

2025.02.04

**Deputy D.J. Warr of St. Helier South of the Minister for Housing regarding processes that ensure social housing providers set rents at 80 per cent of free market levels (OQ.24/2025):**

Will the Minister explain the processes and procedures that ensure social housing providers set rents of 80 per cent of free market levels and advise what independent checks are made to verify that this policy is adhered to?

**Deputy S.Y. Mézec of St. Helier South (The Minister for Housing):**

Just by way of brief correction, the rule is not that social housing providers set rents at 80 per cent of market levels. It is that they set them up to 80 per cent of market levels and they are more than welcome to charge less than that. There are many tenancies in the social sector that charge less than that. For the policy of setting rents at up to 80 per cent of market levels, there is not a government-imposed system on the social housing providers to calculate that. They have their own. By way of example, Andium uses the services of estate agencies and surveyors to inspect a significant sample of their stock throughout the year. They establish what market rent would be across 45 archetypes of homes, which they use to extrapolate across the whole of their stock. Andium's asset management team use that to then establish what an 80 per cent target rent would be and check against what they have in existing tenancies to make sure that it is consistent. If any evidence is presented to me that suggests that processes are not being applied properly, I would take that up directly with the social housing provider as it is the Minister for Housing that sets that rent policy. We do not have a fully independent process for checking that. That would be the role of a social housing regulator, but this Assembly in the past has not supported establishing one.

**The Bailiff:**

Supplemental question, Deputy Warr?

**4.10.1 Deputy D.J. Warr:**

I have, Sir, to an extent in that the Minister has kind of answered to an extent the ... I will give this a go and then maybe he can comment on this. I have been contacted by a constituent who is currently resident in a 3-bedroom home provided by a social housing provider. They currently pay £2,160 per month. A leading property agent advises that depending upon location current rents for 3-bed properties range between £1,800 and £2,200. This is easily double checked. Can the Minister explain why this tenant might find themselves in this situation and would he be willing to intervene to ensure this family pays a rent in line with social housing policy?

**Deputy S.Y. Mézec:**

If this is the person who I think it is, it is someone who I have met on multiple occasions and I have explained to this person that I am simply not convinced that Andium have not followed their processes accordingly for that property. If I can be physically given some evidence that suggests otherwise, then I certainly would take it up, but from what I have seen I am not convinced that that is the case.

#### **4.10.2 Deputy P.F.C. Ozouf of St. Saviour:**

I am sorry that I cannot ask the question in detail because the States website says that it is currently undergoing maintenance so I cannot get the house price index up. But from memory, the house price index shows quite rightly both purchased houses and rentals. Does the Minister not agree that the situation in relation to rent levels has got so high in recent years because of a lack of supply and other matters that he is probably needing to review the maximum rate of 80 because it is simply not affordable? Does he not agree?

#### **Deputy S.Y. Mézec:**

Yes, I do agree and I am always honest about this point in that I think that benchmarking social housing rents against market levels is not the best calculation system for social housing rents because it does not take into account the affordability for the tenant. If the point is to provide affordability for the tenant, you would think that another benchmark might be more appropriate. But we are where we are. That is the system that the Assembly adopted 10 years ago when establishing Andium Homes, and if we were to move to a different system that would require a significant look at Andium's financial model, including the financial return that Andium provides to Treasury. I have made clear that I am absolutely in favour of examining that, but I will say that there is at the moment no foundational document that says what our social housing rents policy is because it is split over different documents, different Ministerial Decisions, different States decisions. I am in the process of trying to consolidate that all into one official foundational policy document and from there that would provide a basis for further alterations to the policy in future.

#### **4.10.3 Deputy P.F.C. Ozouf:**

Would the Minister understand the frustration that a Back-Bencher such as myself has when he says: "Oh, that is the problem. I am going to regulate it and I cannot do anything about it"? Would he agree that he needs to get in front of the problem and deal with the supply side issue rather than trying to basically deal with the proverbial bolted horse?

#### **Deputy S.Y. Mézec:**

I am pleased to say that I have not the faintest clue what the Deputy is talking about. Andium is on site delivering hundreds of homes. They are a significant provider for supply in our rental housing market. He asked about getting in front of the issue. I voted against the social housing rents policy 10 years ago when it was brought forward. He voted in favour of it. I would absolutely like to see it changed but that will require funding and every time I or a member of my party proposes changing funding mechanisms the majority of the Assembly vote against it. So we have to deal in the real world and not where I would prefer things to be.

#### **4.10.4 Deputy J. Renouf of St. Brelade:**

Can I confirm that the calculation that is used to calculate rents for social housing would enable rents to fall should rental prices go down, as I believe they have done? Is he able to comment on whether this process is currently going on?

#### **Deputy S.Y. Mézec:**

It would fall for new tenancies, but the process for existing tenancies if there is a change in market conditions is that the rent itself would not be reduced but it would be frozen until the effect of inflation would be that it would hit the 80 per cent point. That I think was established when the policy was changed from 90 per cent market rate to 80 per cent market rate, so there are lots of tenants in Andium properties at the moment who are in the middle of a multiyear rent freeze.

**4.10.5 Deputy J. Renouf:**

Is he aware that any social housing providers have adjusted their 80 per cent rule for new tenants in line with what would be expected, given that rents have been reported to have fallen? Can he confirm that?

**Deputy S.Y. Mézec:**

No, I cannot because ... well, firstly, because they have a consistent, ongoing process of analysing their stock and engaging with private sector advisers on that, I am presuming that it is already being done. I do not have any reason to doubt that system but, as I said, if there is any evidence of cases of it not being applied, then I would go by that. Let us just remind ourselves that we do not have exactly accurate rental data for how rents are being charged in the market. We have the house price index, but that is only for advertised rents, not actual rents. We have a complete gap of data at that point, so there is a degree to which some of this is done in the dark based on the best advice that can be gotten.

**4.10.6 Deputy D.J. Warr:**

When does the Minister anticipate building the database for calculating rents?

**Deputy S.Y. Mézec:**

As part of the proposed changes to the Residential Tenancy Law, I will be proposing that a requirement is put forward for landlords when they apply for their rented dwellings licence to fill in one extra box that just says: "This is the actual rent that we charge." That I think is the least bureaucratic way of possibly doing that. If that is adopted, as I hope it is, it would take a little while from that point to then start getting the full picture because we would only get that when they renew their licence. That is a 2-year licence so it would take a little while.