

5.3 Deputy G.P. Southern of the Minister for Housing regarding rent control measures: [1(520)]

Will the Minister inform Members of her estimate of the increase in average rent levels over the period 2014 to 2017 in the private sector and in relation to Andium Homes and the housing trusts for one-bed flats, 2-bed flats and 3-bed houses; and will she state what measures she can take or is considering to control such rent levels?

Deputy A.E. Pryke of Trinity (The Minister for Housing):

The Statistics Unit has only recently begun collecting data on private sector rents, so it is not possible to provide an accurate figure of the increase in private sector rents between 2014 and 2017. However, we know rents in the private sector have increased on average by 3.3 per cent each year between 2012 and 2016. The States rental policy stipulates that social housing rents may be adjusted by R.P.I. (retail price index) plus 0.75 per cent annually until they reach 90 per cent of market rent. So Andium and the housing trusts would have increased their rents within these parameters. Since Andium was incorporated rents have increased by an average of 2.1 per cent each year between 2014 and 2016. I recognise that affordability of housing is a challenge for many households and a consistent supply of new homes will help reduce or put pressure on rents and house prices. In order to prevent unreasonable rent increases during this I am also considering re-establishing the Rent Control Tribunal so that people can challenge rents that they feel are unfair and do not reflect the market price.

5.3.1 Deputy G.P. Southern:

Does the Minister agree that the net effect is that we do not know currently by how much private sector rentals are increasing and yet we are pegged to 90 per cent of private sector rentals? Is there not a formula for a massive growth in rental levels and does she believe that the Rent Tribunal had, at the time, and will have, enough teeth to control the private sector?

The Deputy of Trinity:

I think there are 3 questions in there, so I will try and answer them. The price control of the rental sector, that as I said is the independent Statistics Unit who did record it from 2007 until 2012 but they stopped following the change of law with the Population Office. They no longer recorded that data. But since 2012, as I said, they have been collecting data and that is the figure that I have given. The States policy of 90 per cent rent was debated and approved by this House so it is an Assembly decision, and it is ordered that the benefit of it is that all our social housing can now be upgraded up to a fit and decent standard that we like to think that all our residents can live in. So that is why that was in, to be able to pay back the £250 million bond. I have forgotten what the third question was.

Deputy G.P. Southern:

Will the Rent Control Tribunal, as was constituted, have enough teeth to control rents?

The Deputy of Trinity:

It has not met since before 2009. I think it only had 3 queries before that so I am looking at it and shall take it from there.

5.3.2 Senator P.F.C. Ozouf:

Would the Minister, while understanding the background to the reason why the Deputy is asking the question, agree that the only way to deal with rising rents is to put the right supply in place providing of course there is an immigration policy that works, and it is only supply and not a Rent Tribunal that is going to effectively control rents for private sector?

The Deputy of Trinity:

Indeed. I have said that many times, that the way forward is we know that there is a long list of people waiting on the Gateway for one, 2 and 3-bedroomed homes and we need to provide them. But also there is a group of people who are over-occupying who need to move down, either the family have left home and so they can move down to a 2-bedroomed home or even to a one-bedroomed home, of which there is very, very little supply. So yes, we do need to build more. Andium are set to build 1,000 homes on target, provided they go through the planning process, by 2020 with a view of building another 1,000 by 2025.

5.3.3 Deputy J.A.N. Le Fondré:

Could the Minister confirm that social housing rents are up to 90 per cent of market not 90 per cent of market, as the Minister previously stated? Therefore it is at the discretion of the directors of Andium or the trustees of the relevant housing trust, using their professional skills and knowledge, to determine at which level they set their rents up to that level, so it is within their discretion not to set rents at 90 per cent if it is appropriate, in their opinion?

The Deputy of Trinity:

Indeed. I am very pleased to confirm that. Why Andium is set at 90 per cent is because it was a States decision and the other housing trusts can do more or less how they feel is appropriate, which I know the Deputy does with his housing trust.

5.3.4 Deputy M. Tadier:

The Minister no doubt has a longer memory than I do, and I cannot remember the last time in Jersey when rents were not going up and when rents were not expensive or when supply was outstripping demand. Maybe the Minister can. But does she think that maybe the supply issue has got something to do with population? What is the population policy of her Government and what effect is that having on supply and demand in the housing market, including affordable rents?

The Deputy of Trinity:

There is an interim population policy and there is one going to be lodged fairly soon in the next couple of months or so. But we are an ageing society and whether population or not, we are all ageing and we need to be housed. However we would like to get around it, it is an ageing population but do not forget if somebody comes into the Island and begins to work they cannot access social housing trusts, income support or social housing until they have been here for a period of time, which the good Deputy knows.

5.3.5 Deputy M. Tadier:

Can I ask the Minister: what is the point in building 1,000 homes over a period of the next few years if the population is going to go up by more than 1,000 new families in the Island? Does that stack up in her mathematics or that of the Council of Ministers?

The Deputy of Trinity:

As I have just said, we are an ageing society so we have got to look after them. We are all living longer and we all wish to stay in our own homes so we have got to deal with that. Yes, there is an incoming population policy but also they have to, as I have said, be here for a period of time, but we also need them to be able to pay for our pensions and also be able to reinvest in other services, especially in health and education.

5.3.6 Deputy S.Y. Mézec:

Much has been said about the supply of housing having a correlation with the affordability of rents, so what is the Minister doing to get the empty residential properties in the Island back on to the market and what is she doing to incentivise landlords not to hoard properties that they are not managing properly?

The Deputy of Trinity:

That is a very good question of vacant properties. I know I have had with my officers long discussions about how to get vacant properties or empty home properties back into circulation. I have said it before, we have talked to the Constables about understanding the whole remit, how many homes are empty, but that would need a change in the Rates Law. We have talked to the electricity company and J.T. (Jersey Telecom) about triangulating electricity not being used or no landline not being used. We have also talked with Andium at a very high level about whether ... somebody like Andium or other housing trusts or other developers might do a bit of partnership: "Well, we will do it up if we have the rent." These things are still going round. We need to do something, try and find a way forward of bringing vacant properties, understanding the reason, understanding how many and bringing them back into use.

5.3.7 Deputy J.A. Martin of St. Helier:

Interesting to hear the Minister says she is promising 1,000 homes by 2020 and then popped out that we are going to have another 1,000 homes by 2025. Can she identify if these homes are already in the areas where they need to be built or have got planning permission? A very simple answer: what is she basing this population figure on? What is she building to? She is the Minister for Housing and if she does not have a figure we might as well all go home.

The Deputy of Trinity:

I have not got that figure here. In the Housing Needs Survey all that work was done and it was published and it is in the public domain. I am quite happy to make sure that the Deputy has that report. But we know we will need ... and Andium will be on target to deliver that by 2020. But we also need to look forward. As I said, the ageing population, et cetera. We still need to look forward. We cannot just stand still because that has been the trouble before is we are standing still and not developing.

5.3.8 Deputy J.A. Martin:

That was a simple question: does the Minister for Housing have a population figure that she is basing her housing supply on? It may be in a lot of papers. I need the figure. 100,000, 150,000, 125,000, what is the figure?

The Deputy of Trinity:

I can tell you, as I said, it is in the Housing Needs Survey and I am happy to give the Deputy access to that report, which is in the public domain.

[10:15]

5.3.9 Deputy G.P. Southern:

It is hard to know where to pull on the depths of ignorance on this subject. However one can note, as fact, that we have seen a 10 per cent increase over the past 3 years in the private sector which leaves private sector 3-bed house rental at around £500 a week and the fact that in pursuing the 90 per cent level of the private sector, rents for one-bedroom flats at Andium have gone up by 30 per cent. Does the Minister accept that it is no good building 1,000 houses, 2,000, 3,000 houses if people cannot afford to pay the rents to live in them? Is that not the case of her policy?

The Deputy of Trinity:

As I said before, the way to bring down rents is to bring on more supply. We know there is a waiting list on social housing providers but also Andium tenants paying 90 per cent rent; 29 per cent of Andium tenants pay 90 per cent rents. Overall the minimum rent charged is 76 per cent of market value.