

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 8TH MARCH 2016**

Question

Can the Minister account for the differences between the figures produced in the House Price Index for quarters three and four 2015 for average private sector rents and the accommodation component of Income Support contained in the following table which shows that the rental component of Income Support has not kept up with average rents in the private sector –

	Rent per month	Income Support per week
1-bedroom flat	£930	£181.30
2-bedroom flat	£1,450	£235.48
2-bedroom house	£1,500	£273.52
3-bedroom house	£1,900	£324.24
4-bedroom house	£2,500	£341.25

What policy decisions have led to this apparent reduction in real terms in rental support available to low-income families?

Why does rental support now not match real rents as used to be the case under the ‘fair rent’ policy and what impact has this had on the amount of support received by low income families comparing the situation in 2013 and 2015?

Answer

The average monthly rental figures quoted in the table are not directly comparable to the maximum value of the Income Support accommodation component. This is because they represent an average of all rental properties in Jersey, including those that are very expensive. Income Support tenants comprise approximately a quarter of the private rental sector market, whereas the rentals figures published in the House Price Index report represent an average of all private sector rents, which includes the significant market in very high quality rental accommodation available in Jersey.

The previous ‘fair rent’ policy did not match real rents in the private sector, as the maximum Income Support accommodation components were based on the standard rent payable for properties owned by the Housing Department. One of the key principles approved as part of P.1/2014 stated that “Previous research into the private sector rental market has established that the historic process for the annual increase of Housing rents had resulted in “fair rent” levels that did not reflect the market, and so the proportionate increase in rates will allow the Income Support system to provide support to private sector tenants in a way that better represents their cost of living.”

The Regulations that were approved by the States as part of P.1/2014 replaced the “fair rent” levels with a comparable set of maximum rates that were designed specifically for private-sector rental properties. These maximum levels increased the support available to Income Support families renting in the private sector. They were calculated by the Housing Department using market rental data across individual Housing Department properties. An average market rent of all of the units of a specific property type was calculated, to give a figure that represented the average rent for each comparable property type in the open market. This now links the maximum private sector accommodation component to the standard of property available to people renting in social housing.

This change provided ongoing additional support of £1,000,000 per annum from 2015 onwards to private sector tenants as part of the Housing Transformation Programme. Support for accommodation costs has also been fully protected within the MTFP, and rental components for private sector tenants are due to rise in each of the next 4 years.