

3.10 Deputy G.P. Southern of the Minister for Housing regarding the transfer of £1 billion housing stock from the States to Andium Homes

By jove, the Minister for Treasury and Resources is on form today. Let us test out the Minister for Housing. Following the transfer of £1 billion housing stock from the States to Andium Homes will the required return to the Treasury effectively reduce the company's rental income of £240 million for the first 5 years (which is 4.8 per cent return per year) by almost two-thirds and, if so, how does this relate to the figures of £20 million finance costs, £64 million maintenance and £175 million spend on new build/refurbishment given in his answer on 1st April?

Deputy A.K.F. Green of St. Helier (The Minister for Housing):

This is all explained in a very clear and robust manner in the 118 pages of our R.15 last year which supported P.33, the Housing Transformation Programme, which we debated on 16th May last year. On the projected rental income of £240 million in years 2014 to 2018, £64 million - as I said before - will be spent on maintenance, £30 million on net overhead expenditure, £20 million on finance costs and £153 million will be returned to the Treasury. This results in a projected net loss of £27 million which will be recovered by Year 10 of that very robust business plan that I was talking about. In the same period Andium Homes will undertake a programme of major refurbishment and new build projecting costs of about £175 million which will be funded by borrowing, by that bond that the States is taking out and repaying from future rental income. After delivering the commitments laid out in the Medium-Term Financial Plan, the return made by Andium Homes to the Treasury will be maintained in real terms. The Treasury rely on this annual return from Housing and, as I have said, the Deputy when he has questioned me before, I live in the real world; I do live in the real world - if we do not make that return as has been made for many, many years, where are we going to get that money from? Are we going to take it from Health? Are we going to take it from Education? Are we going to take it from Social Security or are we going to put G.S.T. up? I think it is quite a legitimate thing to have £1 billion worth of assets and make a return.

3.10.1 Deputy G.P. Southern:

Does the £20 million which he allocated for financing costs cover all the borrowing for Andium Homes involved in this 5 year period or not?

Deputy A.K.F. Green:

The borrowing will be paid back over 20 years, not over 5 years. That again is very clearly laid out in R.15, the business plan that I have referred to.

3.10.2 Deputy G.P. Southern:

Does £20 million cover all of the borrowing by Andium Homes or not? That is the question, it is a simple yes or no.

Deputy A.K.F. Green:

It is not as simple as that. Initially in the first 5 years we have the setting-up of the company and we are not going to be drawing-down the £250 million, the Treasury is putting together in a bond £207 million of that which will be used by Andium Homes. It will be drawn down on a project by project basis. So it is not as simple as to say the £20 million will be repaid in 5 years.

3.10.3 Deputy M. Tadier:

So we have heard it now from the Minister for Housing that the economic policy of the Minister for Treasury and Resources ... that £153 million, the Treasury relies on that money so can the Minister confirm that we have an economic policy in place which relies effectively on a stealth tax for the most vulnerable and lowest earning people in society to pay £153 million into the Treasury because we have such a broken and unprogressive tax system? Will he answer that question first? I do have a supplementary.

Deputy A.K.F. Green:

Yes, I will answer it and say that those that need support will rightly get it now via social security through the housing component instead of everybody having a subsidised rent whether they need it or not because their circumstances have changed.

3.10.4 Deputy M. Tadier:

So the vicious cycle of dependency, state dependency which is underpinned by taxpayers, continues. The question is: that £153 million, would the Minister for Housing and Andium consider not giving that money to Treasury? The Treasury can find another way to raise £153 million, perhaps by taxing those who can afford it, and using that £153 million for housing purposes so that those who pay into housing can get the tangible benefit going forward and not have to continually pay into an unsustainable Ponzi scheme to prop-up unsustainable economic neoliberal policy from this moribund Minister.

Deputy A.K.F. Green:

No. [Laughter]

3.10.5 Deputy T.A. Vallois of St. Saviour:

Could the Minister for Housing explain the £240 million income of rent, how the £10 million difference will be made up for this year and the following 4 years due to the change in the rental policy that was agreed by the States Assembly on 16th May last year?

Deputy A.K.F. Green:

I am sorry, I do not have that information to hand but I will let Members have it as soon as possible.

3.10.6 Deputy T.A. Vallois:

Is the Minister concerned that we will not be able to make up that extra £10 million due to the change in the rent policy last year?

Deputy A.K.F. Green:

No, I am not concerned about that. As I said, I am working to a robust business plan that has been not only produced by my department and examined by others but examined by experts outside. I am absolutely convinced that we can meet all our obligations otherwise I would not have brought P.33 to the States.

3.10.7 Deputy G.P. Southern:

Does the Minister accept that effectively he is increasing the rental in social homes so that rents will go up by R.P.I. (Retail Price Index) plus 0.75 per cent, whereas benefits, which he says are contributing towards the rents, will only go up by R.P.I. thereby increasing rents for the worst off in our society?

Deputy A.K.F. Green:

No, I do not accept that. As I understand it, people are entitled to a full rent component. The rent component will be adjusted to meet that rent. But that is for people that are entitled to the full component. Others who find their situations are improving will find that they will have to contribute more towards their rent than they have done, but that is only right and proper. You cannot have families who are desperately in need of housing that come in and receive the full component, who then get good jobs - and good for them if they go out and get good training and get good jobs - you cannot have continued subsidy on that basis. People must pay their own way. There have to be exit strategies too. People must be able, when their circumstances improve, to say: "I can afford to go out into one of those affordable homes" be it shared equity, be it deferred payment, be it rent to buy. That is what this is about.

3.10.8 Deputy G.P. Southern:

Can the Minister inform Members what 30 years of plus 0.75 per cent means in terms of the cost of those rents?

Deputy A.K.F. Green:

What it means is that it brings eventually people who are receiving subsidies inappropriately to paying the correct amount of rent. Over 30 years... 30 years of protection for people that could really be affording to pay the full rent now.