

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 1st DECEMBER 2015**

Question

During the States sitting on 17th November 2015 the Chief Minister gave an undertaking to provide analysis as to whether the changes made to the Social Rental Policy in 2013 (including an increase in rents to 90% of market rent) had in fact had the impact shown in the Jersey Income Distribution Survey. Could the Chief Minister provide this information and explain what the government will be doing differently, if anything, to ensure that changes made to Income Support and taxes in the future will not be undermined by housing prices?

Answer

Our incomes have grown by less than inflation since 2010 because of economic conditions. However our incomes are still 50% higher than the United Kingdom before housing costs, and 45% higher after housing costs. Our income distribution is similar to the United Kingdom before housing costs, but widens after housing costs.

This illustrates that economic conditions have been difficult, although they are now improving; that Jersey is a prosperous place, and that housing in Jersey is expensive. Those with mortgages have benefitted from low interest rates over the past five years, while those who rent their homes have not.

The Council of Ministers is tackling this issue by supporting the Minister for Housing in delivering the Housing Strategy. This strategy aims to provide more and better housing by increasing supply from the private sector; by rezoning sites for social housing; by maximising use of existing sites, and continuing to invest the £250 million bond in social housing as part of a sustainable funding model.

The 90% rent policy was designed to create a sustainable funding model. This will enable more social housing to be built and the existing stock, after years of under-investment, to be brought to a decent standard. Having a decent home is central to quality of life and an inclusive society.

This rent policy means that those who can pay do, while those in need are protected through income support. This approach means that people in social housing pay a similar amount, and receive a similar amount of support, to those in private sector rented accommodation.

The 90% rent policy is being introduced gradually. Only a limited number of properties – around 20% - are currently on that rate. Furthermore, over the last 5 years rents in the social housing sector have risen at a slower rate (18%) compared to rents in the private sector (23%). It is therefore difficult to ascribe the introduction of the rent policy to the changes shown in the Income Distribution Survey. At the same time, social housing tenants, in particular those of working age, have seen a relative decline in their income after housing costs over the period.

The Income Distribution Survey provides valuable evidence as we work to improve the lives of islanders and needs careful consideration alongside other evidence. This work is being undertaken by the Statistics Unit, the Social Security Department, the social housing providers, and the Strategic Housing Unit, as part of the programme of work outlined in the Housing Strategy.