

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 6th MARCH 2018**

Question

Will the Minister detail for members the scope which Andium Homes has to set rent levels for new tenants at a rate between 85% and 90% of private sector rents; and the impact that a rent-freeze would have on the business model and revenues of Andium Homes, including the ability to meet its repayment of borrowing, the annual return to the Treasury?

Answer

The requirement for the 90% equivalent market rents policy was well-documented by the Health, Social Security and Housing Scrutiny sub-Panel (S.R.6/2013) before *'The Reform of Social Housing'* (P.33/20113) was adopted by the States Assembly in May 2013 (S.R.6/2013).

The 90% rents policy provides a sustainable funding arrangement for the delivery of new and refurbished affordable housing. In the case of Andium Homes, the rent it receives is used to pay the substantial return to the Treasury and Resources Department and to fund all its homes and housing-services, including dealing with the maintenance backlog identified as part of the Housing Transformation Programme.

A rent freeze or a reduction in the rent charged would prevent Andium Homes from servicing current loans and delivering the return to Treasury, as well as investing in the development of new homes.

Andium Homes is delivering hundreds of much-needed homes for islanders. The delivery of such homes is not viable if the rents policy is not applied. Furthermore, instability in this area could jeopardise future borrowing arrangements needed to deliver these homes.

Income Support is available for up to the full amount of rent charged on an Andium Homes' property (as long as the household is occupying a property appropriate for its needs), and so any reduction in rent would only serve those who do not qualify for assistance through Income Support.

It should also be noted that freezing rents does not help the poorest members of society. This can only be achieved through Income Support.

A rent freeze would also make new housing schemes less viable and further limit the development of more homes. This would impact supply and, therefore, increase rents.

Effectively any changes would undo the positive principles that the Housing Transformation Programme was established upon.