helpful. They gave us all the information we needed – obviously bar these really important things – and it all went quickly and smoothly, to buy the property, to find out what you might want to have in your bathroom or your kitchen colour and your tiles.

375 **Mr Murphy:** I was not on the Island. I was working away when I moved in, so my wife dealt with most of the ... So I used to come back and I signed and the Government officers and stuff ... I was in the Army at the time.

**The Chairman:** Okay. Thank you.

380 Can we move on. Mr Harmer, have you got a question?

**Q37. Mr Harmer:** No, it was really just, again, all about the conveyancing and whether you knew what was going on and when you knew it, and I think you have covered that and you also covered the fact about the 21.

385 So in your eyes, just to really summarise what you thought you had, in terms of what you thought the proposal was, can you just summarise what you thought you had – ?

**Mrs Grogan:** Basically, that I clearly asked the advocate several times to make sure I knew exactly what the situation was and they said, 'You are restricted, because you are buying a

390 Government house, for the first five years, then after the five years you are free to sell your house on the open market, free from any encumbrances.' So I said, 'Well, that is fine.'

**Mr Harmer:** Of course there is a grant as well –

395 **Mrs Grogan:** Yes. That is a separate thing.

**Q38. Mr Harmer:** And that is also five years as well?

400 **Mrs Grogan:** The grant is reduced by 20% every five years or until the 21-year period is finished and I think then it is cancelled.

**Q39. Mr Singer:** Mr Murphy said that he would not have bought the property if he had known what he knows now. Would you?

405 **Mrs Grogan:** No. I would definitely not have tied myself up for 21 years, because you see yourself as wanting ... even though you do not think you are going to make it or do not think you are going to be able to ... your circumstances, you like to think that you could get somewhere else if you wanted to. You want to achieve something. Or you came into inheritance or something like that and you want ... The way that the situation has come about, you are going  
410 nowhere.

**Q40. Mr Singer:** I think about a third of the houses have been sold, haven't they, and paid their 30% back?

415 **Mrs Grogan:** There is still quite a considerable number: 20 –

**The Chairman:** Twenty-two have been sold.

420 **Mrs Grogan:** Yes, I think I got letters or signatures from –

**Mr McMurdo:** About a third.

**Q41. Mr Singer:** About 30%, isn't it? So are there people, in your opinion, who are now going to hang on for 21 years before they sell it?  
425

**Mrs Grogan:** If the situation stays as it is, yes, obviously they have got no choice, have they.

**Q42. Mr Singer:** Can I put something to you (**Mrs Grogan:** Yes.) about the fairness of the 30% that you have to pay back? As I understand it, the houses initially ... the actual valuation was  
430 between £110,000 and £120,000 initially when they were built –

**Mrs Grogan:** I do not know whether that is quite right because the (**Mr Murphy:** No.) private houses were –

435 **Mr Murphy:** The private houses were a hundred and ... They were no more than £115,000 for a private house.

**Mrs Grogan:** That is a detached. There were a selection of houses that were sold as private houses to compensate –  
440

**Q43. Mr Singer:** But the valuation of the houses on the first-time buyers were between £110,000 and £120,000, weren't they? The actual valuation?

**Mrs Grogan:** No.

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**Q44. Mr Singer:** What was the valuation of those then?

**Mrs Grogan:** We never saw a valuation.

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**Mr Murphy:** We never saw a ... They said to us, 'You are buying them at a discounted rate,' and I spoke to the guy from J G Kelly's at the time and I said, 'No, because the house down the road has just gone for £109,000,' and he said, 'Yes,' and I said, 'Well, that is detached, with a garage, an extra bedroom and an extra bathroom. Mine is £78,000.'

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**Mr Singer:** Say it was round about £100,00, (**Mrs Grogan:** Yes.) then I think people paid between £74,000 and £79,000.

**Mrs Grogan:** £80,000. Seventy-nine something, something.

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**Mr McMurdo:** £79,310! (*Laughter*)

**Mr Singer:** Any pence?

**Mr McMurdo:** No!

465

**Q45. Mr Singer:** Okay, so they paid £79,000 and then there was a £16,000 grant, I understand. Is that right?

**Mrs Grogan:** Yes, for those people who –

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**Q46. Mr Singer:** So it actually brought the house down to about £60,000 to £65,000. So that was approximately a 40% to 50% discount on the actual valuation. So, if they are asking for 30% back, is that unfair, because you have got maybe almost a 40% to 50% discount in the first place?

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**Mr Murphy:** But obviously the Government have overvalued when they put them and undervalued when you sell back, because my house was valued at nearly £300,000, but they will only give me £220,000.

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**Mr Singer:** Yes, I understand that.

**Mr Murphy:** So that is £80,000 off.

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**Q47. Mr Singer:** But if people – I am only playing devil's advocate here – only paid about £60,000 to £65,000 for a house worth £100,000, are there people on the estate now who bought these houses who could not have bought these houses if it had not been a first-time buyer scheme? Are there some people on the ladder now who would not have been on the ladder if they had not had the various discounts and grants?

490

**Mrs Grogan:** There are bound to be people who have got the opportunity to get on the ladder, and that is the idea.

**Mr Singer:** Okay, so when they are better off –

495 **Mrs Grogan:** They could have waited a bit longer, saved a little bit more and bought something equally ... and owned at 100%.

**Mr Murphy:** I think eight months after we bought ours, I think they did a scheme in either Glen Vine or Laxey – they have sold their houses.

500

**Mr Singer:** A different scheme, yes.

**Mr Murphy:** A different scheme. They have sold their house and they have gone on to a bigger house, but like I tried to explain before, if I tried to sell my house the Government would take 30% but they would only take 30% of £220,000, not £300,000. So then you still cannot buy a house bigger than you have just sold. I would have to get a £200,000 mortgage to buy my house with.

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**Q48. Mr Singer:** But would you admit there are people who have houses now, who managed to get on the ladder because of the large discount from Government?

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**Mrs Grogan:** We are not disputing that the Government have done something good in providing people with houses and enabled people to have a roof over their head, but I think we saw it as a little bit ...

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**Q49. Mr Singer:** You have actually said you think all restrictions should be lifted from the property. How would that be fair to the other people who have sold their properties for 70% of the market value?

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**Mrs Grogan:** Well, you tell me.

**Mr Singer:** I am asking you.

**Mrs Grogan:** Obviously people have chosen to leave. If it is restricted up to a 15-year period that does not, maybe, affect the people who have already left.

525

**Mr Singer:** Okay.

**Mr McMurdo:** I mean the Government –

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**The Chairman:** Mr McMurdo.

**Mr Murphy:** A lot of people have left because of the scheme and they have just thought, 'Right, I am young enough.' (**Mrs Grogan:** That is true.) 'I am leaving now because I am obviously not going to get my money back.' So they have jumped, gone and mortgaged even higher to get ...

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**Q50. The Chairman:** But there are those who have written to us who say that they think the scheme enabled them to get on the housing ladder, even though it had its faults, and they would not have done otherwise; but you three are obviously saying if you had known what you now know at the beginning you would not have entered into the agreement.

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**Mrs Grogan:** It is not actually just us three.

545 **The Chairman:** No, but you are representing –

**Mrs Grogan:** We represent the Harcroft estate.

**The Chairman:** I realise that.  
550 Mr McMurdo.

**Mr McMurdo:** If I had waited four months ... My step-daughter moved into her house – first-time buyers in Peel ... four months after I signed; 10 years, she has sold, done, dusted and she is gone. She was able to buy another property. There was no 30%, 30-70. That is how she is moving on, because –  
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**Mr Murphy:** Yes, it is only this scheme. It is only the Harcroft –

**Mr McMurdo:** This is the one and only that is the 70-30.  
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**Mr Murphy:** People who have left the Harcroft have not made the money that they would have made if they had bought another house.

**Mrs Grogan:** Going back to that discount that you said with the houses as well, we went into this because we thought the scheme was offering people like us who could not necessarily get on the property market, an opportunity to get on the market; and that is why the Government were offering properties to those specific people who could not afford other houses and that is why they were reduced a little bit more than the general market, which would not necessarily have been that much more if we had hung on and waited and saved, and then we would have had our houses 100%.  
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**Mr Murphy:** If I was to buy my house as a private J G Kelly's it would only be about £80,000 – mine was only a two-bedroom – we would have been nowhere near, but it would be worth £220,000 maybe now – probably more if I had built an extension, but it would be mine, I would own it. That is the problem. You have got more say in a council house than you do in our houses. We cannot rent them out. We do not own them.  
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**Q51. Mr Harmer:** When you say you cannot rent them out ...

**Mr Murphy:** We are not allowed to rent.  
580

**Mr Harmer:** Not allowed to rent.

**Mrs Grogan:** He means if you decided that for one reason or another you wanted to go and live somewhere else (**Mr Harmer:** Right, okay.) (**Mr Murphy:** You cannot.) or work in England or whatever, you are restricted –  
585

**Mr Murphy:** You are not allowed. You are not allowed to rent.

**Mrs Grogan:** – you have to stay in that house, because there are several residents who decided ... There was a girl who is from Ireland and she went to go back and she was asked to come back again, because they said she could not leave her house.  
590

**Mr Murphy:** Daniel Bentham was another one. He moved in with his girlfriend and rented it out and they sent him a letter saying, 'You cannot rent the house out,' so he had to move back in.  
595

**Q52. The Chairman:** That is standard practice for first-time buyers. (*Mrs Grogan:* Yes.)

Okay, moving on then, we are obviously hearing from the Department shortly and we have got documentation from the Department.

600 Is there anything else you would like to ask them? We are meeting them on your behalf to ask questions. We have your correspondence which is quite fulsome. (*Mrs Grogan:* Yes.) Is there anything else you would like to add?

*Mrs Grogan:* Everything is quite documented in those files and you can see the history of everything and at the time when all the residents ... There were 75 residents and every single one of those residents wrote a letter and gave their story about how they felt about the situation; how they felt they were informed or not informed. It clearly shows you there that everybody was not informed. So I think that is quite significant, from the very beginning.

610 **Q53. Mr Singer:** So as far as you are concerned, there is only one solution to this. Have you got any alternative solutions?

*Mrs Grogan:* No, we have not really. We are just hoping that you look at it and consider that we are genuine, honest people who went into this unknowingly really, what it was all about, and find ourselves in a situation where our hands are tied to do anything about it. That is why we have asked the Government to help us, to sort some kind of solution out to it.

**The Chairman:** Okay. Thank you.

620 **Mr McMurdo:** Whether it was miscommunication from Gough & Co with the builders or Gough & Co with the Government, I do not know. When my kids leave home ... I am getting old. I am a 50-year-old. I want to downsize and leave it for another first-time buyer. It is tied up at the moment.

625 *Mrs Grogan:* That is something, isn't it? (*Mr McMurdo:* Yes.) If this does not come to anything then everyone is just going to sit and wait till the 21-year period is up anyway (**The Chairman:** Yes.) and those houses are not going to be free for any other people to buy on the market. So that is a significant point.

630 **Mr Singer:** Just to go back to –

**The Chairman:** Hang on a minute.  
Mr Harmer.

635 **Mr Singer:** Oh sorry.

**Q54. Mr Harmer:** It seems to me that one of the issues is obviously with Gough & Co and the fact that ... Would you say that they seemed to act in your interests at all, or did they just really leave you with – ?

640 *Mrs Grogan:* At the time or afterwards, do you mean?

**Mr Harmer:** At the time.

645 **Mr McMurdo:** At that meeting, to be honest, because I said I would not sign saying I would not hold them to blame, they just totally ... just that was it. They did not know where they stood, but that was their insurers for them, so I mean –

650 **Q55. Mr Harmer:** Do you think there are any lessons going forward for future schemes?

**Mr McMurdo:** The lessons are that whoever is going to be the lawyer, whether it is coming from the building company, they must have everything written out. I mean the meeting with Gough & Co that I went down to, we were in and out within 15 minutes. This is a house! You know, they should have gone through everything and it was all just quick, quick, because perhaps Gough & Co thought, 'Well, it is discounted. Just fire them through.' Well, this is what has happened. There has been a miscommunication with the builder, Gough & Co ... whether Government, I do not know.

660 **Mrs Grogan:** I must say I did contact the builders afterwards as well and they said they did not interpret everything that way either. So I do not think they fully understood.

**Mr McMurdo:** So a miscommunication somewhere along the line. Whether in future, places like Gough & Co know exactly what they have got to go and whether it is all set out properly.

665 I got an A4 piece of paper telling me this, this, this and if you just sign there. I was out in about 15 minutes. Now, we are talking somebody's –

**Mrs Grogan:** I think if everybody had a different advocate from the builder and the Government as well, that would have ... **(The Chairman: Helped.)** helped.

670 **Mr McMurdo:** Yes. **(The Chairman: Okay.)** I think this bulk, 'Use them' ...

**Q56. Mr Singer:** People did though. You said other people did use –

675 **Mrs Grogan:** Two other people did. Yes, so –

**Q57. Mr Singer:** As far as you know, did they understand the pre-emption period?

**Mrs Grogan:** No. No, they read them the same as Gough & Co.

680 **Q58. Mr Singer:** Can I just come back to a question that I asked, just for clarity. I said to you as far as you are concerned you have only got one answer, which I assume you want the last five or six years cancelled, **(Mrs Grogan: Yes.)** but then you said, 'We want Government to sort it out.' But you only want them to sort it out with that answer?

685 **Mrs Grogan:** Yes, I mean we would just like ... Yes, I do not expect to go into anything to do with Gough & Co and things. We are not really interested in –

690 **Mr Murphy:** It is not a witch hunt. I think we just want our house to be our house. My son is going to be going to university soon so all I want to do is ... It would be nice to have a ... but you cannot use your house as any sort of collateral. You own something but it is not worth anything.

**Mrs Grogan:** It is just, 21 years is a long time to be restricted.

695 **Mr McMurdo:** When you get told five, and it has been 14 years this year, so it is not as if we have come to you after five years and said, 'We want all this sorted out.' Fairness is fairness.

**Mr Murphy:** I think there has been a lot of time and effort put in by everyone – Government and the residents. People have left because – 'I am going because I cannot extend, I cannot do this ...'

700

**Mrs Grogan:** The problem is when we have kept trying to address it there is a different person in charge as well, as time has gone on, as you will see in the history of it all – the files that I have kept.

705 **The Chairman:** Yes, people move on and schemes move on. (*Mrs Grogan and Mr Murphy:* Yes.) I think the good lesson is they seem to have learnt from this scheme, but there are problems still with your scheme. We appreciate that.

710 **Mrs Grogan:** And if we ring the Department up no one will speak to us.

**Mr Murphy:** Yes. 'You need to speak to the Attorney General.' But you cannot speak to the Attorney General; speak to a lawyer, but that costs money and you are flogging a dead horse really.

715 **Mr McMurdo:** Lawyers keep it going, keep it going and it still costs more and more money. I do not have a bank account where I can say, 'Yes, go on.'

**The Chairman:** Right. Any further questions?

720 **Mr Harmer:** No.

**Mr Singer:** No.

725 **The Chairman:** Can I thank you for your attendance this afternoon. It has been very useful to fill in on the bits, to give us a bit more understanding.

Obviously, we are going to take evidence from the Department later and we will be putting some of the points you made to them.

Thank you for your attendance this afternoon.

730 **Mrs Grogan:** Okay.

**Mr Murphy:** Thank you very much.

**Mr McMurdo:** Thank you very much.

*The Committee adjourned at 3.08 p.m.  
and resumed at 3.32 p.m.*

### Procedural

735 **The Chairman:** Good afternoon and welcome to the Select Committee on the First-Time Buyer Scheme (Petition for Redress).

We have heard from the Petitioners this afternoon and we are going to hear from your good selves in a minute.

740 My name is David Anderson. I chair this Committee. With me are Mr Ray Harmer, MHK, and Mr Leonard Singer, MHK and Deputy Speaker.

Can I ask you to ensure that your mobiles are turned off or on silent and that we do not have any interruptions as a result. For the purpose of *Hansard*, I will be ensuring that we do not have two or more people speaking at once.

745 The Committee was established by Tynwald on 21st October, with a remit to consider and report on the Petition of Redress of the residents of Harcroft Meadows. This Petition was presented on Tynwald Hill in July 2015.

**EVIDENCE OF  
Mr N Black, Chief Executive, and Ms D Reeve, Director of Housing,  
Department of Infrastructure**

**Q59. The Chairman:** Can you give your name and position, please.

750 **Mr Black:** Good afternoon. Nick Black, Chief Executive, Department of Infrastructure.

**Ms Reeve:** Hello. Debbie Reeve, Director of Housing, Department of Infrastructure.

**Q60. The Chairman:** Thank you.

755 Can I ask you: would you like to make an opening statement in relation to this or would you just like to take questions?

**Mr Black:** Thank you, Chairman. I think Ms Reeve and I are simply here to assist you, so if you would like to ask any questions we will do our level best to either answer directly or, if necessary, to provide you with further information.

760 **The Chairman:** Thank you and I appreciate some time has gone on since the creation of this scheme and officers in the Department have come and gone in the meantime.  
Maybe if I could just pass over to Mr Harmer at this stage.

765 **Q61. Mr Harmer:** Thank you, Chairman.

We have been circulated a discussion from the Council of Ministers in September 2003. Was this discussion relating to Harcroft development and what was your understanding of what came of it?

770 There are three elements to it, which were: it relates to the pre-emption rights and legal agreements for first-time buyers under the scheme to be reduced to a period of not exceeding 10 years; the second one was a reduction in pre-emption agreement would be applied in retrospect for properties already purchased under the House Purchase Assistance Scheme 2002; and, thirdly, that legislation be introduced to cover the Department's rights of pre-emption.

775 **Mr Black:** Mr Harmer, may I be rather unfair as to ask you just to clarify the question?

**Q62. Mr Harmer:** Was that relating to Harcroft Meadows? What came of that discussion and what action was taken as part of that discussion?

780 **Ms Reeve:** If I take a lead on it, Mr Harmer.

The CoMin discussion, I believe, was actually relating to the HPAS 2002 scheme, so it was not the Harcroft scheme that it was in relation to. That is my understanding of the information I have been able to glean.

785 **Mr Black:** I would have to add, Chairman, if I may, this is exactly the situation that you predicted would happen. Neither Ms Reeve nor I were responsible for drafting that Council paper. In fact, I had not seen it until your Committee started looking for it and you would probably have to find the Minister at the time and ask him what was discussed in Council.

790 We have no records to indicate that it was directly related to the Harcroft scheme. It appears  
from our records to be related to a more general discussion of the House Purchase Assistance  
Schemes that were going through at the time.

**Q63. Mr Singer:** But item C does say, 'Legislation be introduced to cover the Department's  
rights of pre-emption.' So that would cover any scheme, would it not?  
795

**Mr Black:** I can certainly see that it could be applied to Harcroft, Mr Singer, but –

**Mr Singer:** I know you were not there.

800 **Mr Black:** – I do not know the intention of why it was brought to Council in the first place.

**Q64. Mr Singer:** But do you have any idea why the Council of Ministers asked for legislation  
to be introduced to cover these points? The way Government works sometimes, it could still be  
in the legislative programme from 15 years ago. It was never implemented – ?  
805

**Mr Black:** Mr Singer, as you know, I would have to agree with you: it could still be in the  
legislative programme. All I can tell you is, from looking at our own legislative programme, it  
does not appear to feature in that currently.

810 I am afraid we are really just trying to almost guess as to what might have been in the minds  
of politicians and their officers, realistically, nearly 15 years ago. So I am sorry we are not able to  
help you. We can search back further through our records but we brought with us what we have  
and that is very minimal information, I am afraid.

**Q65. Mr Harmer:** I just want to clarify one further thing. In your original written submission,  
815 of 13th November 2015 – and just to repeat it, you said in paragraphs 29 to 30:

... the then Director of Housing responded to Mr Cretney MLC on behalf of the Minister and Members of the  
Department in a letter of 13th November 2006, stating that a unanimous decision had been reached that the  
terms of the purchase agreement should not be altered ... The letter referred to above concluded that the  
Department had given due consideration to the issues raised and could not keep revisiting the matter.

Does that remain the Department's view?

820 **Mr Black:** Mr Harmer, you really would have to ask the Minister what his view is on these  
matters, or Mr Thomas, as the Member for Housing. As an officer, as I am sure you will  
appreciate, it is not for me to determine or direct what the Department's view might be.

Certainly, I have not been party to any discussion where there has been a proposal to make a  
change from that position. No one has said to me, would I make arrangements to release  
anybody from a pre-emption agreement.

825 I am aware that, of course, if I was asked to give a view on whether that should be done, I  
would have on one hand, as I said, written to your Clerk to say, to balance the fact that this is  
taxpayers' assets that effectively would be written off, there would have to be some Treasury  
concurrence and there would have to be, I presume, some justification politically for why the  
Minister would want to write-off a value of potentially tens of thousands of pounds.

830 I can say that I have not been asked to engage in any of those discussions or give any of that  
advice, but that is not to say of course that the Minister would not have it in mind to consider  
the matter. So I am afraid, in the absence of the Minister or the political Member, I cannot give  
you a clear answer other than to say I have not been asked to do any work to change the  
position from that.

835 **Mr Harmer:** Thank you.

**Q66. The Chairman:** In maybe countering that a little, can I just ask then ... there is not a great deal of movement in these properties at present and the time is running out when the Department will actually get its 30% back potentially on these properties, so the risk is not significant, is it, do you think, as a liability to the Department?

840

**Mr Black:** I think, Mr Chairman, it would probably depend on how the Minister wanted to view it. On one hand, he could say, with six and a half to eight years left to run on the agreement roughly, the fairest thing might be to let them run so that the people who are party to that agreement secured the full benefit. At the end of the 21 years, of course, the Department's interest disappears altogether, so if you are a house owner and you wished to stay that length of time then the maximum return would come from sitting out the 21 years, the Department's 30% would effectively then disappear.

845

If there was a situation where, as you say, the Department was looking to maximise its return rather than its social good, then, yes, there might be some benefit in saying, 'Well, let's take something now rather than sit the terms out,' but then that would depend entirely on whether the Minister was trying to secure income to reinvest into the affordable housing scheme or whether he was trying to see out the terms of a scheme designed to get people into houses who perhaps otherwise might not have been able to afford them.

850

So I can certainly understand why you could argue there is a benefit from an early change. Certainly I can see that, but again I would have to say you would really have to ask the Minister to attend to ask for his views on the matter.

855

**The Chairman:** Okay.

**Q67. Mr Singer:** You are obviously very well familiar now with the scheme, even if you were not before. Do you accept that mistakes were made in administering this scheme and information people were given from the Department about the scheme? Because, as you know, the complainants, the people who have put the Petition forward, are saying, 'Look, we were not told by the Department. The Department did not tell us that there was the pre-emption scheme of 21 years, etc.' That seems to be unanimous amongst them and yet the Government did send a letter out saying they had told people.

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865

**Mr Black:** Mr Singer, again, as you quite rightly say, all I can do is go from my reading of the files and the reports prepared. The Department's position is that the legal agreements signed by the purchasers made it clear that there was the pre-emption agreement, as distinct from the House Purchase Assistance Grant scheme that both ran in parallel.

870

Whilst I can understand if those individuals felt they were not aware and they may feel that the legal advice they had taken should have made them aware of that, then the view from the Attorney General's Chambers that we have taken as a Department, and indeed its predecessor Department, is that that contract is valid and was properly made, properly signed and that if those individuals felt ill advised then their first course of recourse should be to the people who gave them that legal advice or of course to the complaint scheme for legal professionals.

875

So I think we have letters on file where people have made modifications to the properties, where they are, according to the terms, required to notify us and at that point where permission has been given, it has again been drawn to their attention that they may not realise the full value of the investment in the property because the Government has the 30% stake.

880

So I do not accept that mistakes were made. I cannot go back in time to the time these properties were sold, Mr Singer, and say how much was made of that aspect. I understand that when you are excited about buying your first house that might seem a very small part of the big decision. I was not there to see if it was in a press release, or whether everyone was sat down and particularly talked through it, but fundamentally when entering a legal contract you take legal advice.

885

**Q68. Mr Singer:** Basically, there is not much you can tell us, in your position or Ms Reeve's position, about what went on, at all. It is just guess work, if anything.

890

**Mr Black:** I would hope it is slightly more than guess work, Mr Singer. All I can do is look at the papers from the time and to look at the reports of our officers, to say how did this scheme work, what were the agreements? We have checked the advice that was given. We have checked that in our view it is legally sound and that these contracts are just that; they are contracts that surrounded the sale.

895

The Government at the time decided to assist people into affordable housing, not by changing the terms of the House Purchase Assistance Scheme to increase the threshold at a time of rapid house inflation, but by providing land so that a scheme could be developed whereby the house price was reduced and, as you have seen from the papers that we have provided, the price of these houses was significantly less than that at the time when – as a number of you, I am sure, will remember – the house prices on the Isle of Man were roaring ahead with some very significant gains in the early 2000s –

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**Q69. The Chairman:** Can I just interject there. So that is where the 30% came from – because of the value of the land that the Government put in, which was not a cost to the builder?

905

**Ms Reeve:** Yes.

**Mr Black:** Yes, that is absolutely right.

910

In order to keep the house price down, the then Department of Local Government and the Environment provided land it owned at Harcroft to the developer, with an agreement with the developer that the developer would sell houses that were slightly better than its normal minimum standard, i.e. they were to the Government standard; and it would sell those at a price that fell within the thresholds of the House Purchase Assistance Scheme then in force at the time, so that individual householders could buy a house that was within that scheme, thereby benefitting from a grant. But to allow them to buy that house, the price was reduced through the grant of land, the Government's equity in that house then was the land value and that was set at the time in the scheme and in the legal contracts that followed at 30%.

915

Whether that 30% was a true reflection of the actual split of equity, I cannot now tell you because I cannot go back and value that land again; but that was what all those contracts say – that 30% was the Department's share.

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**Q70. Mr Singer:** So what you are saying is you cannot accept that mistakes were made because you were not there. But if the same thing arose now, what would you do to make sure that there were not the alleged mistakes that people are saying ... to ensure that there was a fairness to the people buying, that they make sure they understood everything and they were not going to come back in another 10 years and say, 'Well, we did not know about this'?

925

**Q71. The Chairman:** I think what Mr Singer is highlighting is the communication or lack of communication between different parties. Do you think there is some way that a checklist or whatever could ... should have been put in place, obviously was not put in place, or certain parties had that information and it was not relayed to the parties that were buying?

930

**Ms Reeve:** Mr Chairman, I cannot comment as to whether there was information provided at the time or not, but I can certainly comment with regard to the schemes that we run now and it is very clear in all of the literature that you are strongly advised to get some independent financial advice before you even approach Government with regard to coming forward for first-time buyer's assistance, because obviously you need to be mortgageable and you need to have managed a bank account in order for you to have done that.

935

940 In addition to that, as and when we move through the schemes with First Home Fixed –  
because there are two different schemes running at the moment – the advice is to get your own  
legal advice on any contract. You are signing up to a contract not just with the bank for your  
mortgage, but you are signing a contract with a builder to buy a new property and if you are  
receiving assistance from Government there is a legal agreement that sits alongside that  
945 conveyance and we make it very clear to people that they get independent legal advice on those  
agreements.

**Q72. Mr Harmer:** So would you say now that it has improved – the first-time buyer scheme –  
in terms of communication, in terms of –

950 **Mr Black:** Mr Harmer, I think if I may jump in, it is difficult. Ms Reeve has told you she did not  
know what was done originally, so we cannot say it has improved because that implies a  
comparison.

I think she is trying to reassure you that the situation now is one where there is good  
955 information and people are told to check. I think if you were to – and you may well have done  
this ... I looked at the original contracts that were exchanged. Section 19 of the contract relating  
to purchase price, I find myself to be quite clearly written. I accept that I am used to dealing with  
the written word, though I am not legally qualified in any way. It says, 'This will be the purchase  
price and you are obliged to sell the property back to Government with two months' notice,' and  
960 how you do it, and recorded delivery ... it is all laid out and that is in the legal document.

But I understand of course that that legal document could have been handled by an advocate  
and someone could have been told by their advocate, 'Well, sign here.'

There was a letter from ourselves, indeed, in the documentation you were sent on the date  
that your Chairman has referred to; the letters explaining what happened. 'Properties have been  
965 subsidised ...' – I am quoting here from a letter of 13th June 2001 – 'Under the sale agreement, if  
you wish to sell within five years you will be required to offer it to the Department at 70% of the  
market value. After five years you will offer it back for 70% of the then valuation.'

So there were letters that all ... whether or not you now find them acceptable, given the level  
of understanding that Petitioners have demonstrated, they may not have been adequate, but it  
970 is not that the Department at the time did not try to communicate –

**Q73. Mr Singer:** Should that letter have been sent to each purchaser or did it just go to the  
advocate?

975 **Ms Reeve:** It went to the purchaser.

**Mr Black:** It went to the purchaser – 'Dear Mr and Mrs.' It is included in the papers we sent  
to you.

980 **Ms Reeve:** Appendix C.

**Q74. Mr Singer:** Are you confident that did go out, because, again, we are told that they were  
never received?

985 **Ms Reeve:** The letters in question are actually ... there is a slip at the back that actually says,  
'We accept the offer of a plot to proceed to sale.' So you have to have sent that slip back –

**Q75. The Chairman:** That was a cut-off slip on the back of that?

990 **Ms Reeve:** It is a sheet at the back of the letter.

**Q76. Mr Harmer:** May I ask if we have still got records of all of those slips or would it have been too long ago?

995 **Mr Black:** We can look.

**Ms Reeve:** I can certainly have a look.

**Mr Black:** We will happily look for you, Mr Harmer.

1000 But certainly our copies have the names and addresses of the plot holders and I do not see how they can have accepted the offer without returning the slip and the slip was with the letter. But if we get the copies of the slips I can understand how that would help you and we will put those with the letters and try to identify one for each property.

1005 **Q77. Mr Singer:** One question is on the valuation of the houses. We have a Government valuer who is ... I know the Government Valuer is from Treasury –

**Mr Black:** Yes, that is right.

1010 **Mr Singer:** – but who is he working on behalf of?

**Mr Black:** The Government Valuer is currently Mr Andrew Wallis.

**Q78. Mr Singer:** There is a deputy as well, isn't there?

1015

**Mr Black:** There is, but Andrew is the Government Valuer. He is employed by Treasury and he works on behalf of Government as a whole.

1020 **Q79. Mr Singer:** Accepting that a normal estate agent does value above what they consider market value in order that they can move round their prices, why would you think that there could be a £40,000 to £50,000 difference – as we have been told today – between the Government valuation and the estate agent valuation?

1025 **Mr Black:** Again, I suspect you would have to ask Mr Wallis directly, Mr Singer, but when I have dealt with him in other situations where there have been different values put on by different parties, I have reached the conclusion that the RICS and their various Government bodies have clear standards as to how valuations are achieved and that they have to take into account market data, similar transactions and a whole range of factors. They have a professional code and I do not think it is in any way possible for a valuer, professionally, to distort a value to suit the ends of the client or the customer.

1030

I am sure Mr Wallis would answer that for you if you wish to approach him directly.

1035 **Q80. Mr Singer:** Evidence has been given to us, for example, that one particular house had, I think, four or five valuations from estate agents and they were all within £10,000; yet when it went to the Government Valuer it was £40,000 or £50,000 less.

**The Chairman:** We would have to ask him about that.

1040 **Mr Black:** I am sure he would be able to explain it to you, Mr Singer, but I can understand why you would wish to ask him.

**Q81. Mr Harmer:** On that same point, in a sense, has that been your experience? Have you, anecdotally, thought that Government valuations are modest or reasonable compared to the market?

1045 **Ms Reeve:** A valuation is only ever a pin point at any one point in time, so it is always a difficult one and, as Mr Black has said, it will depend on the experience of the market in that area, that location. But in the job that I do, the valuations are there or thereabouts of the true value of the property.

1050 **Mr Harmer:** Thank you.

**The Chairman:** Okay. Any ... Roger?

**The Clerk:** No.

1055 **Q82. The Chairman:** Okay. Is there anything else that you would like to say that has not come up in our questioning?

**Ms Reeve:** No, I do not think so.

1060 **Mr Black:** I think, Mr Chairman, perhaps the only point that I have gathered from my reading of the scheme – and I am sure you share my understanding – is that there is a big difference between the House Purchase Assistance Scheme, as a grant scheme that could be applied to anybody, and to Harcroft Meadows, where there was also this pre-emption in respect of the land value that you and I have recently discussed just this afternoon.

1065 So they are very separate things. The Department continues to provide affordable housing support through the schemes that Mrs Reeve has explained, but issues to do with this changing the purchase price through subsidising land transactions, from what I can understand, had not been repeated; that the approach now is a simple grant scheme. There are variations; there is First Home Fixed and First Home Choice, and those involve equity shares, but those schemes are laid down in the Tynwald approval documentation.

1070 I do not believe the Department is currently considering, or has recently considered, any system whereby some sort of equity was put in in terms of notionally free land.

1075 **Q83. Mr Harmer:** But just to clarify, there is a scheme where the Government has 30% of a property?

**Mr Black:** Equity schemes.

1080 **Q84. Mr Harmer:** And they tend to last for 10 years, but some of them, if the Government still has that equity, could go on in perpetuity?

1085 **Mr Black:** Yes, they could. Those are equity schemes. I am trying to make the distinction, Mr Harmer, that we have not tried to manipulate the price of a property to bring it within a scheme. That was a particular problem at the time when house prices rose rapidly.

**Q85. Mr Harmer:** And those equity schemes, they are on the Government valuation or are they on the open market?

1090 **Ms Reeve:** They are on Government valuation for the First Time Fixed.

Just to clarify, with regard to such, the shared equity scheme we have at the moment, because we do not go down the route of cross subsidising with land values ... If I can put it in such colloquial terms, Harcroft was a silent equity share. So as and when you sold your property, 30% of that value at that point in time would come back to Government.

1095 The current shared equity scheme is an equity loan. So it would not be a silent share. After the first two years you would start to pay and be charged interest on that equity loan and that is actually, from the Government's perspective, to encourage people to staircase up and buy all of

1100 the property as they become more financially sustainable, to actually make that happen for them. That money then comes back into Treasury to enable other first-time buyers to be assisted.

1105 **Q86. Mr Singer:** Can we just come back to these slips that you are going to look for. Obviously if you can find the slips then that gives us information; what do we assume if you cannot find the slips?

**Mr Black:** I think, Mr Singer, all you could safely assume was that we had looked and unfortunately had not found them. Given the age of these pieces of paper, they could be well beyond the dates from which we would normally keep records.

1110 However, because they relate to what became a legal contract, I think there is a much better chance than average that we will have them with property folders or with the documentation the AG has held –

1115 **Q87. Mr Singer:** What I am coming to, obviously, is it is said by the purchasers that they never received them. Obviously, you are saying –

**Mr Black:** They should have done.

1120 **Mr Singer:** – they should have; if they had not received them they would not have been able to sign for the properties. So the question that I come back to is if you go through all your records – and you are saying they should have been kept – and they are not there, what do we assume? That they did not receive them.

**The Chairman:** Let's cross that bridge –

1125 **Mr Black:** Yes, let's cross that bridge –

**The Chairman:** – when we come to it, *if* we come to it. But you are aware that we would like that information as soon as possible.

1130 **Mr Black:** Absolutely.

**The Chairman:** And if there is any further information that we require, Mr Phillips will be in contact.

1135 **Mr Black:** Of course.

**The Chairman:** If there are no further questions, that is the end of our session and we will now be sitting and meeting in private. Thank you for attending this afternoon.

1140 **Mr Black:** Thank you, Mr Chairman.

**Ms Reeve:** Thank you.

**The Chairman:** The meeting is now closed.

*The Committee sat in private at 3.57 p.m.*