

3.3 Deputy G.P. Southern of the Minister for Housing regarding the annual rent rises proposed by Andium Homes for October 2014:

Will the Minister state what annual rent rise Andium Homes has under consideration for October 2014 and whether this conforms to his policy on rent rises of R.P.I. (Retail Price Index) plus 0.75 per cent? Will he state what effect, if any, this policy will have on the figures in the table on page 64 of R.15/2013 - States of Jersey Housing Transformation Programme: Full Business Case - and, if not, why not?

Deputy A.K.F. Green of St. Helier (The Minister for Housing):

The rent policy approved by the States Assembly requires Andium Homes' rents be adjusted annually on 1st October by R.P.I. plus 0.75 per cent - I noticed when the Deputy read out his question he corrected his mistake because he had asked 1.75; it is actually 0.75 but I notice the Deputy corrected that - subject to the revised rental not exceeding 90 per cent of market equivalent. I can confirm that rent increases applied by Andium Homes will be in line with the rent policy approved by this Assembly and in accordance with their memorandum of understanding with the Minister for Treasury and Resources. The R.P.I. rate used for calculation will be the Quarter 2 R.P.I. figure published by the States of Jersey Statistics Unit in July and, therefore, Andium Homes is not able to determine the rental increase until this index is published. But if the R.P.I. figure is unchanged from the 1.7 per cent level as it was in quarter 1, the rent increase applied would be 2.45 per cent, which is lower than the projected 3.65 per cent in the report. This would result in lower rentals being received by Andium Homes and, therefore, lower income support costs for Social Security on the same basis of £77k. Increases in the annual return by the States are also linked to the same R.P.I. figure and the majority of the loss of income for Andium Homes will be offset by lower annual return payments.

3.3.1 Deputy G.P. Southern:

For new tenancies, I have figures showing that the average for a one-bedroom flat is a 7 per cent rise and for a 3-bedroom house is 10 per cent. Will the Minister inform Members not only what the average rent charge is but the median and the range of rents to be charged on particular properties?

Deputy A.K.F. Green:

That is far too wide a question for me to have all those figures in my head, but I am quite happy to provide that information. What I will say, though, is that the rents are based on 90 per cent of market rate. New tenants coming into the need of social housing are quite unlikely to be paying the full rental rate. They will be supported by Social Security. I am quite happy to get my officers to work out those figures.