



**Ministerial Statement**  
**By**  
**The Hon. Wayne N.M. Perinchief CPM, JP, MP**  
**17<sup>th</sup> February, 2012**

**Revising Land Policy**

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**Mr. Speaker**, Honourable Members will recall that the Ministry of National Security set up a Land Policy Review Group to consider and advise on specific areas of land holding policy. Submissions were sought from the general public and interested groups in the community. Forty-four (44) submissions were recorded, and several meetings conducted by the Review Group.

**Mr. Speaker**, the technical officers involved were drawn from various Ministries and in some cases had advised on the 2007 changes to the law in this area. As might be expected there was no universal agreement on the way forward and the discussions mirrored the debate in the public domain. At the heart of the 2007 changes to the law and concurrent policy has always been the protection of the right of Bermudians. The Government's responsibility is to take note of trends in any area and to implement policies what will serve our people first.

Lest Honourable Members forget, **Mr. Speaker**, the 2007 changes to the law on land policy were implemented against a background of prevalent and illegal "fronting" which used available means to frustrate the laws on foreign-ownership of land in Bermuda. **Mr. Speaker**, the rental and housing markets were simply white hot in terms of price and when taken with the earning power of Bermudians and the housing subsidies provided to their expatriate counterparts, a perfect storm of market conditions made the struggle for home ownership too great for our people.

**Mr. Speaker**, long after we are gone, the debate will rage on whether what was done was necessary or effective. **Mr. Speaker**, we cannot be consumed by that debate when there is a clear need for action.

**Mr. Speaker**, changes must be made. This economy demands that changes must be made. Our challenge is to effect change that stimulates the economy and continues to be beneficial to Bermudians. **Mr. Speaker**, the Ministry has consulted widely. We have taken full account of the advice that urges no change. We have considered the pleas for total lack of restrictions. We have ended up with a formula for change that will stimulate this important sector of the economy and allow Bermudians to leverage their main asset to their benefit.

**Mr. Speaker**, Honourable Members will recall that the result of section 17 of the 2007 Act restricts Bermudians from selling residential property to non-Bermudians. **Mr. Speaker**, I can advise this Honourable House that amendments to that section and other will be made, to permit the sale of land generally to non-Bermudians valued at or above a prescribed ARV threshold.

**Mr. Speaker**, Honourable Members should take note that the ARV threshold is set by the Minister responsible for Immigration and traditionally reviewed every five (5) years. Historically, the policy has been to permit the top 250 homes for sale to non-Bermudians. During the five years between revaluations, property owners would modify their homes to get their ARV above this threshold. **Mr. Speaker**, 2009 revaluation did not include a review of ARV thresholds. Therefore the existing 2005 thresholds would make 396 homes available for purchase by non-Bermudians; or 58% more than the traditional number of homes usually available.

**Mr. Speaker**, this is where striking the appropriate balance is vitally important. I have advised my Cabinet Colleagues and can now advise this Honourable House that the policy of having the 250 homes available for sale to non-Bermudians will be maintained. To achieve this, the ARV threshold will be set at \$177,000 which in fact makes 249 properties available. The new threshold will be set at 1<sup>st</sup> April, 2012.

**Mr. Speaker**, the mechanics of section 76, 77 and 78 of the Bermuda Immigration and Protection Act 1956 result in married couples, in which one

spouse is a non-Bermudian, having obtained a license to purchase land in Bermuda and pay the prescribed application fee. Section 82 sets out exceptions to these provisions; they do not currently include such couples.

**Mr. Speaker**, the depth of feeling expressed on this state of affairs is real. All of us have been approached or lobbied to change this aspect of the law. The practical consequences for these couples has often been to unduly and adversely affect their ability to purchase a home. In some cases vendors are reluctant to wait for the license process to run its course to complete the transaction, while in other, complex applications have caused sales to simply not proceed.

**Mr. Speaker**, again a balance must be struck. I can therefore advise this Honourable House that Cabinet has approved amendments to the relevant legislation to include married couples, where one spouse is a Bermudian, in the list of those persons not requiring a license for the purchase of property in Bermuda. This is provided the purchase is a first-time family home to be occupied by the purchasers. Subsequent, investment homes will be subject to the license requirements.

**Mr. Speaker**, these changes in policy recognize the economic realities of the present age. In a society where the most valuable asset is often real estate, a responsible Government acts in ways to permit assets to work for those individuals who have invested in them. We believe these changes achieve that goal.

**Mr. Speaker**, encouraging economic growth in the current climate may require that all stakeholders feel a tightening of their belt straps before we see a market turn-around. To the end, i renew my call for the private sector to play its part in supporting these policy changes. To maximize on their economic impact, real estate agents should consider a temporary reduction in the traditional 5% commission. Local lending instructions should reduce the required down payment to further stimulate the market, particularly for first-time purchasers. The legal profession should reduce their conveyancing fees in such circumstances.

**Mr. Speaker**, Honourable Members will also recall that the Review Group was tasked to examine the policy related to the purchase of condominium units by PRC holders and the potential for a reduction in the applicable landing-holding charge. **Mr. Speaker**, this is a unique demographic and an equally unique market

share. We continue to gather data and consult on these proposals in advance of effecting any change in policy.

**Mr. Speaker**, stimulative prospects of these policy changes for the economy span small construction and contractors engaged to upgrade homes, market activity as some Bermudians sell large homes and downsize, fees to the related private sector parties, repayments of loans and mortgages increasing viable capital for further lending and additional revenue to the Government. The Government is leading by example and stimulating the market, the action will only be fully successful if our private sector parties act with equal conscience.

**Thank you, Mr. Speaker.**