

# STATES OF JERSEY



## HOUSING TRANSFORMATION PROGRAMME REVIEW (S.R.6/2013) – RESPONSE OF THE MINISTER FOR HOUSING

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Presented to the States on 10th May 2013  
by the Minister for Housing

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STATES GREFFE

**HOUSING TRANSFORMATION PROGRAMME REVIEW (S.R.6/2013) –  
RESPONSE OF THE MINISTER FOR HOUSING**

**Ministerial Response to:** S.R.6/2013

**Ministerial Response required by:** 27th May 2013

**Review title:** Housing Transformation Programme Review

**Scrutiny Panel:** Health, Social Security and Housing

**INTRODUCTION**

The Scrutiny Sub-Panel’s report on P.33/2013 and R.15/2013 was issued 15th April 2013. This report came up with a number of findings, recommendations and conclusions which will deal with in detail below.

The Minister for Housing acknowledges the amount of time and effort that has gone into producing such a detailed report and has given full consideration to the findings and recommendations that have been suggested. The Minister is encouraged that the Sub-Panel are supportive of the need for reform and of his proposals. In particular, their agreement with proposals for the creation of a Strategic Housing Unit, the new Housing Company and a return to nearer market rents is noted. The Minister is also pleased that the Panel recognise the need for some new governance or regulation for social housing providers.

**FINDINGS**

	<b>Key Findings</b>	<b>Comments</b>
1	A clearly agreed definition of the role and purpose of social housing, including a clear commitment to an agreed approach and the parameters, has not emerged during the course of the Programme’s development [Section 3.1]	A legal definition will be developed as part of the draft enabling law to establish the proposed regulator; a draft of which has been presented to the Panel. It is the Ministers belief, shared by the Council of Ministers, that social and affordable housing is about providing long-term sustainable homes for those who find it difficult to access a home appropriate for their needs in the open market.
2	Confusion has arisen about the purpose of social housing due to the labelling of the new Housing Company as a “strategic investment”. [Section 3.2]	The Council of Ministers accepts that it is a social business; the States Strategic Plan is very clear in its expectations in regards to the delivery of social housing.  The term “strategic investment” is an accounting term and it is not accepted

	<b>Key Findings</b>	<b>Comments</b>
		that this causes any confusion.
3	There is a risk that the Strategic Housing Unit may become marginalised amidst competing political priorities. [Section 4.1]	The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April which will see the position of Minister for Housing remain.
4	A small Strategic Housing Unit will be challenged in overcoming the existing tensions and poor track record of joint working and coordination of housing policy between Departments and Ministers. In order to function appropriately it must have clearly defined and agreed roles and aims at the outset. [Section 4.2]	The roles and aims of the Strategic Housing Unit are clearly defined in P.33/2013, pages18-28. Importantly, the existing conflict which has been identified between the Minister for Housing being landlord and regulator is sufficiently dealt with by the establishment of the Strategic Housing Unit, leaving the Housing Company to concentrate on its landlord responsibilities to over 4,500 tenants. This being in accordance with Professor Christine Whitehead’s recommendation. The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April 2013 which will see the position of Minister for Housing remain.
5	Housing is an essential provision, and it is important to be able to clearly identify a Minister with direct responsibility for it. This is enshrined in the States Strategic Priority of “Housing Our Community.” [Section 4.2]	The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April 2013 which will see the position of Minister for Housing remain.
6	The Strategic Housing Unit is not sufficiently independent to propose standards for Tenant engagement and set performance and probity standards for Social Housing Providers. [Section 4.3]	It is the States that will set the policy and standards for the Regulator to enforce. The operational conflict has been removed by separating the regulatory and landlord functions. There is therefore no need for the Strategic Housing Unit to be independent; the regulator will be fully independent.
7	The Strategic Housing Unit is proposed to be responsible for a wide variety of operational and strategic functions, yet detail about how it will be held to account on delivering against these priorities is not provided in P.33/2013. [Section 4.3]	The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April 2013 which will see the position of Minister for Housing remain. It is proposed that the Regulator would

	<b>Key Findings</b>	<b>Comments</b>
		report annually on the performance of the sector.
8	The wording of the in-principle enforcement powers for the Regulator risk the States unwittingly endorsing a mandate to bring in more draconian regulations. [Section 5]	The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April 2013. This will ensure that the Minister for Housing brings forward for approval by the Assembly detailed proposals which are proportionate for Jersey.
9	Regulatory activities applied to Social Housing Providers risk becoming a top-down approach with a formulaic compliance assessment which concentrates on inputs rather than outcomes unless alternative methods of compliance are developed. [Section 5.1]	This key finding is not accepted, there is nothing in the proposals or principle of regulation which suggests a top-down approach.  The Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny Panel on 16th April 2013. This will ensure that the Minister for Housing brings forward for approval by the Assembly detailed proposals which are proportionate for Jersey.
10	The principle of encouraging a culture of co-regulation where Social Housing Providers should effectively self-regulate to a large degree does not establish clearly how, or on whose terms the providers will self-regulate. [Section 5.2]	This statement appears somewhat confused. Co-regulation and self-regulation are very different and cannot be used together. Self assessment could be used against clear and meaningful regulations.
11	The Sub-Panel is supportive of the proposal to bring all social housing stock up to a Decent Homes Standard. However it is not clear whether regulation is required to achieve this as stock maintenance appears to have fallen behind due to financial constraints rather than organisational resistance. [Section 5.4]	This statement is not correct. In the past, there has been a lack of political will to provide the necessary funds within the States sector, but the Trust stock has not suffered the same financial constraints and yet a proportion has equally fallen behind the Decent Homes Standard e.g. Troy Court, Perquage Court, etc.  Once there are no financial barriers for bringing the States stock up to Decent Homes Standard it will be important that regulation exists to ensure that Decent Homes Standard is achieved across the sector and maintained at that standard going forward.
12	Appetite for the regulation of the private rented sector to set and ensure delivery	The Panel on the one hand viewed the proposals to regulate the social rented

	<b>Key Findings</b>	<b>Comments</b>
	of consumer standards is strong. [Section 5.5]	<p>sector as “draconian”, preferring a voluntary charter, yet on the other hand is supportive of a fully regulated private sector. This is contradictory.</p> <p>A fully regulated private sector is a much wider piece of work and the Minister took the view, directed by the priorities set in the last 2 States Strategic Plans, to initially focus on social housing which has been funded by the States and where the States is carrying a long-term obligation to provide interest rate subsidies. Private sector regulation is also being developed within Health and Social Services.</p> <p>However, the Enabling Law being proposed to regulate social housing would allow the States, by new regulations, to widen the scope of the regulation as it sees fit.</p>
13	If the Housing Trusts are to be relied on to deliver a sizeable proportion of new social and affordable housing developments, growing the sector should be the overall goal rather than compelling providers to achieve uniform standards. [Section 5.6]	<p>The introduction of the rent policy will ensure that all of the Trusts have the means to refurbish all of their homes to decent homes standard and can develop new homes when new sites are identified. It is, however, more important that those homes, and existing homes, are being appropriately occupied by those in the greatest need by being allocated through the Affordable Housing Gateway and that the services offered to tenants across the social housing sector are comparable and are being continuously improved.</p> <p>If all the Trusts want to deliver more social and affordable housing then they must be able to demonstrate that they have the financial model to do so and business plans that reflect how those homes will be maintained for the long-term. They would then be fully supported in any such developments. Some are already working closely with the Minister for Housing and are well prepared to deliver more homes.</p>
14	There is a risk that future Assemblies and Ministers may change policy	The States must have the ability to set policy, and will be relied upon to debate

	<b>Key Findings</b>	<b>Comments</b>
	priorities around regulation, which would be passed on to the regulator for implementation. Regular, sizeable or controversial policy changes could risk undermining the credibility of the regulator in the eyes of stakeholders. [Section 5.7]	such changes fully before implementing any decisions.
15	The case for a regulator made on the basis of poor performance on the behalf of other Social Housing Providers is not justified. [Section 5.8]	The lack of an adequate regulatory framework for the sector was identified by Professor Christine Whitehead in her Review of Social Housing. The case for that finding was not based on poor performance of social housing providers, but a reflection that the existing regulatory framework for housing is not strongly developed. At the present time States housing is a States Department and is therefore regulated through the political system. Trusts are nominally regulated by the Department – which in the Professor’s view was inappropriate.
16	The proposals lack any significant information about the relationship between social housing tenants and the proposed regulatory body. [Section 5.9]	This is accepted. As consumers of the services which social landlords provide, tenants have a vital role in informing the regulatory process.  The Minister has suggested that the Regulator will want to establish a Resident Scrutiny Panel, which would seek representative views from tenants across the social housing sector, and which would contribute to the formation of regulatory judgements of the relative performance of individual social landlords. However, it seemed unnecessary to set this out in what is an in principle decision in respect of regulation and which might later tie the regulators hands if he/she elected to consult stakeholders in a different manner.
17	The introduction of an Independent Regulator is not immediately appropriate for Jersey’s social housing sector alone. [Section 5.10]	This is not the view of Professor Christine Whitehead who identified the lack of an adequate regulatory framework for the sector as an issue.  However, the Council of Ministers is accepting amendment (P.33/2013 Amd.(1)) lodged by the HSSH Scrutiny

	<b>Key Findings</b>	<b>Comments</b>
		Panel on 16th April 2013. This will ensure that the Minister for Housing brings forward for approval by the Assembly detailed proposals which are proportionate for Jersey.
18	The proposed rent reforms are difficult to support as the principle of bringing social rents in line with a high value property market subverts the role of social housing in providing sub-market accommodation for those unable to afford market prices. [Section 6]	<p>This is not accepted. Social Housing is not merely characterised by its rental structure, sub-market or otherwise. Security of tenure for example is seen as a major benefit of being the tenant of a social landlord which reflects the tenant's long-term housing requirements [often life-long]. Tenants of social landlords generally have relative security of tenure for life as long as they pay the rent and observe other conditions of tenancy. Importantly the characteristics of the social sector population mean that social housing managers play an important role in supporting their tenants by providing housing related services and access to other assistance that other 'market' landlords are not required to provide.</p> <p>The Minister is pleased that despite this key finding, the Panel accepts that the policy being proposed is the only way forward given the unlikely availability of capital subsidies and the urgent need to redevelop and expand the housing stock.</p>
19	The choice being taken in the proposed reforms to allow rents to rise explicitly commits to a revenue-based subsidy model rather than a model based on capital grants. [Section 6.1]	<p>This is correct, as it is the most sustainable model for the long-term.</p> <p>Achieving Decent Homes within a 10 year period would not be possible with capital grants; indeed this is why the stock is in its current condition.</p>
20	The "Housing Strategy for the 1990's" (P.142/1991) established the 90% 'fair rent' policy at a time when having a small difference between open market and social rents was acceptable as both sectors were broadly affordable. The principles underpinning rent reform should be linked to any agreed definition of the purpose and role of social housing. [Section 6.2]	<p>It is not accepted that there was a smaller difference between the open market and social rents in the 1990's, and they were no more affordable than rents today without significant financial assistance. The Private Sector Rent Rebate Scheme was developed at the time to address this and States tenants already benefited from the Rent Abatement Scheme.</p> <p>Social Housing is not merely</p>

	<b>Key Findings</b>	<b>Comments</b>
		characterised by its rental structure, sub-market or otherwise. Security of tenure for example is seen as a major benefit of being the tenant of a social landlord which reflects the tenant's long-term housing requirements [often life-long]. Tenants of social landlords generally have relative security of tenure for life as long as they pay the rent and observe other conditions of tenancy. Importantly the characteristics of the social sector population mean that social housing managers play an important role in supporting their tenants by providing housing related services and access to other assistance that other 'market' landlords are not required to provide.
21	Whilst the return to a 10% rental subsidy increases potential income and borrowing for the Housing Company over time, it will take a long time to work through and may not increase the number of properties available to people who cannot meet their needs elsewhere. [Section 6.3]	On the contrary, the rent policy will enable the proposed Housing Company to develop more homes as and when sites are released for development.  At least 637 additional homes will be delivered over the next 10 years and the sector will have the capacity to build more if this is a requirement of the Strategic Housing Unit and the States, demonstrated by demand being captured by the Affordable Housing Gateway. This does of course rely upon sites being released for development.
22	If rents are set at lower than 90% of market rents in future, the Housing Company risks becoming unsustainable and may require additional States funding should the property market weaken. [Section 6.4]	The States would have full regard for the affects such decisions would have on the Housing Company. The Business Plan is robust for a wide range of scenarios.
23	Tenants currently in receipt of the accommodation component of Income Support will be reliant on benefits for longer as a result of the proposed rent reforms – unless their earnings increase at a greater extent than the cost of living. [Section 6.5.1]	This may be the case, but average earnings have, over the past 20 years, increased to at a rate above RPI.
24	The implications of the rent reforms for low and high income groups in social housing that are not currently in receipt of Income Support are not clear, and	This is not accepted, the social impact assessment carried out as part of the Housing Transformation Programme provided very clear outcomes for



	<b>Key Findings</b>	<b>Comments</b>
	there are concerns that low-income pensioners not claiming Income Support may be negatively affected by the current proposals. [Section 6.5.2]	tenants in all income groups. Only 35 States tenants are expected to be drawn into Income Support as a consequence of the return to 90% of market rents. Low income pensioners will not be affected by the rent reform unless they move within the stock and, even then, Income Support will be available to them if they cannot afford the new rent.
25	The additional cost for Income Support for States social Tenants arising from the rent reforms will be funded by the Treasury by means of an additional budget allocation to the Social Security Department, rather than being borne by the proposed Housing Company at start up. [Section 6.5.3]	Correct.
26	Some of these comments in P.33/2013 may lead readers to assume that the Income Support bill arising from the rent reforms will be negligible, even though the data to provide a solid understanding of this is not available. [Section 6.5.3]	The Income Support implications are well set out within P.33/2013 (p.52 Section 5.5). However, other changes which may affect Income Support, unconnected with P.33/2013, are and will remain a matter for the Minister for Social Security and Council of Ministers to address.
27	The Housing Trusts will bear additional Income Support costs as a result of the proposed rent policy, estimated to peak at £1 million once the reforms are fully implemented. [Section 6.5.3]	The Housing Trusts have yet to commission independent market rental assessments of their properties, so the uplifts in rents associated with the return to 90% of market rents for the Housing Trusts is yet to be confirmed. The Housing Trusts will receive additional rental income over time from the proposed rents policy and they will only be required to bear the cost of the additional income support at a level of 50% of this additional rental income as on average 50% of Housing Trust tenants are in receipt of Income Support. Given the Housing Trusts have not expressed any concerns over their viability based on the current rents policy, this additional rental income and the associated return to the Treasury should not limit their ability to develop further social housing, but actually enhance the viability of new schemes. It should be noted that some Trusts have

	<b>Key Findings</b>	<b>Comments</b>
		significant surpluses and are paying off loans.
28	The Business Plan for the Housing Company is set up in such a way that the minority of tenants who pay some or all of their rents from their own income are effectively funding the whole revenue operation of the Housing Company. [Section 6.8]	This is incorrect. The Business Case is supported by 4 key income streams; those being sales, borrowing, rents and the adjustment in the return to the Treasury and their proportions are set out in the financial model within the Full Business Case.
29	The implication of the Annual Returns Agreement is that tenants in social housing not currently claiming Income Support are indirectly subsidising the provision of Income Support. [Section 6.9]	Only those tenants who can afford to pay the new rents will do so. Under current arrangements, those tenants are receiving a hidden subsidy which is not means tested. The cost of providing those homes exists now but is not transparent.
30	A clear consequence of the proposed system is that Income Support will increase to cover the costs of the increased social rents. This aspect of the social housing reforms may create pressure on the States' taxation and expenditure programme. [Section 6.9]	Cost pressures have been quantified and accepted as affordable over the next 30 years.  The cost of providing the homes exists now but is hidden; rent reform will allow the true cost of providing social housing to be better understood and be more appropriately dealt with by Income Support.
31	The potential difference in movement between the financial return from the new Housing Company on the one hand and the cost of Income Support on the other risks having significant consequences for the States' financial programme. [Section 6.10]	It would not be appropriate for the Housing Company to bear the cost of changes to Income Support policy, which may have no relation to housing provision. The Housing Company will be responsible for providing a social housing stock which meets Decent Homes Standards and high quality services to tenants. It is for Social Security and the Treasury to manage and deal with any potential changes in demand for the suite of benefits captured under Income Support.
32	The fact that external lending markets were not willing to provide funding facilities for the proposed Housing Company is a reflection of the markets rather than a concern with the Housing Company's financial model. [Section 7.4]	The approach taken by external lenders was noted in P.33/2013. The banks were willing to lend to the Company but not the full amount individually and advised preferential rates would be achieved by the States.  It is pleasing to note that the Panel has accepted the viability of the financial

	<b>Key Findings</b>	<b>Comments</b>
		model.
33	A net gain of 287 new social rented homes over 30 years is not acceptable, given the rising demand for affordable housing on the Island. <b>[Section 7.8]</b>	<p>The proposals aim to deliver far more benefits than just an increase in the social housing stock. They will also see the existing stock brought up to the English Decent Homes Standard within a 10 year period, an additional 300 affordable homes for sale delivered by the company and the delivery of an additional 203 new homes by the Housing Trusts. The reforms will also create a new housing company, one which is more commercially agile and flexible to respond quickly to the changing housing needs of the Island. The business case allows for all sites currently in States ownership and designated for social housing to be developed.</p> <p>However, the effect of the new rent policy will be to provide the new company and the Housing Trusts with the means to deliver further social housing if additional sites are identified and borrowing is made available. The identified growth set out in the FBC is therefore very much a minimum and the sector will be able to deliver as many homes as are required, assuming sites are released for housing development.</p> <p>Other benefits are clearly derived from new initiatives such as the Gateway and the full attainment of Decent Homes Standards. The Gateway will ensure that the social housing stock is better targeted at those in need and better housing standards will offer improved conditions to tenants helping to deal with issues such as fuel poverty and supporting independent living.</p>
34	Guernsey's Housing Company has benefited from joining the South West Benchmarking Club which allows it to compare performance indicators against peer housing associations and identify areas of success and areas for improvement. A similar set up would complement the work of a regulatory	<p>The Housing Department has, for some time, been engaged with benchmarking with UK equivalent social housing providers of a comparable stock size and this will continue.</p> <p>The relevance of the South West Benchmarking Club will be further investigated.</p>

	<b>Key Findings</b>	<b>Comments</b>
	body in Jersey. [Section 7.10]	
35	The Sub-Panel believes that it is likely that the social housing reforms will affect Parish provision in some way, especially as many would consider that they fall into the category of a social housing provider. [Section 8.3]	<p>There has never been any desire to force the Parishes to be included in the social housing reforms – albeit that they could benefit from utilising the Affordable Housing gateway for their allocations should they wish to do so. That is a matter for the individual Parishes.</p> <p>The Minister for Housing has recently written to the Chairman of the Comité des Connétables to offer reassurance in this respect.</p>
36	The present reforms are not sufficient to make any meaningful contribution to the future provision of affordable and social housing. The demand for social housing has increased in recent years, yet the proposals do not explicitly state how this need can be met by the proposed Housing Company or any other Social Housing Provider. [Section 9]	<p>The proposals aim to deliver far more benefits than just an increase in the social housing stock. They will also see the existing stock brought up to Decent Homes Standard within a 10 year period, will see an additional 300 affordable homes delivered and provide the Housing Trusts with the ability to deliver an additional 203 social rented homes. They will also create a new housing company, one which is more commercially agile and flexible to respond quickly to the changing housing needs of the Island.</p> <p>The business case allows for all sites currently in States ownership and designated for social housing to be developed. However, the new company can and will deliver further social housing for viable schemes if further sites are identified and borrowing is made available.</p> <p>The new Housing Company will be able to deliver as many homes as are required, assuming sites are released for housing development. The Minister for Planning and Environment has been charged with bringing forward more sites for such development. All registered social housing providers will be able to use the rent policy to make new schemes financially sustainable and also to access land offered to registered providers.</p> <p>The Social Housing Provider will be responsible for determining the balance</p>

	<b>Key Findings</b>	<b>Comments</b>
		<p>between supply and demand, such policy decisions being approved by the States.</p> <p>Comments received from Professor Christine Whitehead reflect her endorsement that the proposals are indeed sufficient and address all of the challenges set out in her report –</p> <p><i>“A careful reading of these documents makes it clear that all the challenges set out in my report have been addressed – through the development of mechanisms to improve strategy, regulation and delivery.</i></p> <p><i>Equally the recommendations have been properly and fully assessed, taking account of the economic and political environment as well as the objectives of ensuring an efficient and well regulated social sector. In addition there has been careful thought given to the States’ commitment to clarify the policy framework; to fund new investment; and to balance rents and income support policies.</i></p> <p><i>The result should be a social housing regime which is robust and can ensure independence of management, greater flexibility to address requirements in the most appropriate way; and access to resources to meet future needs”</i></p>
37	Selling off units that are entirely inappropriate for social housing may assist in raising funds but the Sub-Panel does not generally agree with the principle of selling off social housing to private individuals when it is already in short supply. [Section 9.2]	Under P.6/2007, only non-core, prime location properties were to be sold to on the open market to private individuals. Such properties are expensive to maintain and the rental income generated insufficient to cover the required maintenance. Other sales through P.6/2007, and all future sales will be made to those qualifying through the Affordable Housing Gateway, assessed as being in need of affordable housing. In most cases, these will be existing social rented tenants and therefore a social housing unit will be released when the sale is completed, or if purchasing their existing home, this is a change in tenure only as they would not have moved out without the

	<b>Key Findings</b>	<b>Comments</b>
		<p>opportunity to purchase with assistance.</p> <p>P.6/2007 said that sales “will be carried out in a managed, sustainable way, without imposing unnecessary strain on the wider housing market, and related at all times to current levels of supply and demand within social housing”</p> <p>Decisions on sales to the open market and to tenants will continue to be balanced against delivery of new social renting housing and the needs reflected in the Affordable Housing Gateway List.</p>
38	<p>The Trusts will develop 203 new units of accommodation over 30 years as identified in the Report, and there is an assumption that Trusts will continue to make a significant and meaningful contribution to the supply of affordable and social homes. [Section 9.3]</p>	<p>Correct. This view has been expressed by the Trust Chairmen and the Council of Ministers recognises the significant contribution that the Trusts can make.</p> <p>The Trusts will, however, need to demonstrate that they have the appropriate business plans and business cases to deliver these homes whilst ensuring the attainment of Decent Homes Standards for their existing stock.</p>
39	<p>The absence of a formal “exit gateway” for individuals whose circumstances have improved means that encouraging tenants to stay in their home for life is not a sensible approach when the Island has a fixed limit on the amount of social housing with little hope of maximally increasing supply. [Section 9.4]</p>	<p>This is not correct, the Housing Department already offers opportunities for tenants to purchase under the deferred payment scheme and has seen over 100 tenants become homeowners since the scheme was launched.</p> <p>Going forward, it will be for the Strategic Housing Unit to develop additional schemes to allow more choice of affordable housing and, using such policies approved by the States, to see these implemented by the registered social housing providers.</p>
40	<p>The States has at times appeared to pursue best financial value from property sales rather than best social value, thus missing an opportunity to support provision of sub-market housing. [Section 9.5]</p>	<p>There is no evidence to suggest that this has been the case for the Housing Department. Sales have been based on First Time Buyer values with tenants being given an opportunity, should they require it, to apply for up to a 25% deferred payment on their purchase of a home.</p> <p>In respect of these sales, it has long been accepted by the Minister for</p>

	<b>Key Findings</b>	<b>Comments</b>
		Treasury and Resources and the Minister for Housing that they are trading financial value for social benefit in accordance with a decision made by the States Assembly within P.6/2007.  Sites that become available for development are assessed on a site by site basis for their suitability for affordable housing.
41	Existing affordable housing policies are uncoordinated and ineffective. They have failed to produce any meaningful affordable housing schemes for the Island. [Section 9.6]	The Strategic Housing Unit will develop an Island wide housing strategy and coordinate housing policy in the future.  The weakness with existing policies within the Island Plan is the reliance on the level of open market housing to deliver affordable housing as a by-product. That weakness will be significantly reduced by the proposed return to nearer market rents which will make the development of affordable housing more viable.

## RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	<b>The Minister for Housing should ensure the following:</b>				
1	An agreed position on the role and purpose of social housing should be developed within 6-12 months to support implementation of the Housing reforms and contribute to coherent future policy.  This definition should also clarify how the new Housing Company will balance its social and moral obligation alongside its role as a States Strategic Investment.	SHU	Accept	A stated position on the role and purpose of social housing is necessary and will be developed by the Strategic Housing Unit within 12 months of its development.  P.33/2013 sets out very clearly what the new Housing Company will be doing. This will be further documented in the Transfer	June 2014

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	Ministers and the States should sign up to this definition in practice. [Sections 3.1, 3.2]			Agreement.  It is not accepted that the role and purpose of social housing needs a States decision. However, a legal definition will be developed as part of the draft enabling law to establish the proposed regulator, which will be presented to the States in due course.	
2	Reliable means to deliver new supply of both social rented and affordable home ownership properties must be urgently investigated and committed to, including partnerships with the private sector.	Hsg	Accept	The existing sites that are available are already fully investigated and reported within P.33/2013 and R.15/2013 and the proposed return to nearer market rents provides the funding. P.33/2013 also states that –  “the robustness of the business case of the proposed new Housing Company means that these sales and re-alignment of the stock will not prevent the Company from developing new social housing and affordable units, should the States, through approval of its Housing Strategy, wish to do so. Each project would need to be considered on its merits and in light of the borrowing necessary, but the new Company would have capacity and	Already actioned.



	Recommendations	To	Accept/ Reject	Comments	Date of Action/ Completion
	<p>Additional capital investment from the States should be considered if required [Section 7.8] and appropriate States owned land should be utilised at a price that enables development of affordable housing [Section 9.5].</p> <p>A clear commitment must be made by the Housing Company to review Business Plans within 3 years to see if additional capacity to support new development can be identified, and this information reported back to the States. [Section 9.3]</p>	SHU T&R	Accept	<p>flexibility to react to changing requirements.”</p> <p>This will be a fundamental role for the Strategic Housing Unit in the future, but no capital investment is available within the Medium Term Financial Plan 2013–2015. Treasury and Resources will provide funding if the States agree.</p>	<p>Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.</p>
		SHU	Accept	<p>The Strategic Housing Unit will lead on this. It will decide what level of supply is required in order to meet the demand evidenced by the Affordable Housing Gateway. The Strategic Housing Unit may require all Social Housing Providers to review their business plans every 3 years against policy initiatives/agreed housing strategy.</p>	<p>Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.</p>
3	<p>The requirement for the Housing Trusts to contribute towards the Housing component of Income Support should be reviewed and reported back to the States within 2 years to ensure that the Trusts are able to operate efficiently and deliver additional stock [Section 6.5.3].</p>	SHU	Accept	<p>All registered social housing providers will be expected to submit annual performance reports to the Regulator. The Regulator, in turn, will be expected to report to the States annually on the performance of all the registered social housing providers.</p>	<p>Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.</p>

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
4	A protocol should be established and agreed between the Minister for Housing and the Parishes within 6 months to provide greater clarity about how the Gateway system will impact on social and affordable homes delivered by the Parishes. [Section 8.3]	SHU	Accept	There has never been any desire to force the Parishes to be included in the social housing reforms – albeit that they could benefit from utilising the Affordable Housing gateway for their allocations should they wish to do so. That is a matter for the individual Parishes.  The Minister for Housing has recently written to the Chairman of the Comité des Connétables to offer reassurance in this respect.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
5	An exit gateway combined with savings initiatives or shared equity schemes should be developed to cater to the needs of those wishing or able to move out of the social sector if their financial circumstances significantly improve.. [Section 9.4]	SHU	Accept	The Housing Department already offers opportunities for tenants to purchase under the deferred payment scheme and has seen over 100 tenants become homeowners since the scheme was launched.  Going forward, it will be for the Strategic Housing Unit to develop additional schemes to allow more choice of affordable housing and, using such policies approved by the States, to see these implemented by the registered social housing providers.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
6	The Minister for Housing	SHU	Accept	The Council of	Timescales for

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	should be retained as the head of the Strategic Housing Unit and given responsibility for housing across all tenures. [Section 4.2]. This is critical in helping to address the lack of joined-up thinking on affordable housing policies and should be agreed by the States as it is essential to the success of stimulating new supply. [Section 9.6]			Ministers is accepting the amendment lodged by the HSSH Scrutiny Panel on 16th April 2013 (P.33/2013 Amd.(1)) which will see the position of Minister for Housing remain, but without the operational responsibilities of being landlord to 4,500 tenants.  Regulation will be independent and with operational responsibilities moved to the proposed Housing Company the Minister for Housing's role will be restricted to developing policy with the Strategic Housing Unit.	the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
	<b>Strategic Housing Unit</b>				
7	Additional steps setting out the expected ways of working, to build a more collaborative culture and ensure adequate resources are available should be developed to support the Strategic Housing Unit. This should be reported back to the States by the Minister for Housing within 6 months. [Sections 4.2, 4.1]	SHU	Accept	This will be developed as part of an Island wide housing strategy.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
8	Very explicit terms, conditions and stated outcomes should be established and approved by the States prior to the establishment of the Strategic Housing Unit in order to provide a more formal and accountable structure than currently proposed.		Reject	These are clearly listed in pages 18-28 of P.33/2013.	

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	[Section 4.3]				
	<b>Regulation of Social Housing</b>				
9	Prior to introducing a social housing regulator, alternatives for regulation must be brought forward that are more appropriate to the size and nature of Jersey's social housing sector including a Social Housing Charter or Code of Practice developed within the next 12 months and signed up to by all providers [Section 5.4]. A Jersey Homes Standard that is appropriate to Jersey's needs must be created within 12 months [Section 5.4].	SHU	Accept	The Council of Ministers is accepting the amendment (P.33/2013 Amd.(1)) which will see alternatives to regulation brought forward for the States to consider.  The Minister for Housing will though want meaningful regulation that ensures decent homes compliance, so a charter is not believed to be appropriate.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
10	Regulatory activity needs to be focused on improving service delivery as opposed to dealing with service failure [Section 5.1] and should rely upon cooperation rather than compulsion as much as possible with regard to directing the financial affairs of other Social Housing Providers. [Section 5.6]	SHU	Accept	A voluntary approach to regulation has not worked to date and therefore whatever regulatory framework is approved by the States must provide adequate confidence that tenants are protected.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
11	Any regulation should be flexible enough to include the Private Rental Sector and other social housing providers in future without significant and costly institutional change. [Section 5.5]		Reject	This is rejected as it is not appropriate to consider any form of private sector regulation until the framework to be used within the social sector is confirmed.  The outcome of recommendation 9 and amendment (P.33/2013 Amd.(1)) need to be considered prior to any work being undertaken in	

	Recommendations	To	Accept/ Reject	Comments	Date of Action/ Completion
				regards to the private sector.	
	<b>Return to a Near Market Rent Policy</b>				
12	Prior to implementing policies proposing a return to fair market rent levels, an agreed definition of the role and purpose of social housing that has been approved by the States must be used to underpin any rent reform. [Section 6.2]		Reject	<p>It is necessary to commence with reform of social housing now. P.33/2013 sets out very clearly what the new Housing Company will be doing. This will be further documented in the Transfer Agreement.</p> <p>A stated position on the role and purpose of social housing is necessary and will be developed by the Strategic Housing Unit.</p> <p>It is not accepted that the role and purpose of social housing needs a States decision before the rent reform can be implemented.</p>	
13	Any agreed rent reform should be accompanied by measures designed to avoid potential negative social and economic effects. [Section 6]. This should include a detailed analysis of the consequences and limitations of relying on a revenue-based subsidy model for social housing [Section 6.1], and of a rent policy that will see low-income Tenants reliant on Income Support for longer [Section 6.5.1]		Reject	The social and economic affects of the rents reform have been clearly set out in P.33/2013 and R.15/2013 and are considered minimal.	
14	The re-lets policy should be kept under review to make sure	Hsg	Accept	This risk has already been identified and	Already Actioned

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	that the turnover of properties is not negatively affected and that re-lets are happening at a rate that supports delivery of the Housing Company's commitments. The Minister should report back to the States annually on this policy. [Section 6.5.1]			mitigated within the Full Business Case, R.15/2013, p.77, Risk 6.  It is proposed in P.33/2013 that the independent regulator will report annually to the States on the performance of all registered social housing providers.	
15	Action should be taken to ensure the most vulnerable households are protected against rent increases upon moving, including the introduction of elderly rate for low-income pensioners. [Section 6.5.2]	ESS	Accept	The Minister for Social Security will bring forward changes to Income Support to deal with low income tenants. It should be noted that Income Support already allows disregards for pensioners.	
16	Policies should also be developed to assist those considered higher earners to move into other tenures that are appropriate to their needs. [Section 6.5.2]	SHU	Accept	It is expected that additional policies will be developed by the SHU.  The Housing Department already offers opportunities for tenants to purchase under the deferred payment scheme and has seen over 100 tenants become homeowners since the scheme was launched.	Timescales for the completion of this action can only be confirmed once the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.
17	Prior to the Debate and approval of any rent policy, the Minister must clarify the following –  (a) the link between removing the hidden subsidy and additional States' expenditure on Income		Reject	(a) This is already clarified in P.33/2013, p.52	

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	<p>Support;</p> <p>(b) the reliance on the rents of low-income Tenants to fund the Housing Association;</p> <p>(c) the arrangement for the Treasury to fund the additional cost of Income Support arising from the rent reforms</p> <p>Explanation must be given as to why this system is preferable to the existing system, and the Assembly must decide whether, upon consideration of these issues, it is content with the approach outlined. [Section 6.9, 6.5.3, 6.9 and 6.8]</p>			<p>(b) The Business Case is supported by 4 key income streams; those being sales, borrowing, rents and the adjustment in the return to the Treasury and their proportions are set out in the financial model within the Full Business Case.</p> <p>(c) This is already set out in P.33/2013 under "Income Support Implications" pages 51-52</p> <p>A full options appraisal and financial model is summarised within R.15/2013.</p>	
	<b>Housing Company</b>				
18	The proposed Housing Company and regulated Housing Trusts should join an appropriate benchmarking club so that comparative measures of their performance can be made available to staff and tenants and support future improvements. [Section 7.10]	Hsg	Accept	The Housing Department has, for some time, been engaged with benchmarking with UK equivalent social housing providers of a comparison stock size and performs well. This will continue.	Already Actioned
19	Care must be taken to avoid competition between the Housing Company and the Housing Trusts with regards to pursuing the same sites for	SHU	Accept	The Strategic Housing Unit will decide which is the most appropriate registered social	Timescales for the completion of this action can only be confirmed once

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Date of Action/ Completion</b>
	development and clear guidance published about developing sites for social housing. [Section 9.3]			housing provider to develop sites in the future.  It must be recognised however that a collaborative working relationship between the Housing Department and the Trusts is well established and demonstrates that there is no inappropriate competition. The separation of policy setting, regulation and delivery will ensure this is maintained in the future.	the Strategic Housing Unit is fully established and as part of an Island wide housing strategy.

## CONCLUSION

The Minister for Housing wishes to make comment in respect of section 9.5 of the Scrutiny Report, 'Developing Affordable Housing Schemes' and in particular 9.6.1, Jersey Homebuy Scheme. The Minister is not convinced of the relevance of the detail in this paragraph. Neither the Minister for Housing at the time nor the Housing Department accepted many of the comments of the then Scrutiny Panel. Indeed it was firmly believed that some of those comments were simply incorrect. Homebuy clearly raises firm views on both sides and the Minister believes it was regrettable to attempt to reignite previous disagreement on this scheme. It is not understood how it can be appropriate to again quote the opinion of a civil servant; a comment which caused a great deal of offence at the time.

That said, the Minister for Housing is encouraged by the findings of this report and indeed of the Panels conclusions. That they were equally unable to identify any alternatives to the proposed rent reform is evidence of the significant amount of work that has been put in to the development of these reforms by Officers at the Housing Department.

The new Housing Company will be financially sustainable in the long term and it is the Minister's belief that he has demonstrated within the proposals that it will be agile and flexible to the changing housing needs of the Island, whilst also offering a return to the Public on its assets.

The Panel appear to have agonised over a number of issues covered throughout the Housing Transformation Programme and it is surprising and a little disappointing, that



it did not see fit to meet with Professor Christine Whitehead whose insight into the challenges she set and the proposed solutions contained within P.33/2013 may have been helpful.

The Panel has, never the less, added value to the development of these proposals, as reflected in the fact that many of the recommendations have been accepted and are already being actioned.