

2.3 Deputy T.A. Vallois of St. Saviour of the Minister for Housing regarding the rise of housing rentals by 2.5 per cent as of October 2009:

Could the Minister justify the rise of housing rentals by 2.5 per cent as of October 2009 and explain whether this will have a positive economic effect?

Senator T.J. Le Main (The Minister for Housing):

States Members fully supported and required in the States of Jersey 2009 Annual Business Plan that the Housing Department had to increase its rentals by 2.5 per cent from October 2009 in order to meet its £22.3 million contribution to the Consolidated Fund. The department does not benefit directly from this increase, other than protecting its maintenance budget which would have to be cut if the rent increase was not implemented. The rental increase coincides with a 2.5 per cent increase in the housing component of income support so that the majority of tenants will in fact be protected from this increase. As has been pointed out on many occasions, the Housing Department's rentals are substantially behind market levels; over 30 per cent in some cases. In addition, over the past 5 years, the department's rentals, including this review, have only increased by 9 per cent or less than 2 per cent per annum so this can hardly be seen as excessive. The department's long-term rents policy is one of the terms of reference of the Review of Social Housing which will be out for consultation later this month. It is my view that this increase will have very little impact on the economy as the majority of its effect is negated by the increase in Income Support. In addition, the protection of the department's maintenance budget not only ensures that tenants' homes can be properly maintained but also helps to stimulate the economy in the building sector.

2.3.1 Deputy T.A. Vallois:

Could the Minister answer whether it is right we should be taking with one hand and giving with another hand? I thought we were supposed to be moving people out of being supported by the Government. [Approbation] Could the Minister explain?

Senator T.J. Le Main:

The Housing Department is currently a social landlord and has no agreement in handing out benefits as was in the past. We have to act sensibly as a social landlord and I can also categorically state at the end of the day, in some places, old properties and old blocks of flats were on very, very, very low rentals; some 60 and 70 per cent of the fair rent. Now they are being refurbished. In awaiting the outcome of the consultation from the Social Housing Review, my department has not increased those rents as we should have done so there are people on very, very low rental and in fact it will only be the wealthier tenants that will be affected by this very minuscule increase; one-fifth of the normal daily rate.

2.3.2 Deputy D.J. De Sousa of St. Helier:

I wonder could the Minister not have done something about this to maybe rescind it, knowing many months ago about the economic downturn? We have just forced pay freezes on to our States workers. They have had many increases and effectively they are now getting a pay decrease and rents are going up. It is really not on.

Senator T.J. Le Main:

I do not think the Deputy understood what I said. We are currently running fair rentals at a huge discount in the marketplace and I am not saying that it is wrong. It is

right that we protect and look after the poorer members of our community but the fact is that the States Assembly instructed the Housing Department in 2009 in the Business Plan to increase the rents by 2.5 per cent so that an extra £1 million was allocated to the Consolidated Fund. As I say, the poorer members of our clientele will be protected by the current increase of 2.5 per cent in the housing component of low income and we cannot continue subsidising those very high earners that are currently in housing accommodation.

2.3.3 Deputy M. Tadier:

Perhaps this is a question for another day but I would like to know about all these very high earners in social housing. Can the Minister just confirm whether he understands why the 2.5 per cent increase in social housing rentals grates with members of the public when in fact people who work are told that they have to accept effectively a pay cut? [Approbation]

Senator T.J. Le Main:

That is rubbish. Quiet honestly, the majority of the people that are in the private sector would give their right hand to be in some of the accommodation now provided at some of the rentals that are being asked for in the fair rents in social housing and, in fact, I think that people in social housing are excellent, wonderful people - all of them. But at the end of the day, there are a lot of other good people in the private sector that would give their right hand to be in the kind of accommodation that is now being provided at such a reasonable rate.

2.3.4 Deputy M. Tadier:

My question was can the Minister understand why members of the public who work in the public sector may be angry at the inconsistency? You say that that is absolute rubbish. Can you understand why members of the public do though?

Senator T.J. Le Main:

I can understand really well but the public that speak to me are the different people that speak to Deputy Tadier because the people I speak to in the private sector are very envious and they are certainly not angry with me increasing rents that are currently something between 30 per cent and, in some cases, 50 and 60 per cent below fair rental. Not market rental; fair rental. So the public that I deal with are simply not angry with me. They comment that it is only fair and in fact we should be having a fairer system of assessing the rates in the social housing sector.

2.3.5 Senator S. Syvret:

Given the degree and extent that there has been for decades and persists in market-rigging and price-fixing among landlords in the private sector, does not the Minister in fact consider that it would be of social and economic good for Jersey if in fact the Housing Department were to significantly undercut to a greater extent the private sector, thus combating the price-rigging and market-fixing that has been endemic in Jersey for decades?

Senator T.J. Le Main:

I cannot comment on the information that Senator Syvret is saying but it is quite clear - and I do not think the Senator has understood - we are considerably under the market rentals. We are currently 30 per cent below market rental and if that is not considerably under the market, well, I do not know what is.

2.3.6 Deputy S. Pitman of St. Helier:

The Minister said that this rise in rents will not be affecting the poorest. Could he clarify this for me because, as I understand it, those on income support have been given a 2.5 per cent rise and the next thing they hear is that their rent has gone up by 2.5 per cent. These people are people who, through no fault of their own through illness, *et cetera*, are having to live off benefits.

Senator T.J. Le Main:

The housing component of low income and employment and social security has been increased by 2.5 per cent specifically to cover the increase of 2.5 per cent imposed by this Assembly upon the Housing Department, so those on low income should not be affected whatsoever in regard to this rental increase.

2.3.7 Deputy M. Tadier:

It sounds to me that the Minister is running on the false assumption that the market, for some reason, had it right, whereas we do not have it right. Surely, if the Minister is to be logical, he should be increasing States rentals by 30 per cent. Do you have a comment on that?

Senator T.J. Le Main:

The issue is that everybody will all know by the end of this month that there will be consultation on the Social Housing Review where we will be seeking comments and views from the public and from States Members and, in that, is specifically the issue of the difficulty we find ourselves in. How do you assess rental in trusts and in social housing? That is going to be one of the main issues and, eventually, as time goes on, the Housing Department will be social landlord only and I believe that, eventually, the issue will come about that the social landlord will have a set of rents where it does not get involved with any subsidies, as it is now, and a social landlord only.

2.3.8 Deputy T.A. Vallois:

I would like to contest some of the items that the Minister has just explained. For one the 2.5 per cent increase does not justify the maintenance of the properties over the years. Some of them are in an appalling state [**Approbation**] and also the fact that a decision was made by this House for the 2009 Business Plan can be rescinded because it has been for the pay rise for public sector workers, so that is not an excuse to not remove this at this point. Could the Minister therefore confirm whether he would be able to remove the 2.5 per cent increase on rents and come back to the House in 6 months time upon the review of social housing and put in appropriate rises where it is necessary?

Senator T.J. Le Main:

No, I am not prepared to do that. The issue is that this is fair and equitable. 2.5 per cent has been covered by the housing component at Employment and Social Security, so I am not prepared to do that. It is fair and equitable, it does not affect the people on low income, as I have explained, but it also allows people to pay a fairer rent than what they are currently paying at the moment; those who can afford it. To say that some of the accommodation of the housing is appalling is not true whatsoever. It is not true. We have 18 per cent of our stock that needed upgrading but if you want to see appalling accommodation, you want to go into London and other places. Jersey accommodation that needs upgrading, needs double-glazing, needs insulation and

needs upgrading in all sorts of ways but is not appalling, and I object to that. If anyone would like to show me some accommodation that is appalling - and they really need to look in the dictionary at what "appalling" means - then I am happy to go and have a look but I object to these "appalling" state and conditions.