

STATES OF JERSEY

Health, Social Services and Housing Panel Social Housing Property Plan Sub-Panel

FRIDAY, 4th MAY 2007

Panel:

Deputy S. Power of St. Brelade (Chairman)
Deputy R.G. Le Hérissier of St. Saviour
Deputy A. Breckon of St. Saviour
Connétable G.F. Butcher of St. John
Connétable S.A. Yates of St. Martin

Witnesses:

Mr. C. Steel - ATTAC
Ms. R. Pestana

Deputy S. Power of St. Brelade (Chairman):

I am going to welcome you on behalf of the Sub-Panel reviewing the Housing Property Plan and for the sake of the tape and the recording I will run through a routine that we have here. I have a convening notice as well. We will introduce ourselves and then I will invite you to introduce yourselves for tape purposes, and then I will read the convening notice. My name is Sean Power. I am a Deputy for St. Brelade and I am the Chairman of the Sub-Panel reviewing the Housing Property Plan.

Deputy A. Breckon of St. Saviour:

Alan Breckon; I am Chairman of the main panel and also a member of this Sub-Panel.

Deputy G.F. Butcher of St. John:

Graeme Butcher, Constable of St. John and a member of the Sub-Panel.

Deputy R.G. Le Hérissier of St. Saviour:

Roy Le Hérissier of St. Saviour.

Connétable S.A. Yates of St. Martin:

Silva Yates, Constable of St. Martin, member of the Sub-Panel.

Deputy S. Power:

If I could just ask you 2 to introduces yourselves.

Ms. R. Pestana:

Rosemary Pestana, member of Attac and also Transport and General Workers' Union.

Mr. C. Steel:

Chris Steel, member of Attac.

Deputy S. Power:

Rosemary, are you representing also States' Tenants' Action Group or is it you are just a member?

Ms. R. Pestana:

I am a member of the States' Tenants' Action Group but that has been very quiet lately and we are going to try and mobilise it at one point.

Deputy S. Power:

So you are with Chris on Attac?

Ms. R. Pestana:

Yes.

Deputy S. Power:

Can I read the convening notice then so that we are all legalised up? It is for witnesses who are not States' Members. It is important that you fully understand the conditions under which you are appearing at the hearing. The proceedings of the Panel are covered by parliamentary privilege through Article 34 of the States of Jersey Law 2005 and the States of Jersey Law (Powers Privileges and Immunities) (Scrutiny Panels, PPC and PAC) (Jersey) Regulations 2006. Witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the Panel in giving evidence without fear of legal action although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The Panel would like you to bear this in mind when answering questions. The proceedings are being recorded and transcriptions will be made available to you and they will be on the Scrutiny website. Thank you for coming and thank you for the trouble you have taken on your review of the Property Plan. We have some questions for you. We have all carefully considered your review and I said to members of the Sub-Panel before we start that while we have some specific questions they are free to come in at any time and ask you questions as well. I will lead off with the first question and then we have a running order, if that is okay? So I will start my question which is; the Attac summary suggests that micro

pockets, which you identify very clearly, of perceived dysfunctional families may be created by the reduction of housing stock and Housing assures that there will only be a marginal reduction in overall stock, which they have identified, as they propose to build at least 400 new sheltered homes for the elderly. Does Attac agree that the realignment of stock which the Housing Department have identified to suit perceived demand is a good thing?

Mr. C. Steel:

Yes.

Deputy S. Power:

You do?

Mr. C. Steel:

The sheltered housing is a massive problem. I wanted to do a lot more in this but I just ran out of time.

Deputy S. Power:

So you have no problem with the --

Mr. C. Steel:

I have no problem with sheltered housing and I think the Parishes must be made responsible and if they have to locate some fields to have this, because we are getting a greying society.

Deputy S. Power:

An aging society.

Mr. C. Steel:

An aging society, greying society.

Deputy R.G. Le Hérissier:

Just to ask Chris, you say sheltered housing; in what other areas do you think there is a need to realign the stock?

Mr. C. Steel:

I think there is a dreadful shortage of social housing, full stop. One paper commissioned by the Housing Department from the Statistics Unit identified a need of 1,400 units between 2005 and 2009. In 2006 we had 265 families on a waiting list and there must be a need. I think there has to be a need. We are also going to change our current and upcoming fiscal policies quite drastically, and I think that will have some impact on the demand for housing, certainly in the rented area.

Deputy R.G. Le Hérisssier:

Are you implying that there are going to be a lot more people perhaps on lower incomes who will need public housing?

Mr. C. Steel:

I think so.

Deputy R.G. Le Hérisssier:

That is what you are saying, is it?

Mr. C. Steel:

Yes.

Deputy S. Power:

You have referred to that quite clearly in part of the report. If I were to ask a question about sheltered housing again; has Attac come up with a definition of aging or age groups? Have you given any thought to whether it should be over-50s, over-55s, over-60s?

Mr. C. Steel:

The usual thing in the UK is over-50. But I had a meeting with Deputy Hilton in February and I spoke about one sheltered housing project at St. Brelade's on the side of Don Farm, and she was saying that basically they are really for over 70 year-olds.

Deputy S. Power:

The cottages by the Quennevais Sports Centre?

Mr. C. Steel:

Yes, little bungalows.

Deputy S. Power:

As you approach the Sports Centre?

Mr. C. Steel:

That is it, yes.

Deputy A. Breckon:

I just wondered what you would see as being sheltered housing? Would you see it being a mix of

people buying homes or rented and what sort of services do you see where people could have, if need be, food cooked for them or they could have a day centre or ... how do you see that as sheltered because there is some ambiguity about what is sheltered and it is not just people over 50. It is facilities and lifelong living and things like that, so what is your ...?

Mr. C. Steel:

I think you are looking for small communities because Jersey is a small place and you have to go a lot smaller than what it would be in the UK. But go for small, little communities and you could have owner/occupiers. Your owner/occupiers in sheltered housing could come from people that have got 3 or 4-bedroomed houses, get into their 70s and think: "Why have I got this big place?" And say: "I could go into one of these sheltered housing projects" and be a buyer in that and have a mix of unity of socio-economic backgrounds.

Deputy S. Power:

I think we would all agree with you there, there is evidence from almost every Parish that there are people living in a 3-bedroom house with a garage and a garden and they would like to downsize to a nice new modern maintenance free 2-bedroom flat that is economic to own.

Deputy A. Breckon:

When you say small community what are you talking about; 30, 40, 50? Is that the sort of thing?

Mr. C. Steel:

Yes, I do not think you would want to go -- even with new developments shared between people of all age groups, do not go above 50.

Ms. R. Pestana:

As long as they have got the community areas so they can meet and congregate, and shopping areas very, very close. Because even though if they are 55 and move into the social housing they are working then but that is when they move in for a lifetime. Eventually they could become disabled or whatever and they need the facilities very, very close. But certainly not huge estates.

Deputy S. Power:

I think part of the criteria that the Housing Department have identified is that - I will give one example -- they like to have them close to a bus route, close to some shops, close to a pharmacy or chemist, to surgeries, that kind of thing. Belle Vue is a classic example.

Deputy A. Breckon:

Can I come on to the concept of selling properties and especially at the moment to existing tenants, and

it is designed really to encourage better socio-economic mixing in the States and areas which seems to be what Attac is saying in their paper. I mean, would you like to comment on that?

Mr. C. Steel:

I wholeheartedly support subsidised first time buyer properties on a mixed development estate but we should not be selling the existing 800 units to first time buyers. We should be building new. Or if we are going to sell some existing units we should be building new social housing units alongside.

Deputy A. Breckon:

You say that because you see a future need in social housing?

Mr. C. Steel:

Definitely.

Deputy A. Breckon:

Because of economic circumstances?

Mr. C. Steel:

Definitely.

Deputy A. Breckon:

Could you expand on that?

Mr. C. Steel:

I have spent the last 8 years following social policy patterns, not just in housing, the whole social policy in the UK and the US, and other policies I have watched in this Island are going the US/UK route so it makes my job easy to look at what is going on here and possible outcomes if we get the same outcomes as they do in the UK.

Deputy S. Power:

Would you think it fair to say then, or am I summarising correctly what you are saying, that not only do we need sheltered housing but we need to build more sheltered housing - a lot more - but we also need to retain the housing stock we have got because of future demand?

Mr. C. Steel:

Yes, we do. Once the period is over for the selling of the 800 units we will be down to about 3,500 units which would be about 10 per cent of all housing, which in the UK they are looking at 20 per cent and the UK have recognised they have made a big problem since 1979, since neo-Liberal policies came in,

Thatcherism/Reaganism, it has just gone. They recognise this now and they are planning to build a million new social housing units in the next 20 years which is an extra 5 per cent, but because there will also be new houses built for the private sector they will still only be left with 20 per cent. We have people in the UK, skilled people, working people, that cannot afford to buy on the first time buyer rung. I think that is going to happen here.

Deputy R.G. Le Hérissier:

But in a way, Chris, putting on the devil's advocate hat, if Housing does sell off some houses, not only will it meet its maintenance needs but it will also possibly bring about this greater mix on estates which you are very keen to see happen. Do you think their policy will lead to this greater mix on estates?

Mr. C. Steel:

I would hope so, yes. I mean, they have done -- I do not know what the actual percentage of the mix is but Bashford's Estates at Rue des Pres is a mixed project and that seems to work quite well.

Deputy R.G. Le Hérissier:

But do you think where you have got an estate which is totally rental and a very traditional place like Clos de Roncier and some of the older estates. do you think by giving tenants the right to buy in a controlled kind of way, not just the Thatcher way that you describe where it was open to all comers, all tenants, relatives of tenants, the Government really went in for the big bang approach. But do you think it would change the nature of an estate and lead to some of the kind of desirable things that we are looking for in your paper?

Mr. C. Steel:

I think so, yes. Certainly the stuff I have read in the UK certainly has that. I think it was 20-odd case studies that were done and the outcome was very positive of those 20 studies. I mean I was brought up on one of the bad estates here from when I was 9 until I was 21 so -- but the mix has changed since then. In those days 1965 to 1978 it was -- there was a lot of proper families with a husband. There was very little unemployed, there were very few single mothers, that has all changed now. It has changed in the UK as well. So it is always -- nothing is constant. It is always on the change. So we are looking for more housing.

Connétable S.A. Yates of St. Martin:

Could I just come in there because on the one -- initially you said that you wanted the Housing Department to build more new social housing. You were then asked the question that if the Housing Department sold off a part of Clos de Roncier estate, which I believe is 58 out of the 100-odd houses, you were asked whether that would achieve what you ...

Mr. C. Steel:

It would achieve the desired mix.

The Connétable of St. Martin:

Your desired mix?

Mr. C. Steel:

Yes. It would achieve the desired mix but then you have got half of that estate, where do they go?

The Connétable of St. Martin:

They are staying in their houses they have bought.

Mr. C. Steel:

If they can afford them.

The Connétable of St. Martin:

That is another question. I wanted to clarify because at one stage you seemed to be saying: "Do not sell, build new" and the second half of the question you agreed with selling because it would achieve what you want.

Mr. C. Steel:

We are in favour of having mixed owner/occupier and social housing estates but not by selling 800 existing units.

The Connétable of St. Martin:

I am interested in this because I went to look at Clos De Roncier earlier this week and it is a pretty unique estate. You can look at it in isolation as much as it is stuck on top of a hill, you can see all of it; 183 houses I believe and 58 are perhaps scheduled. It does not seem to be a great deal of -- it is not the whole estate, is it?

Mr. C. Steel:

No.

The Connétable of St. Martin:

It is a 10-year ... so it is a possibility of 5 or 6 houses a year for the next 10 years.

Mr. C. Steel:

The Social Housing Property Plan says that 22 per cent of their tenants pay full rent. I find it difficult

that they are going to have all these buyers that are existing tenants because 70 per cent of the households in this Island have a household income of less than £34,000 a year.

The Connétable of St. Martin:

This is one of the things we are investigating. Thanks for your answer because that has clarified it in my mind.

Connétable G.F. Butcher of St. John:

Do you have any evidence of high demand for social housing in the Island?

Mr. C. Steel:

In the Island, no.

The Connétable of St. John:

Because we have a sort of situation at the moment where housing have had to relax their occupancy guidelines to fill vacant properties which would, sort of, contradict a high demand.

Mr. C. Steel:

We have coercive policy from the Housing Department. There was a letter sent out last year to tenants on the waiting list that said something like: "We have an exciting opportunity for you moving to trust and association premises. If you take this up you will be struck off the social housing waiting list." That is not verbatim but I can ...

Deputy S. Power:

Does that relate to ...?

Mr. C. Steel:

This was people on the waiting list.

Deputy S. Power:

Does that relate to what you ask, Constable?

The Connétable of St. John:

I am not sure, to be honest.

Mr. C. Steel:

It said: "Exciting opportunity. We are delighted to announce that we have an 80 per cent nomination rights for 2 newly built social housing developments which will be managed by housing trusts. As an

individual or family considered as being in need of social housing this is one opportunity to be offered a newly built home with a housing trust. It is important that you are aware that having been considered for one of these units, you fail to accept to offer of the trust and housing association, will result in your name being removed from the States' rental waiting list.”

Deputy S. Power:

The letter seems to suggest that it is an invitation you cannot refuse.

Mr. C. Steel:

The problem is with housing associations and trusts you have no -- they cannot be held by the electorate. If they do something wrong the electorate cannot change what has been happening.

Deputy R.G. Le Hérissier:

I notice, Chris, you mention this in your paper and you constantly come back to this theme which is, you know, excellent the way you argued it but do you know that the housing trust do receive directly and indirectly a high degree of government subsidy basically, and they are -- do you accept the argument that in some ways, not all, they are managed as a branch in a sense of housing policy on the Island and if there was not conformity with overall housing policy, obviously we put a lot of money in them and we have to look very carefully. Would you accept that sort of contention?

Mr. C. Steel:

Yes, just about.

Deputy A. Breckon:

I was not aware of that and the thing is with it there is a need to make people aware who might not be, if he has never been on 2 waiting lists but he has never just been on one either. I was not aware that people were told that they could be removed if they ...

Deputy S. Power:

May I ask you to give it to the officer if you can and then we will send it back to you.

Deputy R.G. Le Hérissier:

Again, you might not accept the basic, sort of, assumption behind this remark, Chris, but we will put it to you. Regarding first time buyers, skills of essential employees are generally very well paid especially in Jersey where there have been various surveys of wage rates at that level. Most homes are bought by couples and families and these days there are usually in these particular homes 2 wage earners, does that mean that we have reached a situation and do you believe that single people are being unfairly excluded from home ownership?

Mr. C. Steel:

Definitely. They are just being -- single people on this Island have been excluded from society completely. I did a Scrutiny submission on the Income Support Scheme and the Social Security's own figures indicate that we have 64 per cent of single parents and their children living in relative poverty using the internationally recognised benchmark for assessing relative poverty. So I think there is demand. We do have slightly higher than the EU (European Union) average of single parents in Jersey as well.

Deputy R.G. Le Hérissier:

I know there is obviously a temptation to put more money into it, but in that and other ways, how would you make it easier if it were possible for single people to enter home ownership?

Mr. C. Steel:

I think it is difficult because when we say single people the vast majority of single people are women and I think women are categorised and into a catch-22 position where they cannot win. If they put their child in care and go to work they say they get accused of not nurturing their child. If they stay at home and nurture their child they are accused of being a welfare scrounger. So I think it is very, very difficult for them. I think obviously something would have to be done, some kind of nursery care.

Ms. R. Pestana:

And the price of nursery care is -- they are earning a wage and half of that wage is going into childcare. So they really are in a no win situation. There is no way on this earth that anybody would give them a mortgage. It really is as simple as that. These people through probably no fault of their own have been married, their marriages have broken up and left with, i.e. 3 children to bring up and still go out to work and still pay for childcare. You will get the help from the Social Security but not a great deal. Certainly not to buy a home. So they are left and even in my family alone, I was married for 17 years and my husband up and left. One of my children had been able to buy because he is in one of the very high paid jobs but the other 2 there is no way on earth they will be able to buy. My daughter has been left with 2 children, one disabled, there is no way she is ever going to go on that ladder of buying a home. I would never be able to and I have worked at the hospital coming up to 35 years. There is no way I would even be able to get a deposit because I have been too busy bringing up a family and keeping them at school to try and give them a good education, and pay for the childcare while I was working, and then being accused: "Well, you are not looking after your children, you should stay home." It does not happen. That is not the real world. As for low paid, I am on £12,000 a year, can you see a bank giving me a loan on £12,000 a year? No way. We survive and that is all we do is survive in this Island and there are many, many people out there like me. No difference, and I class myself as lucky because I have managed to bring the children up. They are married with children of their own and I am on my own and

I am very lucky to be in housing because I do not know where I would be now.

The Connétable of St. Martin:

I have a question. Could Attac comment on the evidence received from other witnesses that Housing's rents are lagging, in fact, by up to 20 per cent behind the market and thus creating unrealistic demand for social housing?

Mr. C. Steel:

You are saying Housing's rents are too high?

The Connétable of St. Martin:

No, lagging behind.

Deputy R.G. Le Hérissier:

Too low.

Mr. C. Steel:

Too low?

The Connétable of St. Martin:

Compared with the private sector.

Mr. C. Steel:

The problem with having the current rent structure of social housing in Jersey is that it deters anybody that would like to get back into some kind of paid employment because as soon as they go back into paid employment they are going to have other expenses, car parking if they work in town, maybe income tax, other expenses, which then gets their rent abatement or rebate, if they are in associations or trusts, adjusted and they just keep going. I have a case study but not with me where a lady has gone back to work, she is now worse off than she was bringing her 2 kids up.

The Connétable of St. Martin:

I believe that could be the case.

Mr. C. Steel:

I mean, what they have tried to do in the UK with the differential between social housing and trusts and association rents compared to private sector rents, is they deliberately tried to keep them roughly about 50 per cent of the private sector rent for a similar property, so that when they do try to get back into work they are not immediately clobbered with: "Well, we are going to put your rent up." They do not

get that disincentive. So they can get a little bit of a break before they start getting into the tax brackets and everything else.

Deputy S. Power:

Part of the question here might be the fact do you think there may be people in housing that should not be there?

Mr. C. Steel:

There probably is because there is always a few. The other concern I have, which I have not used in the report, is that they wish to sell to current tenants but I do not know what percentage of the 22 per cent they are saying they have got that are paying full rent are over a certain age that would not be able to afford a house. I mean my father has been in social housing since 1965, still in social housing, he has paid full rent all this time, he is now 77. He cannot afford to buy at 77. He is not going to get any reward for being a good tenant and paying full rent for all those years.

Deputy S. Power:

The Housing report says that, I think, 26 per cent of tenants are paying full rent and your argument is that of that 26 per cent there are quite a significant number who are in retirement age or whatever?

Mr. C. Steel:

I would think so.

Deputy S. Power:

Which leads us neatly on to the next question. Do you think, as an organisation, Attac, that the argument from Housing that levels of rent subsidy available have been too generous and have distorted the market by increasing rents in the private sector?

Mr. C. Steel:

It probably has increased rents in the private sector. The problem is it is such an expensive place to live.

Deputy S. Power:

How would you deal with that?

Mr. C. Steel:

Something different from the Income Support Scheme.

Deputy R.G. Le Hérissier:

Do you think our policies, Chris, perversely have lead to the increase of rents in the private sector thereby taking probably the most important factor in the cost of living index, up and up?

Mr. C. Steel:

I think because we have some very, very wealthy people living in this Island paying way over market prices for property, I think that spreads all the way down into rents. If the most expensive property on the Island is Trinity Manor or something, the moment you buy that for whatever, I just think that they just see it. Well, they are prepared to pay that for that, we can charge that for that.

Deputy S. Power:

Is it possible to link, say, the purchase of a high value house by a high net worth individual to rents in town or in St. Clement or St. Martin?

Mr. C. Steel:

I think it is all -- by some of the people that I have spoken to who have had small businesses in town, some of them for 30 years and they have just walked away, and they are saying to me: "We think the price of commercial property per square foot is based on what the finance industry is prepared to pay."

Deputy R.G. Le Hérissier:

You think that same argument applies to the housing market?

Mr. C. Steel:

I think it just dribbles down, and everything is just sucked up and along. And the gap between rich and poor is just getting bigger and bigger and bigger here.

Deputy A. Breckon:

Do you think, Chris, that States' rental sector should necessarily be connected to the market at all? If people cannot afford it, I mean, should there not be --

Mr. C. Steel:

It is not in the UK. They use sub-market rents in social housing and housing associations and trusts. It is deliberately taken out of market links.

Deputy A. Breckon:

You mentioned before about 50 per cent, that was across UK authorities or something?

Mr. C. Steel:

It is in there. I think roughly the average is £60 a week for States' social housing and £70 a week for

trusts and associations, and the average price for the private sector was £147, if I remember right. Which is nearly --

Deputy A. Breckon:

Is there any linkage to that to what it would be in the UK in percentage terms or anything?

Mr. C. Steel:

I do not know.

Deputy A. Breckon:

Of course you would not know. I have seen documents in the past from ... cannot remember where it was now.

Deputy S. Power:

I suppose one of the ways of looking at this is in some way the Housing Department has had to provide housing and in other ways it has to provide housing on an almost benevolent basis because it is providing social rent of housing, so it does not do the normal thing. For instance, the Treasury Department cannot turn round to the Housing Minister and say: "There are terms on your portfolio that just do not make any sense." It is a completely different market and I think that is why we have that question.

Ms. R. Pestana:

I think that is what social housing means.

Deputy S. Power:

That is what it means.

Ms. R. Pestana:

To provide for the people in need, and the majority of low paid over here they are in need. You have got migrant workers which are coming, God knows how they are living. We have got people coming to us, Polish and Portuguese, they are paying extortionate rents so I do not even know how they are feeding their families.

Mr. C. Steel:

We have had a minimum wage set that is slightly less than 40 per cent of median income and yet the poverty margin is set at 60 per cent of median income. So your minimum wages is dreadfully low.

Deputy S. Power:

I am sure Treasury must have wanted to apply a slide rule very often in the last year and a half to Housing and say: "Your rents are not high enough" but obviously Housing has to do what Housing has to do.

Deputy A. Breckon:

This is in reference to transferring stock to trusts and similar organisations. In the plan it makes reference to this but it also indicates that there should be no more transfers at this time to trusts, I wonder what your view is on that.

Mr. C. Steel:

I would agree with that. The Attac position is that social housing should be in sole charge of the Government.

Deputy A. Breckon:

You mentioned earlier the fact that politically you cannot have access to a trust, you see the political reason being that if you have social housing then somebody is politically responsible. I know that they are sitting behind you, but is that the reason so that people, if you like, can then vote with their feet if they are not happy with what the Government are doing about the housing while they cannot do that with a trust.

Mr. C. Steel:

Cannot do that with a trust.

Deputy A. Breckon:

Do you see that is because the trusts are not accountable enough or transparent enough ...? Where is that?

Mr. C. Steel:

I have been trying to get some accounts from the trusts but not very easily because I would like to see where they spend their money.

Deputy A. Breckon:

They do produce an annual report which I understand is available. I do not think all of them but I know the biggest one does.

Mr. C. Steel:

Most of them are running management companies to do the job for them. So that is a private market --

Deputy A. Breckon:

So it is just seen as a fee and there is no filter down with it, the breakdown.

Deputy S. Power:

Can I ask a question about the relationship between the stock that the trusts own and the stock that the Housing Department own? At the moment your figures are quite accurate, something just a little over a thousand units of accommodation are controlled by the trusts and about 4 times of that are owned by Housing and when the realignment is done, if and when it is done, it will probably be, say, 4,000 units of social housing and 1,000 of trusts. Would you like to maintain that ratio of 4 to 1 or would you like to see the trusts ...?

Mr. C. Steel:

I would like to see the States of Jersey Housing Department take trust stock back into their own hands.

Deputy S. Power:

In other words, you are saying that if the trusts do not use the funds that are accruing now, because obviously they are paying off their debts and they do not expand their stock, that you would like that to come back into public control?

Deputy A. Breckon:

You would rather see that, Chris, than see them expand? Because if they are accumulating money then they could, in fact, create social housing which was part of the plan I think we started with.

Mr. C. Steel:

I think it is difficult. I think the Government has a moral and political duty to supply social housing to who needs it, and not just on a needs basis either, on a choice basis. I have written to the Housing Department 3 or 4 times in the last couple of years to point the choice model out and I had a letter from their Director of Estates as late as December of last year saying that housing allocation is needs only, no choice.

Deputy A. Breckon:

Do you see choice as a part of people's lifestyle? You know, they make a choice rather than have to fall back on it as it were.

Mr. C. Steel:

Why should we be held to one, 2, 3, allocation offers when you should be able to have a say: "I would like to live there or there." The choice model in the UK which has been going for about 7 years now has been very successful.

Deputy A. Breckon:

Linked to that, how would you see the exclusion from qualifying for States' rental housing because of income? Say you were £20 over then you are excluded, do you think that should be secondary?

Mr. C. Steel:

There has always been a problem with it. It is not just housing policy but things like social security and welfare benefits where there is this grey area where you are just over and you do not get anything but because you are not getting it the person who is getting it is better off than you are. But there is always going to be a grey area. There is never a win win situation.

The Connétable of St. John:

Chris, would you have any comment on evidence that we received indicating that at Le Squez and Le Marais a number of tenants who were previously receiving rent abatement have been able to obtain mortgages to purchase their own property. Would that not indicate that States' tenants and others are getting far too much in the way of a subsidy? If you are on an abatement.

Mr. C. Steel:

Yes. I mean I have not looked at the -- I do not know the abatement, I have never seen how it works so I do not know exactly. But, I mean, anecdotal evidence, somebody said to my wife that he was living in social housing and he is just - his mid to late 30s - and he has bought a house because his mortgage is cheaper than his rent.

Ms. R. Pestana:

But I should imagine there are not many that fall into that category.

The Connétable of St. John:

It is the imbalance of the subsidies against being able to afford a mortgage and buy your own house. If you can afford a mortgage, in theory you should not be at a level that you would be entitled to subsidies.

Mr. C. Steel:

I know historically there is a lot of people that in my lifetime got married, had kids, gone and lived in social housing and moved out and bought their house when they had the money.

Deputy S. Power:

You painted a picture earlier, Chris, which I think most of us would not disagree with about obviously hardship cases and stuff like that, individual cases. But would you agree or disagree with me that there are probably people in social rented housing who have, for want of a better phrase, milked the system?

There has been an abuse?

Mr. C. Steel:

There is always going to be abusers in any policy. There are always going to be abusers.

Deputy S. Power:

As Rosemary said, it is probably not many examples of it but I would say that there are cases where, if say somebody in Le Squez was on rent abatement and suddenly was able to buy that is obviously an indication that there was a problem there and probably a continuing problem there.

Deputy A. Breckon:

But then would you agree there are people in a catch-22 because of age although they might look very wealthy, those that had children are older, and you might have a couple where you have then got 2 incomes that you did not have before and they look relatively wealthy, but they have got nowhere to go because 55 to 60 off to buy may well not be an option so although it looks like we are, sort of, harbouring wealthy people or people are better off we are not, would you comment on that.

Mr. C. Steel:

I think the proposed subsidy they are going to give the existing States' tenants to buy their houses, and I mean I have only seen from the *JEP* what the houses that have been purchased in Le Squez, I just do not think there is much incentive to make you buy something there because it is not discounted enough. There has to be another option and there has to be some kind of better shared equity. But do not go as far as some of the UK ones have done because some of the UK ones are getting silly over 50-60 percent and in the private sector in the UK we have got the highest repossessions for young mortgage owners for the last 8 or 9 years last year. Yes, but there is a better option. While we talk about taxation, Jersey's current and upcoming fiscal policy is totally unsustainable. You cannot sustain - I did some research last year and I looked and looked and looked for another jurisdiction that had all their taxes at very low rates and I found one and that was Guernsey. We believe that the whipping boy will be GST and GST will rise to somewhere between 12.5 and 15 per cent by 2015, which is you have no exemptions apart from medical services, which is going to impact on the lower socio-economic classes. But there is a better way to fund, not just social housing but first time buyer properties, and it is to use government issued bonds as surety at commercial banks, and that just does not apply to the Housing Department. It can be used at any department that has an income from the public, it can be used very well with utilities, to develop utilities or expand utilities, modernise utility companies. I would seriously recommend that the States have a look at bonds. I know that Scrutiny have already had a little look.

Deputy R.G. Le Hérissier:

Can you briefly explain the system then on how it would work?

Mr. C. Steel:

Creating the bond is not free but it is nearly free. Fair enough you have got to guarantee your money on that but the bond is basically nearly free, and you use that as a surety at the bank to get your capital project loan and then you can build your first time buyer houses, your social housing and the money you get back from the first time buyers and your rents from social housing would pay the repayments on the loan and interest. We have been looking for research on government benefits on using bonds, there is not a lot.

Deputy S. Power:

But government bonds were very, very common up to and including the Second World War and the 1950s and it was a means to finance great big public programmes and projects. So it is the tax view that the Housing Department should have more autonomy or would you have it centrally raised by ...?

Mr. C. Steel:

The role of a Minister of any department is to fight tooth and nail for his department, and I do not think that happens a lot here. It is his or her job to lobby the Treasury and the Treasury Minister and the Deputy Treasury Minister and the rest of his colleagues in the House to look at what they need. I mean, Jersey Housing Department's budget is -- I mean, I have looked at Housing Department's budget, Health and Social Services budget and Social Security's budget and they are all way, way, way below any of the European countries. Health; our budget is --

Deputy S. Power:

Can I just clarify? Is this the amount of money that the States of Jersey Housing Department would spend per tenant compared to other jurisdictions?

Mr. C. Steel:

Housing statistics are quite difficult to find in European countries but the statistics I looked for on the health was that Jersey spends 4 per cent of its GNI (Gross National Income) on health and social services. The 25 European countries, the big spender is Germany on 10.9 and the low spender is Estonia on 5.5. There is an argument in Jersey from politicians that we do not need to spend as much as other countries because we are a wealthy country yet Luxembourg and Switzerland also have big budgets on social protection issues.

Deputy S. Power:

I am just trying to clarify in my own thinking on what you are saying. You would like to see the Housing Department spend more money, but would you like the Housing Department to have more autonomy? You must do if you are saying that because ...

Mr. C. Steel:

Yes, because they need to fight for the people that need housing.

Deputy R.G. Le Hérissier:

But in a way, Chris, what you are suggesting is a bit like housing trusts because it is argued that housing trusts were essentially - forget the management issues which you raised and all that for the moment - essentially they were a way of raising for budget capital because of the States' good housekeeping principle that you will not spend anything until you have got that money in your hand. You are suggesting, in a way, that kind of financing, finance against an incoming revenue stream, is that correct?

Mr. C. Steel:

Yes. But that has to be kept in house, it must not be PPP (Purchasing Power Parity) or PFI (Private Finance Initiative).

Deputy S. Power:

One of the problems that Housing have clearly identified is that their annual rent role is completely amortized by rebate, and that is their problem. That developed back in 1992 or 1993, you were the researcher.

Mr. C. Steel:

Somewhere round there.

Deputy S. Power:

Started at £80,000 and now it has grown to £23 million, and that is the stark issue that Housing have had to absorb rebate out of their rental income and the greater part of their rental income could not be used for repairs and that is why we are in this situation where they have now negotiated £8 million a year from Treasury for the next 5 or 6 years and then the rest to rehabilitate their housing staff. So partly it is an inherited problem and the rest is part of the tradition to do, but I think Housing are coming round to the view that a much bigger picture exists of how housing is structured in Jersey in the future. So it looks as if social rented housing controlled by the Housing Department is up for review. The relationship of that, the trust is up for review and then the private sector is up for review. And that will all be rolled into one new model in the next 12 to 15 months. I think that is where we are. Part of what you are saying maybe in there.

The Connétable of St. Martin:

I would like to perhaps be a bit critical and maybe you can come back on this because you were talking about GNI and the percentage of - I think you mentioned the health budget on GNI and comparing it

with Germany and Luxembourg and Switzerland. But I want to comment that the Jersey situation in GNI was a bit strange compared to other jurisdictions in as much as that if, for instance -- well, we realised that we have a very high GNI per capita in Jersey because of a very, very, very low taxation situation and if we put the taxes up then our GNI would fall to rock bottom. Our GNI per capita would be zero basically, so it is a very artificial and very precariously balanced situation, so I do not think you should compare a point for GNI with whatever it was for Germany, and would you care to comment on that?

Mr. C. Steel:

Yes, there is always the argument that Jersey is not perceived as a nation and making comparables is difficult. But if you have people living in poverty because Social Security's budget is only 2.6 per cent of GNI and comparable countries, I know from the research I did last year for the Nordic region we are looking at 7 or 8 per cent. Some of these countries have good -- the Nordic region has a good thriving economy. It is a good thriving economy. It has great social protection.

The Connétable of St. Martin:

It also has a VAT of something like 25 per cent and this is the difference. Because at the present moment VAT in Jersey is zero, it will be going to 3 per cent in a year or so. I have fallen foul of this particular little equation and that is why I do not like when I have to talk about proportions of GNI. I apologise for bringing you to that notice but ...

Mr. C. Steel:

The Statistics Unit do not do those statistics, I had to work that out for myself because they do it as a percentage of the pounds spent, which looks very nice because it says health get 26p of every pound, that looks very nice that way.

The Connétable of St. Martin:

I have got a question, different subject, Housing claim that their plan is about increasing the quality of the homes that they can offer to those residents in need and adjusting the nature of their stock to meet demographic change such as the increase in demand for sheltered homes to house an aging population. Does Attac have any comment on these aims and could they explain how their priorities may differ from those put forward by the department?

Mr. C. Steel:

We are totally supportive of the need for sheltered housing and I think if we say it is going to be for over-50s, if we are going to use that category, if people who lived in their Parish, like I have for 30 years, it is probably nice if they could stay in the Parish. I mean, I live on the border of St. Saviour and St. Martin, I go to St. John's quite a lot and they have got nice little shops there, they have got a nice

little community going there, and I think it is a little bit round where Maufant(?) I live it is a little bit like that as well. I think people know people around there because they have lived there all their life so we need this in all the Parishes.

Deputy S. Power:

So you are saying it is scale that is important, community scale? Small is beautiful. Small is good.

The Connétable of St. Martin:

I would like to try to reassure you because the Housing Minister has asked me to locate possible sites in the Parish for sheltered housing and it is not as easy as one might think. Adverse reports to *JEP* say the Constables seem to be sitting on their hands but it is not straightforward, we are working on it. We continue to work on it. I do believe there is one coming up in St. Martins maybe in the next year or so.

Mr. C. Steel:

We support modernising existing stock, that should not be at the cost of selling 800 units to first time buyers.

Deputy S. Power:

That is why we are here.

Deputy R.G. Le Hérissier:

But back to one of the original points which we are going to have to obviously examine, if Housing is selling: "Look, we have ended up over the years, we have pushed for sheltered housing, we are only now getting some interest in it", this is their argument: "And over the years we have built up a certain kind of housing stock. You know, we have ended up with too many of these kind of houses whereas we really need these kind of houses." Do you honestly expect them to hang on to their current stock, like just to freeze it, or should they try and rearrange it?

Mr. C. Steel:

I think if they have a percentage of people that are going to move out of their existing social housing stock into sheltered housing they need to keep the existing stock for the demand which the Statistics Unit, commissioned by the Housing Department, said they needed. I mean it is a fair percentage, 1,400 units over 4 years is a fair percentage considering that we have only got roughly 4,600 now.

Deputy S. Power:

The Island Plan 2002 identified a need for sheltered housing. We are now at 2007 and while there have been folds and flows in the way the Island Plan has been interpreted, the 5 year gap - we are coming up to the fifth anniversary of the release of the 2002 Island Plan - very little has been produced in the way

of sheltered housing and, in actual fact, I would probably say almost nothing has been produced in the way of sheltered housing. So it is becoming an issue, and you particularly are an expert on demographics - I think it is 18 per cent of the population at the moment is over 65 and that is going to increase to almost a third in less than 20 years, so we are going to have one in 3 who is in that age group. So there is a problem and I think a realignment is necessary, we are going to have to provide for more sheltered housing. I think it has been often quoted that the little bungalow/cottages up at Don Farm, again on the approach road to the Sports Centre, they could have been rented a hundred times over if they had been reproduced in various other parts of the Island - unfortunately they did not - because they seem to be a successful type of design. But sheltered housing is very land hungry, extremely land hungry, and whatever is done in the next few years has got to be done with a great deal of sensitivity. What cannot happen is greater areas of green zone to be re-zoned for land hungry schemes. It has got to be done in a different way but that is not for this Panel. We have a few minutes to spare, is there anything you would like to say to the Panel that we have not addressed? Is there anything that you have a prepared text or 16 pages of script?

Mr. C. Steel:

No, I am fine.

Deputy S. Power:

Again, I want to put it on record, we thank Jersey Attac for the trouble they have taken to review the Property Plan and for producing the report that you have produced. It is of value to the Sub-Panel and it will be reflected in the summary. The content of the report, when it is finally published which will probably be the first few days in June. We will probably produce it, we hope - we look as if we are on schedule - take a deep breath - and we hope to release it at least 2 weeks, maybe a week before the debate on 19th June.

Mr. C. Steel:

Can I add a quick word? I have done several of these and I did the employment forum for the minimum wage as well. Most of us have got jobs as well as doing this. Some of the times that Scrutiny, we get very short time - I know when I did the Income Support I got 10 days - and it is trying to fit it in everywhere else without the wife going berserk. So sometimes we could do with a bit extra time if we are going to have a Scrutiny meeting about issues or whatever. It is a bit short sometimes.

Deputy S. Power:

Can I just point out? We were given the report 2 or 3 days before Christmas, then we had the Christmas period. We all came back as States' Members on 16th January. This Sub-Panel is part of a much bigger Panel which was only formed at the last States' sitting so the 5 of us really did not get together from the time of 16th January, we sat for the first time on 2nd February, so we have literally been at it 12 weeks.

But all of us are working under a fairly big time constraint and I assure you we would love to have an extra month or 2 but we do not have it, so I understand where you are coming from. But you have done a good job and if there is another review, whether it is Housing, whether we are working with Housing, whether the bigger picture comes up for review, obviously you will keep an eye on that too.

Mr. C. Steel:

Yes, I will do.

Deputy S. Power:

Thank you.