THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

4th November 2025

Proposition No. P.2025/121

Policy & Resources Committee

The States of Guernsey Annual Budget for 2026

AMENDMENT

Proposed by: Deputy G A St Pier
Seconded by: Deputy H L de Sausmarez

To insert a new proposition:

"1a. To direct the Policy & Resources Committee working with the Committee *for* Housing, as part of the Guernsey Housing Plan, to consider changes or alternatives to Mortgage Interest Relief, including other forms of tax relief, to better assist first time buyers and homeowners in greater need of financial support; and to revert to the States with recommendations no later than the 2027 Budget Report.".

Rule 4(1) Information

a) The proposition contributes to the States' objectives and policy plans in relation to the development of housing and tax policy.

b) In preparing the proposition, consultation has been undertaken with the Committee *for* Housing and Deputy Matthews. It is understood that both support this amendment.

c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

d) The financial implications to the States of carrying the proposal into effect cannot be known until such time as proposals are developed, but maintenance of Mortgage Interest Relief in its current form is estimated to cost about £3.5m per annum (subject to changes in interest rates.)

e) Drafting advice has been sought from the States' Greffier. Advice has been sought from Treasury Officers.

Explanatory note

The proposed 2026 Budget has been successfully amended to retain the current Mortgage Interest Relief (MIR) of £3,500 for 2026 and to cease the withdrawal until further decision of the States. This compares to the original proposal in the Budget which was that mortgage interest relief be phased out gradually until relief was zero in 2029.

The cost to the States of the current level of mortgage interest relief is estimated at £3.5m (noting that estimates are uncertain due to changing interest rates which affect the relief available).

Guernsey’s housing crisis has made it impossible for many to buy a property. For our island to thrive, our young people need the stability, confidence, and community ties that home ownership brings.

While MIR is gradually withdrawn from a salary of £85,000 in line with other allowances, an individual would need to have income of £178,500 to have the full relief withdrawn.

As a financial incentive, MIR is not specifically targeted at assisting first-time buyers to access private home ownership or to homeowners who are in need of financial support. In addition, because the relief is incorporated into the calculations used by lenders to assess how much a household can borrow, over time it has resulted in an upward pressure on house prices, impacting the ability of first-time buyers to afford a property.

This amendment directs Policy & Resources and the Committee *for* Housing to consider more targeted alternatives to MIR. This is aligned with the existing Guernsey Housing Plan action 4D “explore non-supply options to improve access to the private market for first-time buyers and enablement of second-stage moves”.