

2018.09.11

19 Deputy M. Tadier of the Minister for Children and Housing regarding the policy of Andium Homes that rents stand at 90 per cent of the market rate: [OQ.124/2018]

Further to the recent announcement that Andium rents will be frozen, what consideration, if any, is the Minister giving to challenging the model that rents stand at “90 per cent of market rate”, for example, by linking rent policy to average earnings?

Senator S.Y. Mézec (The Minister for Children and Housing):

Can I start by thanking Andium Homes for this decision to freeze their rents while a more stable and affordable mechanism for calculating rents can take place? Can I also place on record my thank you to the Minister for Treasury and Resources and Assistant Minister for Treasury and Resources, who were involved in these discussions and, of course, the Chief Minister, who we discussed this with at the formation of this Government? The Deputy will know, because it was, of course, in our shared manifesto that I do not believe in the 90 per cent market rate rule. I voted against it when it was introduced and I want to see it changed. This is something that we are looking to do, as we speak. I can confirm, in line with the Deputy’s question, that the consideration of average earnings is part of this. I hope that we will be able to report on this at some point early in the New Year.

4.19.1 Deputy M. Tadier:

Without wanting to be accused of being too obsequious, can I congratulate the Senator and the Minister for Housing on no doubt playing an important part in implementing one of his key policies, which was to tackle rents, especially in Andium Homes? Does he agree that there is lots of work to be done, not just for Andium, but right across the board in Jersey and that we need a fundamental rethink of what a rental property is and who the beneficiaries of it are and what the acceptable standards are, especially the maximum price that people are expected to pay for any homes in Jersey whether they are renting from the private sector or in the social sector?

Senator S.Y. Mézec:

The reason for me that this is such an important issue is because the statistics that we have learned over recent years where we know that the cost of housing is the single biggest contributing factor to poverty in Jersey, which I do not think is acceptable in a wealthy island like Jersey. I do not think it is too much to say that we should aspire to be a society where the most vulnerable and those on low incomes are looked after and are able to have happy lives with the security of knowing that there is a decent roof above their heads at all times. That is what motivates me to want to look at this policy, with the aim of changing it. The only caveat that I put with that is that when delivering on this, we have to make sure that there are no unintended consequences and that we know that we are not going to impose some sort of solution on social housing providers that inhibits their ability to be good landlords and provide decent quality homes to those who live in them. That will require having discussions with other stakeholders, including the Treasury Department. Remember that Andium Homes, of course, returns £28 million to the Treasury each year. I do not think that you can change the existing rents policy without looking into that and taking that into account as well.

4.19.2 Deputy G.P. Southern:

No soft words from me to the Minister. Would the Minister commit himself to avoiding such phrases as “early in the New Year”, which could mean anything from January to the end of June and commit himself wherever possible to specific timelines? For example, I expect a report by the end of March. That is perfectly satisfactory; we know where we are. Will the Minister do that and say in this particular case what he means by “early in the New Year”?

Senator S.Y. Mézec:

I should have seen that one coming. January is what I meant by early New Year. It will be in January. I will endeavour to not let that sort of language slip me by in future. I am sure the Deputy will pick me up on it if I do.

4.19.3 Deputy R.J. Ward:

Does the Minister accept that freezing Andium Homes' rents goes beyond simply Andium Homes? It was a factor in Jersey Homes Trust freezing their rents and wider influence in rent freezes across the Island and that downward pressure on private rents is just as important?

Senator S.Y. Mézec:

Absolutely. Of course, I also thank Jersey Homes Trust, who followed Andium in this decision. I have had discussions with Jersey Homes Trust and I believe that there is room for working together to enable the States to help them support vulnerable and low-income tenants as well. I agree with him that private sector rents are a great difficulty for many people. One of the reasons that I had never liked the 90 per cent market rate policy is that I thought it was too close to 100 per cent and could end up having an inflationary effect and that is the opposite of what we want to see.

4.19.4 The Deputy of St. Martin:

I am sure the Minister is well aware of the principles of supply and demand. Would he agree with me that the only real way to drive down rent is to increase supply?

Senator S.Y. Mézec:

This was something that was raised in the election campaign time and time again. I have always said that, yes, it is an important way, but it is not the only important way. We have a housing stock in Jersey, which frankly is not utilised to its full potential as things stand. We know that we have a 7 per cent vacant property rate. We do not need to build more homes when there are empty properties that should be put back on the market. Of course, I support the efforts that are being taken, not just by social housing providers, but by the Parishes as well, to provide homes in their areas as well. I 100 per cent support that and want to see more of that, but I will not accept that supply is the only issue here. It is also about appropriate management of the stock we already have.

4.19.5 Connétable S.A. Le Sueur-Rennard of St. Saviour:

The Minister has spoken about the housing stock. Is he going to reverse the idea that has been going around so far that the States are selling off their stock? I have some housing estates in my Parish and it comes up quite a lot that they are being sold on. I cannot believe that we are desperate to house people and yet we are selling States stock to tenants who are then selling them on and moving on. Could I ask the Minister if he could try and reverse that, because it would help enormously with their own idea of housing people?

Senator S.Y. Mézec:

I find it deeply uncomfortable to see the idea of States properties being sold off when there are waiting lists for people who need social housing properties. I do not think it is necessarily wrong to say that we should help facilitate first-time buyer schemes, which means we are creating new properties to be sold off. I do not think that is the wrong thing to do. I am uncomfortable about properties within our social housing stock being sold off. Yes, I am uncomfortable with that.

4.19.6 Deputy R.J. Rondel:

The Minister claims that there are thousands of empty properties around. Does he have evidence of this? Could he perhaps produce a list? I have a job to believe that figure, but I am willing to understand if we can get a bit more detail. Thank you.

Senator S.Y. Mézec:

Yes, the evidence for that was the last Jersey census, which I fully take the point is out of date now. It was in 2011 that that happened. They said at the time that there were 3,000 empty properties. That does not include a breakdown of why those properties are empty. Of course, many of them will be empty for perfectly legitimate reasons and I think it would be wrong to impose any sort of sanction on those who have properties empty for good reasons. I am concerned that there are properties that are empty without good reason. I think it is right that the States does something to incentivise those back on the market. Again, this was something that I discussed with the Chief Minister at the formation of this Government and it is on our work programme to look and see what we can do about that.

4.19.7 Deputy R.E. Huelin of St. Peter:

While this question started off with Andium Homes, it seems to have drifted into private landlords and that aspect of that particular business. Can the Minister, please, clarify for us his interest or desire to look at trying to control commercial businesses and commercial industries in this Island? Sorry, "commercial" could lead to a different connotation. Can I suggest "the private landlord business"?

Senator S.Y. Mézec:

Is the Deputy referring to rent caps?

The Deputy of St. Peter:

Yes.

Senator S.Y. Mézec:

There has been a petition, which has exceeded its 1,000 mark to get a response from me, which the Deputy can await with eagerness, I am sure. We have not committed to any form of rent cap, but what we have committed to is looking at the rental market, looking at what levers there are to affect costs and hopefully bring the costs down for tenants. I would say to him that caps are one option that has not been agreed to pursue. It obviously has difficulties associated with it.

4.19.8 Deputy G.P. Southern:

The Minister will not be surprised when I say that some of us on this side of the House are less than fascinated by the Minister's state of mind. The statement: "I am uncomfortable with the selling off of social housing", is inappropriate. "I am so uncomfortable that I am going to do something about it", would be a far more useful answer. Again, will the Minister try and avoid these generalisations like: "I feel uncomfortable about it", because that does not produce action. What action does he want to take, from investigation to stopping some activity is more to the point? Will the Minister pay attention to that?

Senator S.Y. Mézec:

I thank the Deputy once again for his help. I will give him my absolute assurance that at my next meeting with the board from Andium Homes I will add the agenda item to understand better what the situation is now, so that we can understand what can do about it; at the next meeting. I can guarantee that.

4.19.9 Deputy M. Tadier:

Does the Minister agree and will he defend the right for State intervention, even in the private sector, given the Jersey context that in Jersey the States outsource social landlords' duties to the private sector, who are in receipt of some £10 million a year in income support benefit and also the fact that the State has an inherent responsibility when it comes to the provision of adequate and affordable housing, not just in the social sector, but for all Island Residents? Does the Minister agree that the regulation needs to apply equally into the social sector and that it does need some form of regulation, including rent control in the private sector?

Senator S.Y. Mézec:

There are some who, for philosophical reasons, are terrified at the idea of the State intervening in any sort of market in any sort of way. I am not one of those people. I think that markets can end up distorted, particularly in small jurisdictions like this one where we have limited space and limited resources. On that basis, I do think it is right that when it is connected to something which is such a basic need for everybody - everybody needs a roof above their heads - I believe that it is right that a government seeks to intervene, where appropriate and where it will improve things, to deliver on behalf of those we represent, so that they can have decent and happy lives.