

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th MARCH 2012**

Question

Will the Minister produce for members the figures on which he has based the statement “*Social housing rents and States rents in particular have fallen significantly behind the market*” given in response to question 6754 on 6th March 2012?

Will the Minister set out how States and Housing Trust rents compare with the Jersey private sector rent index over the period since 2005 and in particular since 2009 when the index has been largely flat?

Will the Minister justify his response “*However, it would not be appropriate for a White Paper on Housing reform to discuss the detailed interaction between rent levels, income tax thresholds, minimum wage and Income Support?*” Does the Minister consider that a detailed analysis of this interaction is required before any long-term major policy decisions are made in this area and, if so, when, and by whom, does he expect such analysis to be done and, if not, why not?

Answer

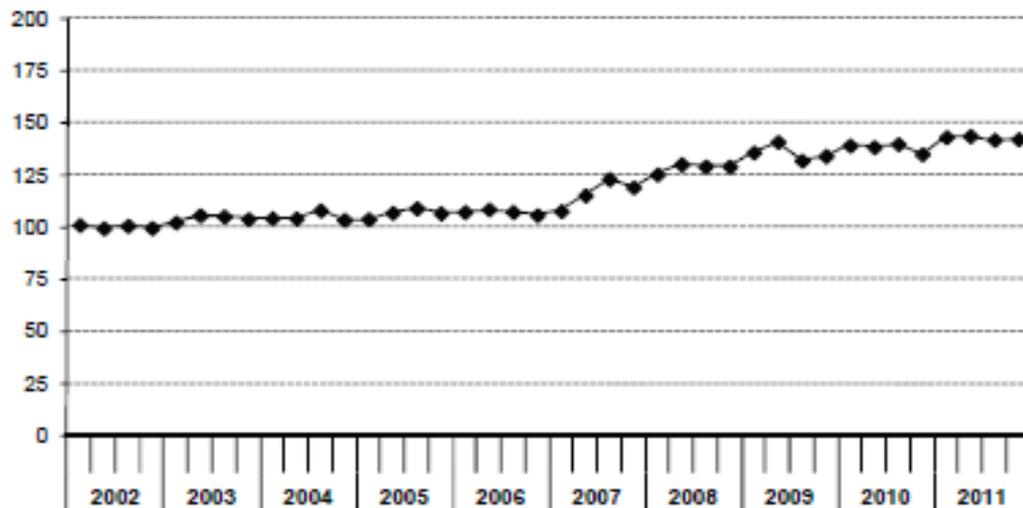
In 2010 the Housing Department undertook a stock condition survey, capital valuation and a review of rents. The rent review was carried out by independent local property management agents experienced in the local private rental market. The review involved inspections of 480 homes across the stock and resulted in the assignment of a potential realistic market rental value for each home.

The States Statistics Unit compiles data on new tenancies being entered into from records maintained by the Population Office. These figures are included in the Jersey Private Rental Index.

The outcome of the review of rents and the Statistics Unit data were reviewed by Professor Steve Wilcox of the University of York; an expert in the field of rents and rental benefit systems. Professor Wilcox concluded that rents in the social sector were significantly behind the market to varying degrees and provided an unintended, hidden and untargeted subsidy to social housing tenants. It is not realistic to list the current and assessed market equivalent rents for all 4,500 social units held by the States, however, it is possible to group the properties into bands demonstrating to what degree rents are below the market. This is shown below:-

Variance to market rental equivalent rents	Proportion of States Rental Homes
Less than 20%	12% of States rentals were less the 20% behind market rental values
21% to 40%	47% of States rentals were between 21 – 40% behind market rental values
41% to 60%	29% of States rentals were between 41 – 60% behind market rental values
61 to 80%	9% of States rentals were between 61 – 80% behind market rental values
81 to 100%	3% of States rentals were between 81 – 100% behind market rental values

In respect of the second part of this question, I disagree that the Private Sector Rental Index has been largely flat since 2009. It hasn't and in 2011 alone the Index shows a 3% increase on 2010. Rents in the social sector increased by 2.5% that year and then only in October and these increases were matched by a corresponding increase in the Housing Component benefit level ensuring that tenants on Income Support were not financially impacted.

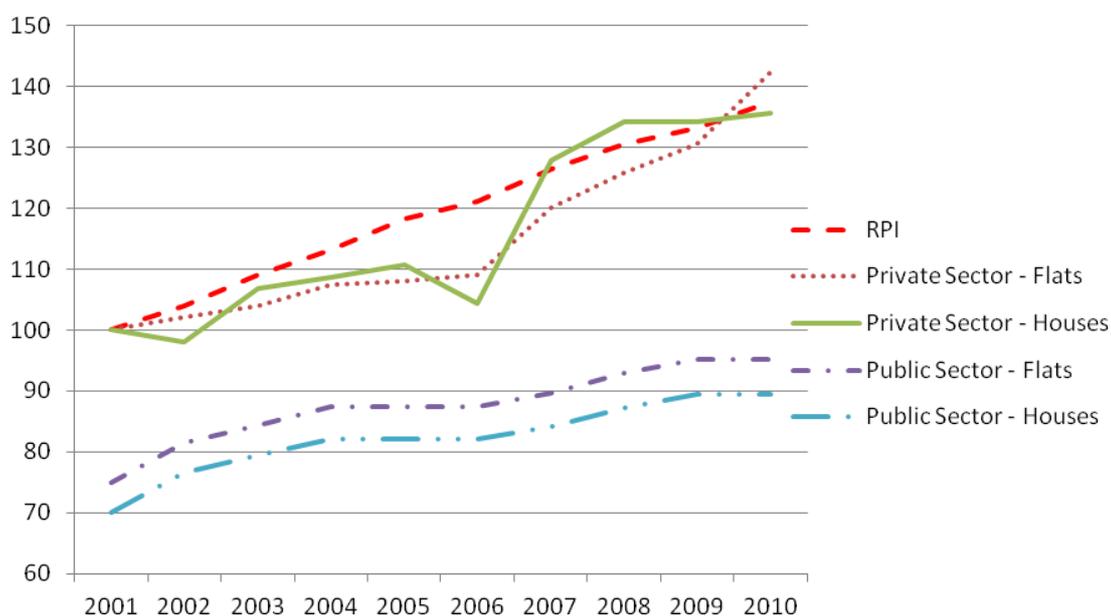


As the chart above displays average rents in the private sector as measured by the Jersey Private Sector Rental Index, increased by 4% between 2002 and 2003 and were then essentially stable until 2006 before rising by 18% during 2007 and 2008.

Annual changes in rent levels in the social sector can be compared to the Jersey Private Rental Index as follows:-

YEAR	% CHANGE IN PRIVATE SECTOR RENTS	% CHANGE IN SOCIAL HOUSING SECTOR RENTS
2007	8% higher than 2006	2.5% increase in rentals
2008	10% higher than 2007	3.7% increase in rentals
2009	6% higher than 2008	2.5% increase in rentals
2010	2% higher than 2009	No increase
2011	3% higher than 2010	2.5% increase in rentals

As the table demonstrates between 2007 and 2011 the Jersey Private Rental Index increased by 17.8% more than rents in the Social Housing Sector. This widening of the gap between social and private sector rents is perhaps clearer from the following chart which for context also shows RPI.



The final part of this question is in relation to the response I gave to question 6754 on 6th March 2012. As I set out in my original response, I do not consider that analysing the interaction between rent levels, income tax thresholds, minimum wage and Income Support to be something that needs to be carried out for publication of my White Paper. This detailed analysis is for the Minister for Social Security to carry out in order that he can bring forward proposals for the support of tenants in the private rented sector alongside my Report and Proposition on social housing reform.