

2019.11.25

7 Deputy K.G. Pamplin of the Minister for Children and Housing regarding recently recorded increases in private sector rental prices: (OQ.289/2019)

What action, if any, will the Minister take in response to the finding of the latest Jersey House Price Index from Statistics Jersey that private sector rental prices have increased by 1 per cent during the last year?

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

The rising rent costs continue to be one of the biggest challenges for families struggling to make ends meet in Jersey, which I am sure Members of this Assembly are well aware of. The Deputy will know that there is ongoing work being done by the Housing Policy Development Board, which is considering a range of policies to improve the housing market, stabilise rents and increase the supply of good quality, affordable housing in Jersey and that Board will be presenting its findings to the Chief Minister early in the new year. But in the Government Plan, which we will be debating for the rest of this week, he will see that there are bids in there for funding that will enable me to undertake projects starting next year, including improving the Residential Tenancy Law to provide better stability for tenants, look at setting up a rent control tribunal which will have powers to tackle unreasonable practices in the private rental sector and also introducing a legal framework that will control the level of letting fees that are currently being charged to tenants in the Island, many of which they cannot be charged in other jurisdictions, because they have been quicker to deal with this unfair cost that is put on tenants.

3.7.1 Deputy K.G. Pamplin:

I thank the Minister for his answer. In the last 2 years, statistics in front of me show that private rental prices have increased by over 15 per cent. This is based on the 2002 levels; this alongside the decision by former Assemblies to have 90 per cent social rent as the benchmark. Is it the Minister's view that this is working and does there need to be a re-think?

Senator S.Y. Mézec:

It is absolutely not working, that is blatantly obvious. I said in my election campaign that I consider the housing market to be broken. I still consider that to be the case and I find it supremely frustrating that our government system does not enable these issues to be dealt with much quicker, especially when there are solutions to some of the parts of this problem that are staring us in the face, because we can see what other jurisdictions do with great success. The U.K., as I mentioned before, has banned certain letting agent fees and looking at how rents are dealt with in places like Vienna in Austria, which I think has got a pretty good system. No, the situation is not working and that is why, when the Housing Policy Development Board reports back, I will be very interested in what feedback Members will have, because it will have a wide-ranging series of recommendations, not all directly to do with rents and tenancy laws, but also to do with the availability of land and how that can be made, so we are getting the best use out of land and, therefore, the best costs out of it as well.

3.7.2 Deputy K.F. Morel:

Notwithstanding that we are all looking forward to the results of the Housing Policy Development Board's review, having been in office for 18 months now, would the Minister appraise the Assembly of the steps he has taken so far to try and bring down the cost of renting in the Island?

Senator S.Y. Mézec:

It was the case, right since the very moment that I took office as Minister for Children and Housing, that I had dealt with the Chief Minister and agreed that this would be the course of action we would go down. I said during my election campaign that putting proposals together to deal with the overarching issues here was not a simple piece of work and would take some time to achieve. What I do not have the power to do unilaterally is issue a decree that says: right, we are cutting rents by this amount, or: this legislation is being passed instantly without it having to go through the usual procedures. So, I am extremely frustrated that things take as long as they do, but I am satisfied that the Housing Policy Development Board is doing the work as best as it can and I know Members will look forward to its recommendations being published.

3.7.3 Deputy K.F. Morel:

Given that the Minister is quite clear that he has particular ideas in mind, such as rent control tribunals and things like this, why is he indeed waiting on the Housing Policy Development Board, why is he not just ploughing ahead, creating policy himself as Minister he is charged to do?

Senator S.Y. Mézec:

Well, there are 2 things I would point out to that: the first is that many of the issues that affect the housing market, there are levers that are not within my reach, because they fall into the reach of other Ministers, planning being an obvious one if we are going to talk about the cost of land and that is why we have to work together to find these wider solutions. But I would say to the Deputy, as he can see in the Government Plan, I have got bids in there to get a substantial amount of money, which will enable me to do some of this policy work and I am very much looking forward to cracking on with it. I wish we would have been able to have a more flexible M.T.F.P. (Medium Term Financial Plan) system and we have had that debate several times here.

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

According to the question, the private sector rental prices have increased by 1 per cent during the last year and I think R.P.I. (retail price index), as we found out over the last quarter, was 2.7 per cent. Does the Minister not think that his policies, such as they are, have been very successful?

Senator S.Y. Mézec:

I would greatly accept that if it is intended, as I think by the Deputy, as a commendation of my success as Minister, but I do not agree with him in that I think the R.P.I. figures are probably misleading, especially when you are looking at real terms earnings. The figures are skewed, because we continue to have a society where those with the most amount of money continue to see their wealth concentrated and those at the bottom are becoming worse off. So, I think those statistics are not very useful if you are trying to understand the situation that ordinary working people at the lower end of the income scale are living their lives.

3.7.5 Deputy R.J. Ward:

As a point of clarification, may I ask: is the figure of 1 per cent last year accurate? I am not so sure it is ...

The Bailiff:

Well, I am sorry, Deputy, this is question time. You cannot make points of clarification, they do not exist. You have not yet asked a question of this Minister. If you want to ask a question of the Minister, then you are perfectly at liberty to put your light on and ask a question but ...

Deputy R.J. Ward:

But the problem is, I think they are talking about a question that there is a wrong number there and so the whole debate is somewhat flawed.

The Bailiff:

I understand but there is no conceivable way the Presiding Officer can make a ruling as to whether, or not, the statistic is accurate. If you have a question for this Minister, by all means pose it. I can call on you now if you wanted to do that.

Deputy R.J. Ward:

Does the Minister believe that the 1 per cent figure is correct in the question?

Senator S.Y. Mézec:

I thank the Deputy for his extra minute's notice of this question. That statistic has been given to us by the Jersey Statistics Unit, in whom I have a great deal of faith. I think that the work they produce is very important. That is in the Retail House Price Index, which is published on the gov.je website. He can look at that to see what that figure represents, because within a number will be a million other numbers that can tell you all sorts of different stories about what is happening on the ground, but their report will be helpful to work out exactly how they have come to that particular figure.

3.7.6 Deputy K.G. Pamplin:

It would not surprise Members of my research, it is right in front of me, on a rolling 4-quarter basis: 'Advertised private sector rental prices increased by 1 per cent during the year and in quarter 3, 2019 compared with the year ending quarter 2, 2019.' On this and hearing other Members ask the questions, will the Minister get to a point where we do have - and quite rightly - a climate emergency? But if this is unattainable, when do we declare that we having a housing emergency on this Island?

Senator S.Y. Mézec:

That is an excellent point and I am going to have to say to Members of this Assembly that whether we are able to deal with this properly, or not, will depend upon how brave we, as the collective representation of the people, are prepared to be. It is my view that we have a market that works too much in support of the rights of investors, as opposed to the rights of people who need a roof above their head. Some of the proposals that the Housing Policy Development Board are likely to propose are things which I suspect will be challenging to some people. I hate to make this point, but there are more landlords represented in this Assembly than there are in the wider society and that means that people are going to have to think very hard about how we deal with this. Some of those solutions may not look like things that this Island has been prepared to put up with previously, but I hope this Assembly will be brave and accept that we do need drastic action on this.