

Government of Jersey Fair Rents Plan

December 2021



R.15/2022

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INTRODUCTION

The rental market plays a vital role in delivering housing for Jersey. The Housing Policy Development Board reported that an effective, comprehensive, and high-quality rental sector was vital to the good functioning of the housing market and for creating better homes for Islanders. This is a vision I share and this is why my [Creating Better Homes Action Plan](#) made a commitment to publishing a Fair Rents Plan by the end of 2021 that would:

- respond to the recommendations of the current review of Social Rent policy.
- extend eligibility to social housing through the affordable housing gateway.
- identify actions to expand protections provided by the Residential Tenancy Law to private sector tenants.
- identify actions to respond to the need to protect private sector tenants from excessive rent rises.
- set out a high-level framework for a future social housing regulator.

This document delivers on these commitments, setting out my agenda for improving the rental market in the coming years. The Plan reduces rents in the social sector, expands eligibility to social housing, updates on progress to enhance protection under the Residential Tenancy Law, and sets out how private sector tenants will, in the future, have recourse against unfair or unjustified rent increases.

I am pleased to have achieved a move to an 80% cap on social rents. This was a complicated piece of work that required close cooperation across government and with the social housing suppliers. An expanded Gateway will introduce more fairness to the eligibility rules and better reflect the true need for social housing on Island.

There is still a lot of hard work to do in implementing the remaining elements of the Fair Rents Plan. As is the case in overcoming the supply-side challenges in Jersey's housing market, delivering change in the rental sector will not happen overnight. However, I am confident that this document lays out the foundation for improving the rental market for all Islanders.



Deputy Russell Labey

Minister for Housing and Communities

A handwritten signature in black ink, appearing to read 'Russell', written in a cursive style.



CONTEXT

I am committed to make renting a more attractive option in Jersey, which is an important part of the whole of system approach to taking positive action in the local housing market. Accordingly, Creating Better Homes: An Action Plan for Housing in Jersey commits to publishing a Fair Rents Plan by the end of 2021.



Priority 3 - taking action to improve rental sector in Jersey

FAIR RENTS PLAN: SUMMARY

The main actions of the Fair Rents Plan are summarised as follows:

| Priority | Action | Date |
|---|---|--------------------|
| 3A - Social Rents Policy | Social rents capped at 80% | 1/1/2022 |
| 3A - Social Rents Policy | Rents in Andium properties maintained at 2020 level throughout 2022 | 1/1/2022 |
| 3B - Eligibility through the Housing Gateway | Publish detailed guidelines on Gateway eligibility | Published 1/4/2021 |
| 3B - Eligibility through the Housing Gateway | <p>Access to Affordable Housing Gateway will be widened as follows:</p> <ul style="list-style-type: none"> o Entry age for applicants without children reduced to 40+ o Single income limit of £40K p.a. replaced by limits reflecting household composition, ranging from £23K to £64K p.a. o Household savings limit of £70K to be introduced. | Q2 2022 |
| 3B - Eligibility through the Housing Gateway | <p>Access to Affordable Housing Gateway will be widened as follows:</p> <ul style="list-style-type: none"> o Entry age for applicants without children reduced to 25+ | Q1 2025 at latest |
| 3C - Expand protections of Residential Tenancy Law | Package of amendments for Residential Tenancies Law reviewed | Q1 2022 |
| 3C - Expand protections of Residential Tenancy Law | Amendments for Residential Tenancies Law Legislation to States Assembly | Q4 2022 |
| 3D - Protection from excessive rent rises | Rent Control Tribunal re-appointed, with dedicated officer support | Q2 2022 |
| 3D - Protection from excessive rent rises | Rent Control Tribunal report on further proposals | Q2 2023 |
| 3E - Framework for a future social housing regulator | Work on social housing regulator to commence in 2023 | Q4 2023 |

FAIR RENTS PLAN: DETAIL

3A - Social Rents Policy - 80% cap

In 2014 the States Assembly set social rents at 'up to a maximum of 90% market value' as part of the then Housing Transformation Programme. This policy was designed to allow Andium Homes to generate sufficient rental income to finance the much-needed refurbishment and delivery programme that is still ongoing.

Working to a recommendation of the Housing Policy Development Board, a social rents review was completed that set out options for the future of the social rents policy. The review considered the level at which rents should be capped as well as broader actions to support low-income tenants.

Following the publication of the Government Plan and amendments from Senator Mezec and the Minister for Housing and Communities, the States Assembly has agreed a new social rents policy in which rents are capped at a maximum of 80% of the market value with effect from 1 January 2022.

The Housing Trusts have already been charging rents voluntarily at an up to 80% market value.

The policy will set new Andium tenancies at 80% of market value and existing tenancies that are over 80% will be frozen at their current level until the rents becomes equal to 80%.

The means of assessing market value will also be reviewed to identify improvements and ensure it remains robust.

The reduction in the maximum rent will reduce the overall income received by Andium. It will also lead to a reduction in income support costs as approximately two thirds of Andium tenants receive income support and any increase or reduction in rent is matched by an equal increase or reduction in benefit payments.

The annual return made to the Government from Andium in respect of the value of the assets transferred to Andium in 2014 will be reduced in line with the ongoing reduction in income support costs. An adjustment will also be made to the rate of interest charged to Andium in respect of outstanding loans.

These arrangements will reduce Andium's costs and will ensure that approximately 90% of the shortfall in net rental income is covered over the Government Plan period spanning 2022 to 2025. Andium will absorb the remaining 10% reduction in net income across their overall operations over this period.



3A - Social Rents Policy - rent levels for 2022

As set out in the Government Plan 2022-2025, Ministers have agreed to hold rents steady in 2022. Andium rents would otherwise have increased by 3.65%, affecting around one third of their tenants not receiving Income Support. The deferral will reduce Andium's annual rental income by £2.3 million. As approximately two thirds of Andium tenants have their rent covered by Income Support, there will also be a £1.4 million reduction in Income Support expenditure which will be reflected in an adjustment to the annual return made by Andium to the government. Government will meet the £0.9 million net cost of the deferral in 2022 from its Covid Recovery fund. This is the second consecutive deferral of the Andium rents increase, effectively freezing rents at 2020 levels. These exceptional measures are intended to help tenants recover from the economic impact of Coronavirus.

The Housing Trusts are bound by the overall social rents policy but have control over their own annual rent increases.



3B - Eligibility through the housing gateway - policy guidelines

The Minister for Housing and Communities published new eligibility policies for renting social housing 1 April 2021. The publication of these policies implements the recommendation of the independent [Review of access to social housing in Jersey](#) ("Gateway Review") to introduce "a comprehensive set of documentation setting out the policy and procedures for accessing" affordable housing. The eligibility policy for social rents also sets out [simplified banding criteria](#) - as recommended by the Gateway Review. It also articulates the existing Gateway practices that

are consistent with the Armed Forces Covenant.

Under the existing eligibility rules a person can rent social housing in Jersey if they:

- are over 18 years old.
- have 'Entitled' residential status.
- have been resident in Jersey for at least 6 months before applying (except if a former/serving member of the UK Armed Forces).
- do not own a property anywhere in the world.
- have a household income of not more than £40,000 per year.

And meet at least one of the following criteria:

- Are medically exempt from working, with a need for a specific type of housing, but cannot afford this in the private sector; or
- Have a family with children; or
- Are over 50 years of age.

The policy guidelines are [publicly available](#) and will be updated on a regular basis.

3B - Eligibility through the housing gateway - review of eligibility criteria

The Gateway Review also recommended that Government review the strict eligibility criteria for renting social housing through the Affordable Housing Gateway. The review presented several options to the Minister for Housing and Communities - specifically on Age, Income and Savings criteria. Having considered these options, the Minister will widen access to the Gateway from the second quarter of 2022 as follows:

- **Age:** The current age of entry to the Gateway for applicants without children will be reduced from 50+ down to 40+ in 2022, followed by a further reduction to 25+ by 1 January 2025 at the latest. This will benefit more single people/couples who do not have children. Lowering the age limit is expected to increase applications to the Gateway.
- **Income:** A single income limit of £40,000 p.a. has been applied to all households since the creation of the Gateway. The figure has not been subject to regular review and applies to households of all sizes and circumstances. The flat rate limit favours smaller households and disadvantages larger households including those with children. New income limits will be introduced that are based on household composition. This type of income test is used in other jurisdictions, is more equitable and will increase the number of families able to qualify. The income limits will coordinate with the Income Support system and will be updated each year in line with increases in income support rates. To provide fair support across households of different sizes, the limit will decrease for a single applicant but will be significantly increased for larger families. The new limits will range from £23,000 p.a. (single applicant/no children) up to £64,000 p.a. (joint applicant/3+ children).
- **Savings:** Introducing a savings limit of £70,000 will mean Islanders who have built up their own capital assets above this figure will not be eligible to apply for social housing. This change will bring Jersey into line with many other jurisdictions. However, by setting a generous savings limit this will not present an obstacle to most applicants for social rental housing in Jersey.

At present, the eligibility criteria for the Gateway are applied only once, on initial application. Social housing tenants can remain within the social housing stock for as long as they wish to, regardless of any increase in income or savings during their time as a tenant. This enables families to build up assets during the period of social renting into give them the opportunity to purchase an affordable home.

In making these changes the Minister for Housing and Communities has delivered on the recommendations of the 2019 Gateway Review, making the eligibility criteria fairer, but doing so in a way that is sustainable.



3C - Expand protections provided by the Residential Tenancy Law

The Creating Better Homes Action Plan committed to a comprehensive review of the Residential Tenancy (2011) Law to identify where the Law could offer additional protections. This review has been completed and Government officers have produced a comprehensive package of options that would:

- extend the coverage of the Law to more tenants.
- enhance the mechanisms for enforcement.
- offer benefits to landlords as well as tenants.
- provide more clarity.



The Minister for Housing and Communities will review these options early next year to agree the detailed legal changes needed. This work will continue during 2022 including consulting with stakeholders and developing new legislation with the goal of bringing agreed changes forward for approval by the new States Assembly towards the end of the year. This work will be coordinated with ongoing work, including on the [Draft Public Health and Safety \(Rented Dwellings\) \(Licensing\) \(Jersey\) Regulations 202-](#) to ensure a comprehensive set of legal safeguards to protect both tenants and landlords.

3D - Protection from excessive rent rises

The Minister of Housing and Communities will appoint a Rent Control Tribunal in 2022, comprised of a new group of appropriately qualified Tribunal members. The Tribunal is already established in primary legislation¹ and offers a statutory facility for a private sector residential tenant to appeal to an independent body if they believe their rent is excessive. The Tribunal can maintain or reduce the rent as it considers reasonable. The Tribunal will be supported by a new dedicated post which has funding approved through the Government Plan process.

The Law, as currently constituted, prevents the Tribunal from considering rents that are set under a standard tenancy agreement. The Final Report of the Housing Policy Development Board found that standard tenancy agreements in Jersey already provide a form of rent stabilisation, containing a clause for annual rent increases in line with Jersey's Retail Price Index (RPI)². However, not all landlords use standard tenancy agreements, and the Tribunal can still make an important contribution by considering cases from across the private rental sector.

As well as considering individual cases, the Minister will ask the Tribunal members to undertake a thorough review of their powers under the current law and consider how these can be adapted to provide more comprehensive protection for private sector tenants in respect of rent levels.

¹ Dwelling-Houses (Rent Control) (Jersey) Law 1946

² [Dwelling-Houses \(Rent Control\) \(Standard Tenancy Agreement\) \(Jersey\) Regulations 1993](#)

The Minister is aware that the Tribunal has been unappointed for over ten years, and that its lack of use has been cited as evidence that it is not needed. Tribunal members will therefore also be asked to gauge demand for its services and to recommend how the Tribunal should continue to operate after an initial trial phase.

3E - Social housing regulator

The 2013 Housing Transformation Programme identified the need for a social housing regulator. [P33/2013](#) included a proposal for a regulator that would look after the interests of social tenants and ensure value for money in public investment in social housing. However, the proposal was not progressed at that time.

The government made a subsequent attempt to introduce a regulatory framework for social housing ([P.120/2017](#)), which proposed:

- the establishment of a register of social housing providers.
- the introduction of performance standards for social housing providers, and measures to monitor and assess performance against those standards.
- the establishment of a social housing regulator (an individual role).
- the introduction of statutory oversight and governance arrangements for the assessment and prioritisation of housing need through the Affordable Housing Gateway.

The debate on this proposal considered the wider need for regulation in the rental market and the proposition was not adopted.

Separately, the Gateway Review (2019) recommended a statutory framework for allocations and lettings in the social housing sector, including performance monitoring and an appeals process. The then Housing Minister agreed to consider this recommendation in the response to the Review, and this action is being carried forward as part of the Fair Rents Plan.

The Minister recognises that standards of social housing provision in Jersey are already high and wishes to introduce regulation that is proportionate to Jersey's circumstances whilst being consistent with best practice in other jurisdictions.

Any high-level framework for a future social housing regulator will consider existing agreements between the Government and the social housing providers, including the MoU being updated between the Treasury and Resources Minister and Andium. It will also compliment the role of the proposed Jersey Public Services Ombudsman (JPSO), who will have a mandate independent of government to investigate complaints about the provision of public services. As a minimum the future social housing regulator will include the following key elements:

- have a statutory footing, independent of government.
- will monitor, assess, report, and intervene (as appropriate) on performance standards for social housing providers.
- oversee how eligibility is assessed and allocations are made by the Affordable Housing Gateway and social housing suppliers.

Detailed policy work to establish a social housing regulator is a medium-term goal. Relevant stakeholders will be consulted, and the previous proposals used as the start point for any new policy framework.

Additional support for tenants

Housing Advice Service

In the Creating Better Homes Action Plan (Action 5B) the Minister for Housing and Communities made a commitment to oversee the implementation of the Housing Advice Service and specialist support for those at risk of homelessness. The Housing Advice Service, [launched in July 2021](#) within Customer and Local Services (CLS), is catering for all levels of housing need - ranging from those who simply need general advice through to the provision of targeted help and practical support for vulnerable and homeless members of the community. UK-based charity, Homeless Link, is working closely with CLS to review and develop a more robust service for tackling homelessness in Jersey.