

STATES OF JERSEY



VICTORIA AND GEORGE V COTTAGE HOMES (REPEAL OF GENERAL PRINCIPLES)

**Lodged au Greffe on 28th March 2013
by the Minister for Housing**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to refer to their Act dated 11th September 2002 in which they approved revised general principles for the management of the Victoria Cottage Homes and the George V Cottage Homes following the transfer of responsibility for the Cottage Homes from the Cottage Homes Committee to the then Housing Committee; and

to agree that the general principles approved in 2002 should be repealed and that the Victoria Cottage Homes and the George V Cottage Homes should henceforth be administered by the Housing Department (or by the future independently regulated wholly States owned Housing Company if it is established) for the benefit of persons over the age of 55 years, in line with the standard policies in place for managing social housing, except that the current residents of both Cottage Homes will continue with their existing terms and conditions for the duration of their residence at the Cottage Homes.

MINISTER FOR HOUSING

REPORT

1. Introduction

P.33/2013 “The Reform of Social Housing” proposes that the landlord functions of the current Housing Department be transferred into a new wholly States owned Housing Company. If approved, this change would result in a significantly improved service for States tenants, who would benefit from an organisation wholly focussed on their needs and one which involves them in improving all aspects of the service they receive. The Company will very much remain a “social business” and one that continues to protect and support many of the most vulnerable in our society.

In addition to the proposals for transferring the States owned social rented stock to a new wholly States owned Housing Company, P.33/2013 also introduces the establishment of a Strategic Housing Unit and the formal regulation of Social Housing for the first time. The report makes it clear that a quarter of States homes require improvement to meet basic Decent Homes Standards. This proportion will worsen significantly over the next 5 years unless considerable investment is made. The proposition also provides for the increase of rents in the social sector to 90% of their market equivalent on new tenancies, with any resultant increase in Income Support Housing Component costs being funded by the Treasury Department by means of an additional budget allocation to the Social Security Department.

There are 2 separately managed developments which would currently fall outside the proposals within P.33/2013 because of the manner in which they were established and the general principles under which the States has directed they should operate. A further change is therefore required in order to ensure that the 63 homes at Victoria Cottage Homes and 15 homes at George V Cottage Homes can be refurbished to meet the Decent Homes Standard and become financially sustainable in the long term.

1.1. Purpose of the Victoria and George V Cottage Homes

The Victoria Cottage Homes were originally established to commemorate the diamond jubilee of Her Majesty Queen Victoria, although His Majesty King Edward VII was on the throne by the time they were opened. On 12th February 1903 the States made an Act, the *Acte sur la Régie et l'Administration des “Victoria Cottage Homes”*, concerning the management of the Homes. The Act provided that a management Committee of 12 persons, half of whom should be members of the States, should be established to oversee the Homes.

The George V Cottage Homes were established to commemorate the reign of His Majesty King George V. On 9th July 1938 the States made an Act, the *Règlement pour l'Administration des Maisonnets Construites pour Commémorer le Règne de Feu Sa Majesté le Roi George V* concerning the management of these new Cottage Homes and, once again, a mixed Committee of 12 persons was created to manage the Homes.

1.2. General Principles within P.104/2002

On 6th August 2002 the States approved P.104/2002 which decided the future functions of the Cottage Homes Committee. The States agreed to rescind the 1903 and 1938 Acts and all the Rules made under them which saw the removal of a number of the outdated criteria. It was agreed that the Victoria Cottage Homes and the George V Cottage Homes would be administered and managed by the Housing Committee in accordance with the remaining general principles –

Allocations Policy

1. *Residentially qualified persons in receipt of Old Age Pension, with little or no income.*
2. *Savings are not to exceed £10,000 for a single person or £14,000 for a couple. This will be increased from time to time as determined by the Housing Committee.*
3. *The Cottage Homes each have a resident Manager. This will continue but residents must be able to live independently as there are no nursing services available.*
4. *Residents of the Cottage Homes will make a set contribution determined by the size of the accommodation, rather than pay rent. The current¹ figures are £26.05 per week² for a single unit and £45.85³ for a double unit. This includes water rates⁴. It is envisaged that the contributions in the future will be set at such levels as to ensure that sufficient income is generated to maintain the dwellings in good order.*

By virtue of the States of Jersey (Transfer of Functions from Committees to Ministers) (Jersey) Regulations 2005, the functions of the Housing Committee as described in the general principles above were devolved upon the Minister for Housing.

1.3. Summary of proposed changes

It is proposed that the current general principles are dissolved in favour of transferring the homes into general stock to be managed consistently in line with the arrangements for the other 4,461 States-owned social rented homes – which it is proposed will be governed by new Regulatory Laws.

The Minister for Housing does not believe it would be reasonable to change the terms and conditions for existing residents who have entered into arrangements and planned their finances on this basis.

¹ As they stood in 2002.

² Current figure £31.95 per week (under review).

³ Current figure is £55.91 per week (under review).

⁴ And electricity.

Residents of the Cottage Homes properties at the time that the general principles are repealed will continue with their existing terms and conditions for the duration of their residence at the Cottage Homes.

However, the following changes are proposed –

- New tenants moving to the Cottage Homes in the future will be charged a Fair Rent as defined by States Social Housing Rent Policy for the property they are to occupy. They will also be charged on a “user pays” principal for their water and electricity consumption.
- The Manager, who retired in August 2012, will not be replaced. That post has been rationalised through the Comprehensive Spending Review.
- New residents of the Cottage Homes will be selected directly from those qualifying through the Affordable Housing Gateway and not subjected to a further, narrower means test as they are at present.

1.4. Benefits of the changes

There are a number of benefits to making these changes. They will, in time, ensure a more sustainable and financially viable status for the Cottage Homes which will improve the lives for existing residents and those moving to the Homes in the future.

Benefits for existing Residents and prospective Tenants

- All accommodation at Victoria and George V Cottage Homes will meet the Decent Homes Standard within 10 years.
- The Homes will be refurbished to better meet the needs of elderly residents.
- Existing residents will be fully protected from any proposed changes to the contribution arrangements.
- New tenants will benefit from the security of a formal tenancy agreement.
- As the management of the Cottage Homes will transfer in line with the general States-owned social housing, residents will have the benefit of the independently regulated sector which will protect the rights of residents and the standard of their homes.
- Residents will benefit from the new wholly States-owned Housing Company which will be able to be more focussed on the delivery of housing services to them.

Benefits for the States

- Increases in the rent yield, over time, will mean that the value of the assets will increase and any future refurbishment of the Cottage Homes will be viable without the need for any capital subsidy from the States.

2. Consultation

1.1. Consultation on the Cottage Homes proposals

Consultation with residents of both Victoria Cottage Homes and George V Cottage Homes took place in May 2012. Residents received a personal visit from Housing Officers where a number of issues were addressed.

The proposals were explained in full and reassurance was offered to confirm that, if approved by the States, the proposals would not affect existing residents' terms and conditions.

A check was made to the property in which they each lived to ensure that there were no outstanding maintenance issues that required attention.

The overwhelming majority of residents confirmed that they were comfortable with the proposals and reassured that their own personal circumstances would not alter.

Some concern was raised over the future allocation of the Homes and the need to maintain the character and community spirit of the 2 sites. Residents were reassured that an age restriction of "over-55s only" would remain in place and future allocations would be sympathetic to the current community. Allocations would be made using the Affordable Housing Gateway to ensure that those being offered a home were considered to be in housing need.

A small number of issues were identified which would cause difficulty for residents if the Manager were not to be replaced. These issues have been resolved to the satisfaction of the residents involved, by way of medical adaptations or other support arrangements being put in place by the Housing Department.

Consultation was also carried out with the Social Security Department to explore what impact the proposals would have on Income Support.

3. The requirement for change

3.1. 2002 – 2012 and beyond

It is clear that the original general principles used to manage the Homes were initially developed at a time before Old Age Pension and Income Support.

Those members of the population who did not have private means were dependent upon what they earned during their working lives and if, at the expiry of their employment, they had no savings they became reliant upon the support of family or friends. As a last resort, the Parish would step in to assist. With the introduction of social housing, pensions and income support, this group of vulnerable people are now better provided for.

The “General Principles” approved in 2002 have equally become out of date; they were developed at the time to offer reassurance to the States that the demise of the Cottage Homes Committee would not make it possible for the Homes to be operated in a hugely different manner to that in which they had been operated since being established.

P.33/2013 proposes that registered Social Housing Providers will be regulated by an independent regulator which, if approved, satisfies the Minister for Housing that an acceptable level of protection will be provided to ensure that the Homes will continue to be managed and maintained with the best interests of the residents in mind.

The current arrangements are deemed to be inequitable as residents of the Cottage Homes are treated differently to States Tenants. The residents do not have the benefit of a lease or tenancy agreement and, as detailed above, pay a contribution rather than a rent. The contribution levels are significantly below the rents paid elsewhere within the sector and provide an equal level of rental subsidy to every resident irrespective of their individual means. This would appear to be inconsistent with the objectives of Income Support.

The general principles approved in 2002 also dictated that a live in Manager be provided on both sites, albeit that this Manager provided no care or medical assistance and all residents were and still are expected to live independently.

This arrangement is also deemed to be inequitable as elderly residents living elsewhere within the States social housing stock do not benefit from such a dedicated Manager Service which has historically been a purely administrative role. Such a role is no longer considered necessary given advances in technology which allow for electronic rent payments, community alarms and communication by mobile phones.

In practice, over the years and for a number of these reasons the on-site management service had been reduced to one resident Manager at George V Cottage Homes who also provided an administrative presence during the day at Victoria Cottage Homes. The Manager has since retired and has not been replaced.

The General Principles also dictate that new residents to the Cottage Homes must meet certain financial criteria. In these modern times where more applicants are working longer before retiring and have

private pensions, it is becoming more and more difficult for the Department to identify potential residents for the Cottage Homes who are fit enough to live independently in homes which are generally unsuitable for the elderly and who also meet the tight financial criteria.

There is, therefore, the need to change the way in which the Cottage Homes are managed.

3.2. Current status of the Victoria and George V Cottage Homes

Victoria Cottage Homes is currently a site of 63 homes, offering a mix of bed-sitters, one-bedroom flats and bungalows along with 3 more recently converted homes adapted for use by the disabled. Other than those recently converted to disabled accommodation, none of the buildings have been designed for use by older persons. The majority of homes do not have level access and there are no lifts to provide access to homes on upper floors.

Apart from the original granite buildings the remaining homes consist mostly of two-storey rendered blocks, originally designed as small bed-sits with shared toilet and washing facilities, albeit that the Housing Department has, over time, converted the majority of the bed-sit units into one-bedroom flats. Most of the buildings are now in need of refurbishment work.

George V Cottage Homes is a site of 14 one-bedroom homes and 1 two-bedroom house, the latter of which has historically been occupied by the Manager. Various refurbishment works have been carried out in the past, specifically in relation to the creation of one-bedroom homes from previously existing bedsits. Most of these buildings are also in need of refurbishment work.

Both sites are presently defined as “potential Listed Buildings”. Victoria Cottage Homes is a good example of late Victorian sheltered housing, one of only a few purpose-built sheltered housing schemes in Jersey. George V Cottage Homes is a good example of a planned group of 1935 almshouses, set in landscaped grounds with scenic and group value.

The Minister for Housing has made a commitment to bring all social rented homes up to Decent Homes Standards within the next 10 years. The existing accommodation at the Cottage Homes is not deemed life-time or life-long compliant, there are no lifts and the configuration of the units makes the installation of stair-lifts, wet rooms/showers very difficult.

It is accepted that the ageing society poses one of the greatest challenges in respect of future housing needs. By 2040 Jersey will have almost double the number of older people than in 2010, with the greatest increase in the “over 85” population.

The current contributions being paid by residents are not sufficient to pay for the required works, and yet these homes have the potential to offer superb housing accommodation for elderly persons now and into the future.

3.3. Current funding and costs of Victoria and George V Cottage Homes

The following table sets out the income and expenditure related to the current operation of the Cottage Homes.

Cottage Homes – Income and Expenditure 2012	Victoria Cottage Homes	George V Cottage Homes	Total
Income	148,800	42,200	191,000
Expenditure	-245,200	-71,600	-316,800
Net Deficit	<u>-96,400</u>	<u>-29,400</u>	<u>-125,800</u>

It is clear from these figures that the Homes run at a deficit. This prevents the Department from planning any much needed improvement works and impedes even general maintenance of the properties.

However, were the rents to be set at 90% of market rent the income stream would, in time, generate a far healthier return which will make ongoing maintenance and future improvement works viable.

If all of the homes had their rentals set at 90% of market rent, over time, this would generate an annual income of some £629,654, an increase of £444,854.

Expenditure is also expected to reduce in regards to water and electricity costs, as new Tenants will be charged these in addition to their rent.

Assurance has been given to existing residents that, if approved, they will not be affected by these proposals. It is therefore likely to be some years before this can be fully achieved as new rents and charges will only be set during the natural turnover of the homes.

4. **Protection of existing residents**

4.1. Protection of terms and conditions for existing residents

The Minister for Housing has no desire to change the terms and conditions for existing residents of the Cottage Homes. They will therefore continue to occupy their homes as they do at present and pay the contribution with an inflationary increase each year. If the States

approve this proposition, all matters will be confirmed to residents in writing.

5. Proposed repeal of the “general principles”

5.1. Arrangements for new Tenants

Should this proposition be approved, properties which became vacant at the Cottage Homes will be re-let in the same way that other social rented homes are allocated. This is carried out by using the Affordable Housing Gateway, which is now the single waiting list for affordable homes and one which carries up to date and accurate data for those in housing need.

The rent for each of the homes at Victoria and George V Cottage Homes will be set to near market fair rent levels, in line with the States Social Housing Rent Policy proposed in P.33/2013. New Tenants will also be charged on a “user pays” basis in regards to the water and electricity usage, in the same way as other tenants in States social housing.

6. Transfer of assets and liabilities

6.1. Inclusion of Victoria and George V Cottage Homes in regulations for transfer to proposed Housing Company

As with all other States owned stock, currently administered by the Housing Department for the purpose of providing social rented accommodation, Victoria and George V Cottage Homes will be transferred to the new Housing Company, as proposed in P.33/2013, under regulations to be brought before the States Assembly.

7. Financial and manpower implications

There are no additional financial or manpower implications for the States caused by the general principles being repealed. The proposals will, in time, increase the income generated from the Homes allowing them to be placed on a more sustainable financial footing for the future.

It is important to remember that existing residents of the Homes will have their terms and conditions protected.

Consultation has been carried out with the Social Security Department and it is understood that these proposals could generate an increase in Income Support claims over time, but this is completely dependent upon the level of income of the incoming new tenants. The turnover of properties within the Homes is very low and, on average, there is likely to be only 5 new tenants per annum.

The existing general principles require that the Homes have a resident manager. The most recent post-holder retired in August 2012 and the post has not been replaced, the cost associated with it has been adopted as a Comprehensive Spending Review saving.