

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 28th FEBRUARY 2006

Question

Will the Minister give members further details of the possible restructuring of Housing rents into a banding system as referred to in the report accompanying Ministerial Decision MD-H-2006-0004 and provide details of its impact on Housing rents?

Answer

The Housing Department is currently working on restructuring Housing rents into four categories of banding, namely A, B, C, and D. This will cover all property types and will be based on the condition of the dwelling. Those in Band 'A' will be properties of the highest standard and will attract the maximum existing Fair Rent allowable for that particular type of accommodation. Band 'D' will represent those properties which are in need of refurbishment and are part of an identified programme for improvement. The rents for these properties will reflect their condition and therefore will be the lowest existing fair rents charged by the Housing Department. As properties are refurbished and improved they will move through the banding structure.

Extensive modelling of the effect of the proposed changes is currently on-going. The maximum payable fair rents on 2,640 properties would increase, with 1,033 of those moving to Band 'A'. 628 properties would remain on the same rent and some 1,221 properties would see a reduction in the maximum payable fair rent.

The above describes the changes to the rent structure. With regard to the effect on States Tenants, this is slightly more difficult to model. There are 3,560 States Tenants receiving Rent Abatement. These abated tenants will not as a result of the changes be asked to pay more rent. Indeed further modelling is being carried out to establish how many of those abated tenants might actually pay less in rent as a result of the changes.

At present only tenants applying for abatement are obliged to detail their income to the Department, it is therefore difficult to be certain how many of the remaining 1,000 tenants who are currently not receiving abatement will see a reduction in their rent. Equally there can be no certainty about what proportion of any increase in rent any existing tenant, not on abatement, would pay. It is though safe to say that any tenant paying the maximum fair rent presently, whose rent increases significantly as a result of the proposed banding system, would be able to apply for a rent abatement which would be calculated to ensure that they only pay an appropriate proportion of their regarded income, presently this figure is set at 27%. Where modelling suggests that any particular tenant will be subject to a significant increase in their rent, transitional arrangements will be put in place to graduate the increases over a two year period.

A new banding structure will be more efficient to administer, will allow greater modelling of rental income for the future and for the first time ties the rental charged for property to the condition of the individual units in a far more focussed manner.

Naturally this change will require a Ministerial Decision. No such decision will be forthcoming until such time as the modelling is complete, consultation with those affected has taken place and appropriate transitional arrangements have been agreed.

Fair rents have been held at current levels for another 12 months. Rents have therefore not increased for two years in total. These proposals will not affect this position but merely move rents within existing parameters.