



Health, Social Security and Housing Security Panel

Quarterly Hearing with the Minister for Housing

FRIDAY, 10th MAY 2013

Panel:

Deputy K.L. Moore of St. Peter (Chairman)
Deputy J.A. Hilton of St. Helier (Vice-Chairman)
Deputy J.G. Reed of St. Ouen

Witnesses:

The Minister for Housing
Assistant Minister for Housing
Chief Officer, Housing
Finance Director, Housing
Project Director, Housing Transformation Programme

Topics Discussed

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[11:00]

Deputy K.L. Moore of St. Peter (Chairman):

If everybody is settled we shall begin. Good morning and thank you for joining us for this quarterly hearing of the Health, Social Security and Housing Scrutiny Panel. We will start please by introducing ourselves. I am Deputy Kristina Moore, Chairman of the panel.

The Deputy of St. Peter:

Thank you all for joining us and thank you also to the members of the public. I hope they will abide by the code of conduct that we have, and I am sure everybody is aware of that. Minister, if we could start. Thank you very much for accepting 14 of our 19 recommendations made in our review of your Housing Transformation Programme, particularly with regard to bringing forward alternatives to the regulation, and we hear that you also accept our amendment to your proposition, for which we are also very grateful.

The Minister for Housing:

Yes, I am sorry that the actual comments have not yet got out but they are about to be released. It takes time, as you know, but we have accepted both of your amendments. The Greffier is working out where they come in order of the debate, because you know we have got 5 amendments, but we have accepted both, so the Minister for Housing will remain. I think the machinery of government may determine the Minister for Housing's role. There is no doubt there will be a Minister for Housing now, because we have accepted that, but they may have a slightly different portfolio, a wider portfolio, rather than a restricted one. That will be machinery of government and all the other work that is going on. Of course a regulation one always had to come back to the States but we have accepted that it needs to be proportionate and appropriate to Jersey and of course we will work with yourselves and with the trust chairmen, I think are probably the most interested parties in ensuring that we have appropriate regulation.

The Deputy of St. Peter:

On the subject of regulation, what consideration are you giving now to alternatives to an independent regulator?

The Minister for Housing:

I still think it is right to have an independent regulator. I am not really considering any alternatives to that but I am taking on board your comments that the regulations need to be proportionate. We, I think, have suffered in the past from not having some sort of regulator in terms of the rent system and because of that the lack of maintenance and lack of investment, and a regulator will bring all that together. It is only a part-time post but I think it is very important that it is independent.

The Deputy of St. Peter:

Has any consideration been given to sharing that role with Guernsey?

The Minister for Housing:

Yes, certainly, and the jury is still out on that one. We are quite happy to share with Guernsey. Guernsey at the moment, of course, have a different setup and their Housing Association, I know we saw in the paper the other day that they were considering, I think, rather than definitely were, selling off their properties, but that is another thing. At the moment the Housing Department is the regulator in Guernsey and certainly when we have listed there we floated the idea of sharing a regulator but the setup is somewhat different at the moment. But certainly if that is possible that would be the way to go.

The Deputy of St. Ouen:

You talk about having an independent regulator and you seem to speak in terms of an individual. One of the options, as I understand it, is that you could have some form of board or group of individuals who would act collectively as a regulator.

The Minister for Housing:

That may be one way of doing it. I am not too uptight as to how we do it. What I am very definite about is that it needs to be independent and whether we do that by some board or whether we do that by an individual, it is probably the individual that would ... you would still need an individual to lead it even if he was supported or she was supported by lay members. That is work to be done. What we are asking the States on Tuesday, Wednesday, depending on when it comes up, is do they accept the principle of needing regulation. Then we are going to pick up on your good work and talk to chairmen of trusts and all that sort of thing, to ensure that we get something appropriate for Jersey. If that independent person needs support with some lay people around, I have no objection to that. That is work to be done.

The Deputy of St. Ouen:

One of the issues that we raised in our report was how independent is an independent regulator when direction is coming from a political group?

The Minister for Housing:

That is a very good question, and I think direction is only in one way. The Minister for Housing, because we have accepted we are keeping that now, will be able to ask the regulator to look at certain things but will not be able to tell the regulator not to look at certain things. So direction will be only guidance in terms of: "I would like you to look at this." It cannot be the other way round: "I do not want you to look at" whatever.

The Deputy of St. Ouen:

We speak about the need for buy in, for want of a better word, with regards to not only the Council of Ministers but the States as a whole with regard to the provision of social housing and so on and so forth. Would you not agree that it is important that any regulation is based around some agreed principles that have been fully adopted by the States?

The Minister for Housing:

Of course, and we will be working, as I say, with the chairmen of trusts and looking at other good practise, particularly around housing associations in the U.K. (United Kingdom), and then bringing it back to the States. The States will be the final decider. But I hope that they will endorse whatever it is we finally come up with. We do not just want to pay lip service to regulation. I do not want you to think I am just going to roll over in terms of ... if we are going to have regulation it needs to have a definite role, a definite outcome and it needs to be able to enforce whatever regulation the Strategic Housing Unit recommend. But it needs to be proportionate to Jersey, and I accept that. There is no point in having a regulator though that cannot regulate.

The Deputy of St. Ouen:

I think it was interesting to note that the comments that you sent or notes, should I say, from Professor Christine Whitehead clearly says that it is difficult to determine the appropriate form of level of regulation but she also goes on to say it is important not to overegg the process.

The Minister for Housing:

Absolutely.

The Deputy of St. Ouen:

I think that is an issue that this panel will want to explore further and be convinced that any ultimate regulation that is being proposed is not overegging the process and too draconian in its actions and its attitude.

The Minister for Housing:

I do not have any problem with the statement that you have just made. Not only will I have to convince yourselves, I will have to convince the chairmen of trusts and I will have to convince the States, so we will have to come up with something that is right and appropriate for Jersey. But to have no regulation is not right either. We would not find ourselves with some of the maintenance issues, and I am not just talking about the Housing Department, but some of the maintenance issues we found in social housing, had we had a regulator doing their job before and holding people to account.

Deputy J.A. Hilton:

Can I just ask you a question about that, because I understand that about 25 per cent of the Housing Department stock does not reach Decent Homes Standard, and I am just wondering how ... you said in part that the reason for that is because there has been no regulation but I would say that I think it is because the States of Jersey have not provided the funding to the Housing Department to maintain the homes that we currently have to an acceptable standard. So how is the Housing Department going to address that if they have not got the funds to do it?

The Minister for Housing:

You are right of course, but those funds would have been made available had the regulator been in place and saying that this work needs to be done.

Deputy J.A. Hilton:

But would they have been made available because we have had plenty of debates in the States of Jersey when money has been requested and denied. In fact recently we have had the Minister for Treasury and Resources saying ... I believe he has got £22 million worth of funding for capital projects, so why is it when we know that housing for Jersey people is substandard, why is it that the money still is not forthcoming to bring those homes up to a decent standard?

The Minister for Housing:

I have had £27 million from the Minister for Treasury and Resources recently. I have had a lot of support, I have to say, from Treasury in making that money available. I cannot say why it was not done in the past. I was not Minister, was not even a Member of the States when most of this occurred. What I do know is I am determined that we never find ourselves in that position again. The trusts have some challenges to come as well, particularly around some of the older, and one trust I am thinking of particularly stepped in and helped out in an emergency situation, but they have some challenges to come. We need to help them find their way through that, and that is about funding. It is also about holding people to account.

The Deputy of St. Peter:

That situation has been well known to you for some time, one would presume, and in your response to key finding 11, you bring up that and use that as an example about why you need regulation rather than the quality being because of the lack of funding. But you do have contracts drawn up with the housing trusts, Minister, and one could assume that perhaps a collaborative approach could have caused yourself, as Minister, or previous Ministers to raise these issues and concerns with trusts as they see fit, and to work with them.

The Minister for Housing:

Since I have been Minister I have raised the issues of concern, but I have no powers under the current set up, another reason why we need to have a regulator. I have worked very hard with the chairmen of the trusts to try and help them work their way through the problems at Grand Vaux and unfortunately it is taking longer than one would have liked. But I have no powers at the present time. I am a social housing provider, that is what I am heading up, with an interest in the trusts. I have no right to direct the trusts although I have a very good working relationship with them, since I have been Minister.

The Deputy of St. Ouen:

They would argue, I think if they were here, that the frustration that they have is that they have had a lack of support from whether it is the Parish of St. Helier or indeed the Planning Department to enable them to get development permission to start a redevelopment on the site. Is that not the case?

The Minister for Housing:

That is correct. I have worked very hard with them to try and work our way through that. They have now got, but I approve of it, a slightly different scheme that does not require the support of ... I do not think Planning is the problem. I think the problem was it needed a realignment to the boundary from St. Helier - St. Helier own the land - I do not think Planning was the problem at that particular time. The Roads Committee apparently will not support that and now, when I last spoke to the chairman about a month ago, and will be speaking to him again today, because I speak to them regularly, they are coming up with another option. But their problem is the same problem that we have. It is not just about finance. It is if you are going to renovate properties, and we have done a lot of our renovation with the tenants in place, Pomme D'Or Farm, for example, they need to rebuild properties and they need to knock down the one that is there if St. Helier will not work with them on sorting out the boundary. Where are they going to put their tenants in that time? That is their challenge and it may well be that they need to find another site as well. These are things that we are working with them.

Deputy J.A. Hilton:

Do you know why the Parish of St. Helier did not support the housing trust for the boundary issue?

The Minister for Housing:

The Constable says that it would rob the very steep côte there of light and it would be detrimental to the children's nature trail from the nursery above, and in order to try and sort of help out with that we said we could look at - it is not my trust but I was helping to sort it out - perhaps reinstating a new trail as part of the obligation of the planning permission and building ... it did not take very

much of the light, I might suggest, it is shaded anyway, and building perhaps a centre, a log cabin, which would be a focus for the children around the nature trail, but this was refused.

Deputy J.A. Hilton:

But they were obviously not happy with that.

The Minister for Housing:

They were not happy with it, no. I do not know why. I think it is very disappointing.

The Deputy of St. Peter:

If we could return to the ministerial responses briefly. You mention in the response that you do undertake benchmarking activity, which was surprising to us as we had not been aware of that. I am grateful for that knowledge now but we wonder when you might publicly make any benchmarking information that you have received public.

[11:15]

The Minister for Housing:

Okay, I will hand over on that one because I do not know when it will be available.

Chief Officer, Housing:

Yes, quite happy to. Of course we are talking about annual performance reports where we ... the previous one under I think was held by the former Comptroller and Auditor General. There is a whole host of performance measures there. We do compare ourselves to U.K. housing associations, and what we are looking for really is comparable size associations because that does give more information than trying to compare yourself to a housing association with 300 homes is just, I think as the Minister has said, apples and pears. We are more than happy to be scrutinised on performance, more than happy.

The Deputy of St. Peter:

Which benchmarking groups did you compare yourselves to?

Chief Officer, Housing:

It was merely with housing associations as opposed to groups. We have good contacts with housing associations in the U.K. and its comparisons with their performance figures. We have also had a K.L.O.E. (key lines of enquiry) review from Sector who compared us to benchmarking figures in the U.K. and we came out very well.

The Deputy of St. Ouen:

How long have you been benchmarking with the particular associations?

Chief Officer, Housing:

I would say informally over many years, more formally through Sector and this key lines of enquiry review, but yes we are always looking, especially on things like allocations, turnaround times, voids, maintenance, expenditure, et cetera, we are looking at U.K. authorities. Of course we have to introduce a Jersey measure for expenditure in terms of maintenance because it is more expensive here.

The Deputy of St. Ouen:

I am just trying to get an idea. So if we are looking for comparative data for benchmarking the extra money and monitor performance and its function and so on and so forth, how many years have you had formal benchmarking in place?

Chief Officer, Housing:

For ourselves?

The Deputy of St. Ouen:

Yes, linked to other authorities.

Chief Officer, Housing:

As I say, several years. We went through ... particularly we have put ourselves through the key lines of enquiry review by Sector and have come out favourably. Christine Whitehead has also commented about comparisons of the department with the U.K.

The Deputy of St. Ouen:

You would be happy just to confirm that this information could be published annually so that it would demonstrate to the wider audience the Housing Department or the new Housing Association is meeting certain standards and is improving in the areas that you have identified that need to be approved?

Chief Officer, Housing:

I would say that I would be happy to shout it from the roof tops because I do not think that the department gets the credit for the work that it undertakes very quietly in the background and

perhaps we nail the lie that public sector housing is less efficient than the housing trusts. Without wishing to sound aggressive, bring it on, because we are happy with what we do, proudly.

The Deputy of St. Peter:

If we could move on, the Minister stated that the role and purpose of social housing does not need to be agreed by the States prior to going ahead with rent reform. We would just like to explore that a little because the sub-panel felt that not establishing the States moral obligation to house the most vulnerable in our community could lead to more policies being produced that it focused on finance rather than welfare.

The Minister for Housing:

I see where you are coming from now.

The Deputy of St. Peter:

So could you explain for the record why you do not think it necessary to agree a policy definition?

The Minister for Housing:

I do not disagree with the comment that you made in terms that it should always be targeted at the most vulnerable but then you get into a whole debate about what is vulnerable. I think this should form part of the regulation that will be coming back to the States. This will be done but it will form part of our regulations that we will bring forward when we do the regulation debate, because what do you do about the changing situation. I need to be clear in my own mind about this. Somebody who is housed is vulnerable and I think you have made the comment in your report about how you move people on when they are no longer vulnerable. That needs to be sorted out. Of course we do have options there. We do have the right to buy on deferred payment, but we need to get all that working well, through the Strategic Housing Unit, but I think we can define social housing much better as part of the regulation. So you will have your definition.

The Deputy of St. Peter:

If I remember correctly, the draft regulation that came through, which obviously was not a public document, but there was a legal definition there and what we are talking about is not a legal definition of social housing but a social and moral definition.

The Minister for Housing:

We have taken on board your comment “appropriate for Jersey” and, okay, we can have a legal definition but we need to define that in Jersey terms. We will do that, that will be part of the regulation. I am not saying we are not doing it, we are saying it will come back later.

The Deputy of St. Peter:

As well as the social definition?

The Minister for Housing:

Yes.

The Deputy of St. Ouen:

Just so we are absolutely clear, because you seem to always slip in, "It will be part of the regulation." What we are being clear hopefully in saying in our report is that, yes, it is important that there is a legal definition, however you speak about wishing to develop a housing strategy, you talk about social housing provision, and what we are saying is that unless you have got a clear identified responsibility that everybody has signed up to, and I mean everybody in the States, regarding the provision of social housing, and how it should be provided, then you will always have the difficulty that you will match the aims and objectives of any Minister for Housing with the needs of the community.

The Minister for Housing:

I agree with most of what you say but I think you are setting a very high bar, if you say "everybody in the States". I think we need to say the majority.

The Deputy of St. Ouen:

The majority.

The Minister for Housing:

Yes. But otherwise, I am with you.

Chief Officer, Housing:

Could I just say, Chairman, that of course if the States were to approve P.33 then subsequently certain things will come after that, and one of those things will be the transfer agreement, and within the transfer agreement will be a very clear definition of what the new housing company would be required to deliver in terms of social housing and its roles and responsibilities, and again debated by the House.

The Deputy of St. Ouen:

We understand that will be part of the case but again we are looking at a slightly bigger picture and not just the States social housing but all social housing providers and indeed a sort of almost indirect extension into the private sector because we acknowledge we cannot house everybody in our own rental accommodation, and therefore we will have to support people and continue to

support them within the private sector. I think that is where part of our disappointment comes to, to reject one of our recommendations it says, as you look at regulation why are you then focusing simply on the social housing relative to something the States could buy, and rather than looking at the rental sector which includes obviously the private.

The Minister for Housing:

I think we need to be careful though that we do not try and do everything in one go and end up doing nothing because our remit is far too wide. So we need to be careful on that. But we are at one on what you are trying to achieve, what you want us to achieve.

The Deputy of St. Peter:

The Housing Transformation Programme proposes to bring in 90 per cent rents for re-lets and new tenancies only, which will mean that rental income will grow more slowly as noted by Professor Christine Whitehead in response to the Housing Transformation Programme. Can you explain the impact this will have on renovating the 28 per cent of housing stock, which falls below the Decent Homes Standard, and given that the Housing Transformation Programme was proposed initially to address the poor state of housing stock, do you think that slowing down of urgent improvements is acceptable?

The Minister for Housing:

I will answer the latter bit in a minute but the Housing Transformation Programme was not only about addressing the Decent Homes Standard, it was also about addressing the availability and that is very important as well, and availability not just on affordable social housing but affordable homes for people to purchase it. We need to get that synergy right where people have worked hard and their conditions have improved, and they need to move on. I think you used the term “exit gateway”. We need to get that right as well for encouragement. That will probably be around deferred payment schemes or whatever. We need also to get why some of those homes do not meet the standard and some of those homes may be well laid out, may be well looked after but are heading towards the 20-year mark whereby you would normally be looking at do we need to replace the kitchens, do we need to replace the bathrooms? It does not mean they are bad places to live. So some of those will fall into that category, and of course we do have some that I am not happy about that are not completely wind and watertight or properly insulated, and we will be getting on with those. It does not really delay ... we have a 10-year plan to do that and that is in order of priority, most urgent things being done first. It does not really delay the lowering of the income because we will be able to borrow the money that we need to do to support our 10-year plan. That 10-year plan has not changed. The officers might like to add a bit of detail but that 10-year plan has not changed as to how we are going to finance it.

The Deputy of St. Peter:

Are you confirming then that if P.33 is accepted by the States that all the Housing Department stock will reach Decent Homes Standard within 10 years?

The Minister for Housing:

Yes, and that was always the plan.

Finance Director, Housing:

The investment profile in the stock has not changed as a result of the revisions of the rents policy to the re-lets only. You may ask what is filling the gap. What we had before was transitional arrangements for tenants who could not afford the 90 per cent rental in 14, so there was a phasing already. But also the Minister has managed to convince the Minister for Treasury and Resources that all the additional income support costs are not going to be met by the new housing company, so there is that £2 million in real terms of income support costs that the Minister for Treasury and Resources has agreed to find over the 30-year period and it builds over 30 years, so there is more money in the pot.

The Deputy of St. Ouen:

I believe that the figure 28 per cent of the housing stock which fall below Decent Homes Standards is quite a historic one, it probably relates back to 2010, even before, and the question I would like to ask, is what position have we now reached with regard to Decent Homes Standards. Is there a lesser percentage that needs to meet that standard following the investment, and if so can you give some indication of what that might be?

The Minister for Housing:

I cannot give the exact indication of losses. It is less. I mean we need to finish Pomme D'Or Farm. We have got other on the go now at La Collette and Jardin des Carreaux is complete now, so we have done more and we have got more planned but if you could answer the exact percentage I would be grateful.

Finance Director, Housing:

In 2010 we undertook a condition survey, 80 per cent external survey of all stock and 20 per cent internal. In terms of the external stock it included every single block, so we did not survey every single house, but what that showed us was 73 per cent of homes did meet Decent Homes Standard, but these things move on, so what might meet the standard today, in 5 years' time might not as things get older. In 2012 we did a limited condition survey on some of the units and updated the survey based on the 2010 and the percentage was 76 per cent meeting Decent Homes Standards, so there was an improvement. No doubt there will be further improvement if

we did that again now, and we are planning to do a complete full survey in 2015 to assess where we are. But these things obviously cost money and we cannot afford to ... I think there will be no value, I do not think, in assessing the whole stock every year. But on a 5-year basis clearly you get a direction of travel.

The Deputy of St. Ouen:

I hear exactly what you are saying but my question on this fact is you are saying we are going to meet the standard in 10 years' time, and yet you are saying over the last few years although we have invested significant sums of money, something like coming up to £40 million, I believe, we might only have increased the standards by a relatively small percentage. My question is, how on earth are you going to convince the public that this investment is delivered?

[11:30]

The Deputy of St. Peter:

Before you answer, sorry, I would also like to add that you do have the backing of the States Assembly here because they agreed P.6 in 2007, which set a target of 2016 for reaching Decent Homes Standards for all of the properties. Now you may answer.

The Minister for Housing:

Before the Chief Officer answers, that was in the context of a totally different economy that we were in at the time and relied on selling a significant number of homes, which just cannot be sold.

Chief Officer, Housing:

In the Property Plan, Housing brought forward proposals because at that time discussions with Treasury there would not be a reduction in the return, et cetera, and we could not put rents up either. That left you with selling some of the homes. But, as the Minister said, the economy has changed slightly from 2007 and if we had been able to predict that I probably would not be sitting here, I would be sitting somewhere else. But that is what happened. But P.6 was a short-term response to significant issues. We are spending millions and millions of pounds on the housing stock, more than we have ever spent. We know the stock well. We have carried out condition surveys and we know what needs to be done. When people talk about the Decent Homes Standard they will often consider places like Le Squez, and that might be because certain parts of the media camp down at Le Squez and always seem to take photos of Le Squez, as that is reflective of States rental accommodation. It is not. We have some of the finest homes you will find anywhere and a lot of the homes are in extremely good condition, and so they should be because of the amount of money that is being invested in them. If you look around this Island at the moment, a lot of the scaffold that is up, is up on our estates. What we are talking about with

Decent Homes Standard is you can talk about bathrooms and kitchens, and matters like that, which drags a home into effectively not meeting the Decent Homes Standard. But the quality of the stock and the condition of the stock has improved significantly over the years and with the added injection of funds, we know through the condition survey and the programme of works, that we will achieve the Decent Homes Standard in 10 years. It is down to the funding and the long-term planning, which we have never been able to do. It has always been short-term money.

The Deputy of St. Ouen:

I would suggest, and I would fully understand, that some of these headlines, 28 per cent of our homes do not reach a certain standard, sets alarm bells ringing. But in fairness it is the Minister who has made and continues to make those statements, and does not necessarily identify the improvement, as you quite rightly have mentioned, that have taken place. So I suppose, Minister, I am asking you that perhaps as you move forward that you use information that you have to show the improvements that are being made and how that the money that is being invested, which is public money after all, is being used to address some of the concerns and the matters that the media would choose to highlight.

Chief Officer, Housing:

Before he says that, I think it is very important to say 66 per cent of our stock was built before 1979. What you do is, and this is where people think you have got 20-something per cent of the stock not meeting Decent Homes Standard, and it is a fixed group of homes, but as they get older other home stock falling into the position of not meeting the Decent Homes Standard, so it is not the same 20-something per cent that is dealt with, but what we are saying is, if you look across the stock it needs significant investment, otherwise you are going to be in a position where more of it will not meet the Decent Homes Standard.

The Minister for Housing:

This is a 30-year plan. I will not say it is a first for the States but it is certainly unique or fairly unique that the States actually have a plan that goes beyond patching up and hiding the symptoms that fundamentally deal with the problem. This is a 30-year plan to deal with the problem on-going. Okay, it will change, it will develop, we are going to develop a Jersey homes standard, not just rely on the U.K. one. But we all know, those of us that maintain our own homes, what was fine 10 years ago or even 5 years ago needs work, things have changed. This is a 30-year plan. This is dealing with the fundamental problem of maintenance and supply and this is not coming cap in hand to Treasury every time they want to do something. This means that we will be able to stand on our own 2 feet and deliver the homes that the local people deserve to have.

The Deputy of St. Peter:

While you mention supply, can we move on and talk a little about that. We are very interested in your response and you referred to at least 637 additional homes being delivered over the next 10 years, and we wondered if you could explain where you get that figure from?

The Minister for Housing:

Because I can never remember all the lists I will ask one of my colleagues to answer that, because I will only remember the schemes that we are currently working on.

Finance Director, Housing:

Within in the planning for the housing company there are 598 new units of accommodation that will be built. There are also 164 units that will be demolished, principally at Le Squez. So that is a net new build of 464. In addition there are 203 new homes that are being provided by housing trusts. That is where you get your 637. A lot is made of a net additional 84 homes for the housing company and that will not meet the requirement, but because from the 434 you can take off the 300 sales but actually the 300 sales will predominantly be to tenants that are already in the social housing stock. So those tenants will buy their homes and move out. There will be 434 new homes that will be built and they will then be available for people on the gateway, in addition to the 203. So all 637, in addition to the normal churn of voids that come up every year, will go to housing people that are on the gateway. So it is not quite right that you are saying ...

The Deputy of St. Peter:

But how many of those units will you sell off in that 10-year period?

Chief Officer, Housing:

Not the new ones.

The Deputy of St. Peter:

But you are still reducing your stock overall by selling them off, and I take on board your point about selling them to tenants, yes, but when you house so many people who require ...

The Minister for Housing:

Which releases that capital.

The Deputy of St. Peter:

... housing in social housing should there not be another tenure of housing?

The Minister for Housing:

You have to understand, I hope you will, that once you get the rent levels at the right level, the 90 per cent, the only limiting factor in building, and this is not rocket science, is sites because they will be self-financing, and we will be in a position to be able to borrow. I always refer to the very small project that I headed up in town, 6 units of accommodation, we did not have enough money to buy it - this is for people with brain injury - the rents paid a mortgage. So over 25 years, we have got people housed now, not waiting 25 years to be housed or anything like that, they are housed now and their rent is paying the mortgage, and in 25 years' time that property will belong to the charity. Technically it belongs to the charity now but you understand what I am saying. Once you have got the income at the right level and therefore you can afford then on a site by site basis, the business plan stacks up, it is only the site availability that is a limiting factor.

The Deputy of St. Peter:

After how many years will you have that sufficient level of income to borrow the money to build new sites? How long will that take, Minister, to provide that extra supply?

The Minister for Housing:

I go back to my original comment. If the site is available and the number of buildings that you can get on to that site stacks up you can go and do it tomorrow, providing they have got the site.

The Deputy of St. Peter:

So is that dependent on those sites being States-owned sites?

Finance Director, Housing:

Any site.

Project Director, Housing Transformation Programme:

Any site, as long as it's viable.

The Minister for Housing:

And you know the Minister for Planning is working on bringing back the housing chapter in the Island Plan to make some sites available to us.

Chief Officer, Housing:

What we have tried to do, and we came up with various scenarios, is produce a model and a plan that says we will build, and we are able to build whatever the States wants us to build. So if that is hundreds more homes, fantastic. We can build the rent model, the 90 per cent makes that viable. But it would not be any point saying we are going to build 5,000 homes because quite rightly somebody is saying where you were going to build them. We need those sites and we need that activity from the Minister for Planning, et cetera, and the Strategic Housing Unit hopefully when it

is established, that will bring those sites forward and allow the providers to get on and build them and be held accountable for doing that.

The Deputy of St. Ouen:

I am slightly confused by some of the comments you have made about the rental policy because apart from obviously the States Housing Department we have trusts, and trusts are based on a different model and have been for some time too, back at the Housing Department. In fact I know that the Housing Department are wanting to be as free as the trust to be able to invest in social housing. However, even with the support they have had, they are telling us, the economic climate has changed and it is far more difficult to access borrowing commercial money, which you are suggesting you obviously need, to provide and develop housing. Furthermore, you point to the Minister for Planning and say he is not allowing sites to be developed ...

The Minister for Housing:

I did not say that. What I said was he was bringing the chapter back and ...

The Deputy of St. Ouen:

Minister, just let me finish. The Island Plan clearly says that the States property should be developing social and affordable housing. That is where, is it not, that we are having the problem in freeing up this States land, so that trusts and anybody else can use money that is available to build essential homes?

The Minister for Housing:

That is the real world, is it not, because the site at Rouge Bouillon where the police station, Summerland and all of that is will go to housing. But for that to go to Housing the new police station has to be built. I have got people on the list now. Yes, that is banked for the future, that will be ours, and we need to get on with it now and if we bring back some of these sites because I did not say the Minister for Planning was not bringing them back, I said he was bringing them back. He has rewritten the chapter, he will be bringing it back. That is important. It should never have not been passed last time when the independent planning inspector said that the 2 sites, Samarés and Longueville particularly, there are others but those are the 2 that spring to mind immediately, for the best sites in Jersey for development for social housing and yet, probably because the Constable did not want it, the States did not accept it. That was wrong then, it will be wrong if it happens again. But the Minister for Planning is working on that. I mean it is dead simple. How did most of us buy our homes? We saw a house we liked, we had a deposit and then we pay for it over 25 or 30 years. It is the same model but with the right income the models work for social housing.

The Deputy of St. Peter:

Minister, it is great to hear that the chapter H3 policy is going to come back to the States and hopefully with the political will more sites will be released, but as you know, and you have referred to it, that will take some time. You have building projects that are underway, yet again those are at least 18 months, 2 years down the line.

The Minister for Housing:

But they are underway at least.

The Deputy of St. Peter:

Yes. But what consideration is being given in the short term to finding empty properties that might be available to provide housing for those who are in dire need? You have got up to 150 people now on the tier one waiting list. What is going to be done for those people in the interim period before any of the new building comes on track?

The Minister for Housing:

In the short term there is nothing stopping people accessing private rental and being supported by Social Security. I think this is where we have gone wrong in the past. What we have tried to do is to support people that need help by keeping rents artificially low and therefore not making it possible to carry out the maintenance and investment and all the rest of it. What we need to do is to put the true costs, where it really belongs, in Social Security, Housing get on and provide housing; private rental, the Minister for Social Security has brought out a report, I think it is published now, on how he is going to deal with the private rental sector. So there is nothing stopping people going into private rental. Okay, it is generally 10 per cent higher, but the Minister for Social Security has brought in a system that will support them. That will help a few more people anyway.

Deputy J.A. Hilton:

Can I just ask you a question about supply again? You have spoken previously in the past that the criteria for social housing is very narrow indeed. There is a section of the Jersey population who are not being catered for. Currently, the States of Jersey are promoting the idea that we must employ local to cut down on immigration, so there are a lot more local people going into service industries that historically did not really happen, so will never be on particularly high salaries. Has any consideration been given to how you are going to support those people into the future?

[11:45]

I am talking about young single people who obviously will not want to stay living at home for ever but will not have particularly high salaries. We are trying to encourage local young people in to the service industries. How is Government going to help them access affordable housing?

The Minister for Housing:

Picking up first of all on the criteria. You are absolutely right that the criteria is far too tight. I am not happy about it myself. Under 25s, single people and married couples with no children who have fairly moderate incomes, maybe not the lowest but moderate incomes, are not catered for, and I can change that, go to my office and change that tomorrow or today, I can go down there, sign a Ministerial Decision, change it. Be utterly dishonest of me. Unless I can increase supply I cannot tackle that criteria problem. So we need to get the supply right before we look at the ... because these people have been given a false hope. They will be on the list but they will never get to the top of the list because there will always be somebody with more needs than they have got. On your second point, this is why we desperately need the Strategic Housing Unit to come up with ideas about affordable homes, first-time buyer type homes. My dream really is to see perhaps the scheme where almost the top of the social rented is the bottom of the affordable home price and people can move on as well. That is work to be done by the Strategic Housing Unit. We desperately need to do that work. We have never had that co-ordinated approach to housing before and that is why we need it.

Deputy J.A. Hilton:

Do you think if those policies were in place now, the percentage of people currently in social housing who should not be in social housing because they earn far beyond the levels that are currently set, you could encourage those people, like have the gateway exit that you have talked about, into another form of housing?

The Minister for Housing:

Yes, I do. But I must put it into context. It is not that many according to the survey that we did. I think from memory, and the officers will correct me, about 33 families or so would fall into the description that you gave. That is family income, not necessarily the mother and father. That is taking into account income from the family. Until we get it right what is going to happen, you are going to have this sort of roundabout system because mum and dad move in with young children, children grow up, mum and dad get better jobs, children get jobs. So the household income is quite healthy, quite good - household income note - then children move away so that couple are now pensioners and find themselves back into the social housing setup. We need to get it right to encourage people to make provision for the future and be able to move on. But I do not think we should get hung up. The officers will correct me if I am wrong. The survey I think that we did showed about 33 people ...

Project Director, Housing Transformation Programme:

There is a table in the ...

The Minister for Housing:

How many was it?

Finance Director, Housing:

There is 178 with household income above £40,000.

The Minister for Housing:

That is household income.

Deputy J.A. Hilton:

So there is only 178 units of accommodation being occupied by people who have a family income of £40,000.

Finance Director, Housing:

And who are not on income support.

The Minister for Housing:

So that is household income. I have to stress that, that is possibility son and daughter earning and mum and dad.

Project Director, Housing Transformation Programme:

That constantly moves obviously and then more people come through as they move through their life and the children leave home.

Deputy J.A. Hilton:

I thought the percentage was higher than that.

The Minister for Housing:

I thought it was lower.

Deputy J.A. Hilton:

I thought it was about 25 per cent of your occupants who did not qualify for low income support.

Project Director, Housing Transformation Programme:

That is correct ...

Finance Director, Housing:

But they are low on £40,000.

Project Director, Housing Transformation Programme:

So they are not going to be able to jump into the housing market.

Deputy J.A. Hilton:

So it is possible that you have single person household earning £39,000 in a one-bedroom flat?

Project Director, Housing Transformation Programme:

It is possible.

Finance Director, Housing:

But they will tend to be because of the people we house, or they will tend to be, if not pensioners, approaching pension age. So their options are probably limited.

Project Director, Housing Transformation Programme:

It is not huge numbers of people who can get into ...

Deputy J.A. Hilton:

Sorry, what was the percentage that do not access low income support that currently occupy?

Finance Director, Housing:

A third do not access income support, and 50 per cent in the trust sector.

The Minister for Housing:

That is a good point. Trust sector is higher than ourselves because now we are using the gateway that is going to change and that does at least ensure going forward that the allocations are based on absolute need and priority rather than ... I am not saying the other people will not need but there are others more in need.

The Deputy of St. Peter:

If we can return to the issue of income support. It was interesting you mentioned R.44 that has just been published by the Minister for Social Security, in which he states that he will fund 100 per cent market value to those in the private sector. In your response to our report you state that social and economic effects of the rent reforms are considered minimal. We are just interested to understand why you feel that is minimal due to the consideration that some tenants may become

more reliant with the increase of your rent reform, and tenants have become more reliant on income support to fund the higher rents. I think there was a figure showing the number of tenants who would fall into the income support bracket who do not currently claim income support who would do as a consequence of the 90 per cent.

The Minister for Housing:

That is the 33. That is where I got my figures muddled up. Before I answer your question and ask for help on that; one thing I would like to pick up is that these costs of housing people exist now. Some of it is hidden, hidden by the fact that we have not got the money to do the maintenance, hidden by the fact that under the current system little investment in new housing, although we manage to get capital to do some more recently. So the costs are not going up, they are hidden at the moment. The costs will in the future be truly shown where it belongs. Housing should be about and will be about in the future providing good quality housing and if people need help to access it, i.e. prove the rate component, that help will come from Social Security. The Social Security bill will go up a bit but the cost to the States as a whole has not changed. It is just where it belongs in Social Security, not hidden in Housing. I do not know if anybody else would like to ...

Project Director, Housing Transformation Programme:

I think in terms of the disincentive to work there is already a considerable disincentive. Any subsidy scheme would have a disincentive to work. I do not think the Minister for Social Security would be in support of the Minister's proposals as he is, if he thought that disincentive was significant and certainly the work that we have done with the sector and others suggest that that in fact is not a significant difference to the current disincentive to work. As the Minister has explained, there is already, through the hidden subsidies, that is a considerable disincentive to work itself.

The Deputy of St. Peter:

Are you confident that the figures and projections you have been given are fully reliable?

The Minister for Housing:

Absolutely. I mean it was not a 5-minute back of a cigarette packet working. This has had a huge amount of work gone into it. Different scenarios were looked at at your request, as well as my own. We have taken significant advice from people that are experts in the field, you have done the same and come up with the same answer, so I am very confident. Having said that, of course, as time moves on, we always have to review a plan: is it still appropriate, is it still current, is the economic situation changed, do we need to tweak it? But I am very confident that it will deliver.

The Deputy of St. Ouen:

Minister, you speak about false hopes and we know that there are a lot of people on the waiting list. Even if, my sums, we are talking of an actual increase of 367 homes currently identified in the business case spread over 30 years equals 12 a year. Bearing in mind we have not, to my knowledge, provided anything over the last 5, and from what you have just told us there is likely to be very little provided in the next 3 or 4, what comments are you going to make to those individuals, 150 of whom could be considered homeless?

The Minister for Housing:

You are misinterpreting what I say. We have got schemes going ahead. A small scheme for example in Journeaux Street. We have got Lesquende, which is for over 55s and that is beneficial, I will come back to that in a minute, we have got a lot of work going on at Le Squez and we have got another phase happening at the moment. We are looking at whether we can speed that up. I would not be so negative to say there is no work going on in the near future. There is lots of work going on. We have started work on those. It is not just talking about it. It is happening.

The Deputy of St. Peter:

But in fairness to the Deputy, I think what he is referring to is the fact that those units will not be available for habitation for perhaps ...

The Minister for Housing:

Eighteen months.

The Deputy of St. Peter:

... 2 to 3 years. Yes.

The Minister for Housing:

Eighteen months or so. I am where I am. The States have failed over the years to invest, we are trying to catch up. So I am honest with people when I say about what we are doing. We are working very closely with the Minister for Planning but it is a slightly further scheme, but pleased to say working very closely with the Minister for Planning to develop one of our own sites, La Collette, and we will be coming forward with an announcement on that in the near future.

Project Director, Housing Transformation Programme:

It is also important to say that if the rent policy is approved, P.33, then it is more likely that some private schemes will come forward, and a lot of private schemes have planning approval for social housing, and because of the economic circumstances lots of them have not been brought forward.

The rent policy change makes those schemes much more viable and so you may see more of those coming forward for an initial period.

The Minister for Housing:

Of course we concentrate a lot on what the new housing company and the current Housing Department is going to be providing. We will be working very closely with the trusts. They are our partner in this and they have a role to play in this as well. But you are right. If we have got a site that we are going on to today, it is 18 months before the people move in. That is why we need to get on with it.

The Deputy of St. Peter:

While we are on this subject, there is a part of P.33 that states that the housing trusts will have to return 50 per cent of their increase in rent to the Treasury in order to fulfil the extra income support burden. It is stated that you have the agreement of the housing trusts, but we are not entirely sure that that is correct. Could you confirm to me whether you do have the agreement of the housing trusts on this point of returning 50 per cent of their increase in rent?

The Minister for Housing:

We have made it quite clear to the chairman this is what would be expected, at my regular meetings with them. They have never objected to that unless you know something I do not know, they have never objected to me, and it will be part of the regulation.

The Deputy of St. Peter:

Thank you.

The Deputy of St. Ouen:

One last matter I would like to touch on, again talking into the future, we know that you have been the main sponsor for the starter home deposit loan scheme, which was agreed 2 or 3 weeks back. We would like to know what is happening and when applicants or potential applicants will know how to access the scheme and the conditions that will be attached to it.

The Minister for Housing:

1 July we are hoping. We are working on this. These officers are not involved in that because it is a ludicrous situation where that bit comes under population.

The Deputy of St. Ouen:

When are you planning to tell potential applicants that they will be able to be considered for the scheme?

The Minister for Housing:

We are getting applicants now. I am encouraging them because everyone will have to come through the gateway, so what we are doing at the moment is encouraging people who think they might be eligible to get themselves through the gateway, so they get on to the system, and we are working with Treasury because they are the people that will have to be satisfied the way ... I do not think there is a difficulty, it is a States loan under a smaller hat really. But the way the money is allocated and so on is done properly and we are hoping that that will start on 1 July. I cannot tell you when we are going to go and have a publicity push, but we are working on it.

The Deputy of St. Ouen:

How have you notified potential applicants that they should sign up to the gateway when I have not seen any adverts or promotion?

The Minister for Housing:

Because we are not ready to do that yet. But those that have come forward to the department, we have emailed them back, quite simply: "Thank you for your email. We encourage you to go through the gateway."

The Deputy of St. Ouen:

Is the message, Minister, today that you are encouraging any potential applicants that may be interested in taking up the home ...

The Minister for Housing:

No, no, no, that is not the message. The message is that we will be coming out and advertising it properly when we have got the scheme finalised. It is not quite there yet.

The Deputy of St. Peter:

Deputy Hilton has our final question.

Deputy J.A. Hilton:

What will happen should the Housing Transformation Programme not be accepted by the States?

The Minister for Housing:

It would be a travesty and you will carry on inadequately providing social housing for ever. It will be more of the same: poor maintenance because they will not have the funds to do it, insufficient allocation, little opportunity for people to buy their own and I think it will be a terrible day for Jersey.

Deputy J.A. Hilton:

Hopefully it will not come to that.

The Deputy of St. Peter:

Thank you very much, Minister, and your team. We have greatly appreciated your time today.

[11:59]