

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 20th FEBRUARY 2018**

**Question**

Will the Minister –

- (a) detail what impact the policy of above-inflation rent rises (RPI plus 0.75%), and the move to rent levels for new tenancies of 90% of private sector levels, have had (or will have over the next 5 years) on the return to the Treasury and the repayment of the housing bond dividend, and also the amount required to support those tenants of Andium Homes in receipt of the Income Support rental component;
- (b) state what measures, if any, he has in place to prevent excessive rent rises in the private sector leading to increased rent levels in the so-called social sector; and
- (c) state what the impact of a rent-freeze on Andium rents would be on States revenues?

**Answer**

- (a) P.33/2013: The Reform of Social Housing introduced a rent policy of a return to near market fair rent levels as part of a series of changes to transform the provision of social housing.

A near market rent policy was proposed and set at 90% enabling the maintenance and back log maintenance required to achieve the Decent Homes Standards to be undertaken and also to make the creation of new affordable housing stock financially viable.

A near market rent policy is essential if the servicing and repayment of the Housing Bond is to be sustainable and affordable.

The annual return to the States is determined by the Transfer Agreement signed between Andium and the Minister for Treasury and Resources. It is an agreed base sum inflated annually by the June RPI. It is not directly linked to above-inflation rent rises or the move to 90% of private sector levels.

An initial increase in the budget for Social Security was agreed as a result of the rent policy agreed as part of P.33/2013, such that Income Support rental components were increased so that families in receipt of the benefit were not worse off as a result of the new policy.

- (b) The Minister for Treasury and Resources has no direct responsibility for private sector rent levels. However the Minister for Housing is clear that a consistent supply of housing across all categories of tenure, which has been supported by the measures put in place following P33/2013, will help reduce the upward pressure on housing costs.
- (c) There is a Variation Procedure within the Transfer Agreement (annual return). If Andium were forced to freeze their rents they could invoke this Variation Procedure to end the annual inflation increases to be paid to the States. They could also seek to reduce the annual return further, to compensate for the lost income which they would have reasonably anticipated when they made the loan repayment contractual commitments for borrowing from the Bond monies. A rent freeze would also limit the amount that would be paid out through Income Support which may partially offset any reduction in the annual return through the Variation Procedure being invoked.

It should also be noted that freezing rents does not help the poorest members of society. This can only be achieved through income support. A rent freeze would also make new build schemes less viable and further limit the development of more homes. This would impact supply and therefore increase rents. Effectively it would undo the positive principles that the Housing Transformation Programme was established upon.