

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 10TH OCTOBER 2017**

Question

Further to the response to Written Question 1(497), will the Minister –

- (a) provide her assessment of whether the figures shown for rent levels of all new tenancies for Andium Homes (post-July 2014) can be categorised as ‘affordable’ for those in the lowest household income quintiles (i.e. with incomes below £23,900) or whether these households are consequently placed in housing stress;
- (b) provide an assessment of whether the increases in rent levels of up to 30% for around 1,300 Andium tenants will either cause hardship for many or raise significantly the tax revenues required to fund the Income Support housing component;
- (c) clarify whether the average rents shown will rise over time to 90% of the private sector rent levels indicated in the second table of that response and, if not, what levels will apply;
- (d) explain how the restoration of the rent tribunal system levels can reduce high rents given that properties let for a term of less than 9 years on a written contract made under Article 7 and properties in respect of which the States or any administration of the States is either the lessor or the lessee are exempt?

Answer

- (a) The rent levels for all new Andium Homes tenancies set out in response to Written Question 1(497) reflect the policy of charging 90% of market equivalent rents for social housing properties. This policy was adopted by the Assembly in P.33/2013 ‘The Reform of Social Housing’. The policy ensures that tenants pay a fair level of rent that reflects the value of their property, and underpins the substantial investment that is being made in social housing.

Many Andium Homes tenants will be in receipt of Income Support and the housing component of the benefit provides financial assistance towards the reasonable costs of renting a social housing property. In these circumstances, Income Support will recognise the full amount of rent charged for a social housing property provided that the household is occupying a property appropriate to its need.

Moreover, Andium Homes’ refurbishment programme means that all tenants will benefit from improved insulation and energy efficiency in their properties, which will decrease the amount of disposable income they will spend on energy costs.

- (b) As stated above, the 90% rents policy should not cause hardship for Andium Homes’ tenants because low income households are protected from rent increases through the assistance provided by Income Support and the refurbishment programme funded by the policy.

The financial implications to Andium tenants receiving Income Support of the 90% rents policy were set out in P.33/2013 and are built into the Income Support budget. The impact was outlined in the 2015 Annual Update to the MTFP Social Security Department Annex (p. 94). Andium Homes makes a significant return to the States each year, and in 2016 made a return of £27,728 million to

the Treasury, which is greater than Income Support housing component expenditure for Andium Homes Tenants.

- (c) The average private rented sector levels set out in the second table of Written Question 1(497) are reflective of a range of different types, sizes and locations of property across the sector. It does not, therefore, necessarily translate that the rent levels in the Jersey House Price Index will reflect the rents of the social housing portfolio owned and managed by Andium Homes.

Social housing providers set rents by obtaining independent valuations from reputable estate agents who will conduct a valuation of social housing properties against comparable properties in the private rented sector.

- (d) The Minister is giving consideration to reinstating the Rent Control Tribunal under the Dwelling-Houses (Rent Control) (Jersey) Law 1946 in order to provide tenants in the private rented sector with protection against unreasonable rent increases.

Where a tenancy to which the Law applies had been referred to the tribunal, the tribunal would be able to review the sum of rent payable and (with reference to market rents for equivalent types of property) determine whether that rent was reasonable. If the tribunal determined that the rent was not reasonable, the tribunal would have the power to increase or decrease the sum of rent payable as appropriate.

The tribunal would not apply to tenancies where a landlord had used the standard lease provided under the 1946 Law or where the States was either the lessor or lessee. The provisions of the 1946 Law are consistent with the types of rent control used in a number of European countries, where rents may not increase above specified rental benchmarks. However, it is important to stress that economic evidence suggests that imposing restrictions on rents can have the opposite effect and reduce the supply of rented properties in the market, therefore raising rents in the market (R.87/2015). The Minister will take all these matters into consideration before making a final decision.

Separately, the Minister for Housing will shortly be lodging proposals to introduce a regulatory framework for social housing which will include service delivery standards relating to rental levels.

In order to keep housing affordable, the most effective policy is to build more homes. In this regard, we are on track to deliver more than 1,000 affordable homes by 2020 – for affordable rent and purchase – and have commenced work on a Strategic Housing Market Assessment in order to determine the island's housing needs up to 2030, which will inform the next Island Plan.