

**WRITTEN QUESTION TO THE MINISTER FOR HOUSING
BY DEPUTY G.P. SOUTHERN OF ST HELIER
ANSWER TO BE TABLED ON TUESDAY 19th MARCH 2013**

Question

Will the Minister state on what basis the case is made for the Housing Transformation Programme in the Full Business Case in R.15/2013 in terms of

- (a) population/migration growth for the next 10, 20 and 30 years; and,
- (b) inflation over the same period?

How does the Minister justify such a radical change, in order to increase the social housing stock by only 1.8% (84 dwellings) over 30 years?

Does the Minister consider that the fundamental flaw in the financing of social housing for the last 2 decades has been the transfer of Housing rental revenues to the Treasury and, if so, why has he failed to address this?

Will the Minister explain how the annual payment of £26 million in real terms from the new Housing Authority to the Treasury is to be maintained?

Will he advise members what effect this continued payment has on the viability of the business case proposed in terms of the need to set the "fair rent" level at 90% of market levels and the need for continued sales of housing stock to fund future housing provision?

Answer

The Full Business Case is modelled on the following basis:-

- (a) All sites currently in States ownership and designated for social housing will be developed. The new company can and will deliver additional social housing for viable schemes if further sites are identified and borrowing is made available.
- (b) Inflation is modelled within the Full Business Case at both 2.5% and 3.5%. Sensitivity analysis has been performed to show the robustness of the business case at these levels.

My proposals aim to deliver far more benefits than an increase in the social housing stock of only 1.8% over the 30 year period. They will also see the existing stock brought up to Decent Homes Standard within a 10 year period, will see an additional 300 affordable homes delivered and provide the Housing Trusts with the ability to deliver an additional 203 social rented homes. They will also create a new housing company, one which is more commercially agile and flexible to respond quickly to the changing housing needs of the Island.

The under financing of the Housing Department has long been recognised, leading to a maintenance backlog described in the Green Paper and current Report and Proposition. My

proposals will deal with this without the need to raise taxes or reduce the budget allocation for other States Departments.

Maintaining the £26 million return in real terms is set out in the Full Business Case, made possible by the return to 90% fair rent levels on re-lets.

This ongoing return to the Treasury is completely viable with the business case using the return to 90% fair rent levels on re-lets. If this return was not made, a deficit would be created elsewhere which could only be dealt with by a rise in taxes or reduction in the budget allocation for other States Departments.

The Full Business Case requires only 15 sales per year. Some realignment of the stock is required and this is a normal part of good asset management. It will also offer opportunities to increase affordable home ownership in the Island. The sale of one unit may offer the potential for two new units, more suited to the requirements of those on the Affordable Housing Gateway, to be delivered. This is an opportunity not to be missed.