

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON MONDAY 19th MARCH 2018**

Question

Notwithstanding the response to Written Question 53/2018, and further to the Statement of Comprehensive Income presented on page 25 of 'Andium Homes: Annual Report 2016' (R.78/2017), will the Minister

- (a) inform members of the projected figures for total rental income in each year from 2017 to 2021 and break down the projected increases in rental income in each year to show how much of each increase is due to the:
- Increase in the number of properties;
 - Increase in rents by RPI + 0.75%; and
 - Increase in the number of tenancies with rents at 90% of private rental levels; and
- (b) provide projections for each of the years from 2017 to 2021 for the following matters:
- Operating Surplus before the return to the Guarantor, depreciation and impairment;
 - Return to the Guarantor; and
 - Operating Surplus before depreciation and impairment?

Answer

The information requested is laid out in the table below. The information is taken from Andium Homes' 2017-2021 Strategic Business Plan and supporting documentation.

	2017	2018	2019	2020	2021
	£000s	£000s	£000s	£000s	£000s
Rental income:					
Core stock and other movements	45,166	45,674	46,388	49,443	54,922
New properties	-	241	1,506	4,748	5,670
RPI + 0.75%	1,118	1,201	1,157	1,298	1,332
Impact of new tenancies in year	347	646	866	941	836
Rental income	46,631	47,762	49,917	56,430	62,760
Operating surplus before return to the Guarantor, depreciation and impairment	29,075	31,227	31,408	31,133	32,274
Return to the Guarantor	28,164	28,650	29,102	29,625	30,159
Operating Surplus before depreciation and impairment	911	2,577	2,306	1,508	2,115

Andium Homes implement the rent policy adopted by the States Assembly in P.33/2013 '*The Reform of Social Housing*'.

As noted in the response to Written Question 53/2018, referred to by the Deputy above, Income Support is available for up to the full amount of rent charged on an Andium Homes' property (as long as the household is occupying a property appropriate for its needs). Any reduction in rent would, therefore, only serve those who do not qualify for assistance through Income Support.

Income Support is the appropriate means to assist households who need financial assistance. Restricting rents would only result in there being insufficient funds available to maintain rented accommodation and the delivery of new homes would become unviable.

The Return to the Guarantor represents a charge for the use of the States property assets transferred to Andium Homes upon incorporation. However, the Return is not new; prior to the incorporation of Andium Homes a similar return was made by the Housing Department. It is used, in part, to fund Income Support payments as well as other vital services delivered by the States.

Since the incorporation of Andium Homes, the return has been fixed in real terms (being adjusted by RPI each year). The rent policy and the stability of the Return to the Guarantor provides Andium Homes with a sustainable business model capable of bringing all rental properties up to the Decent Homes Standard by 2020 and able to deliver much needed new homes for Islanders.