STATES OF JERSEY

THE REFORM OF SOCIAL HOUSING (P.33/2013): FOURTH AMENDMENT

Lodged au Greffe on 17th April 2013
by Deputy T.A. Vallois of St. Saviour

STATES GREFFE

PAGE 2, PARAGRAPHS (a)(iii) and (b)(i) –

Delete paragraph (a)(iii), and after paragraph (b)(i) insert a new paragraph (b)(ii) as follows –

> "(ii) to request the Minister for Housing to bring forward for approval by the Assembly detailed proposals in relation to a revised rent policy and to take no steps to implement any revised rent policy until the proposals have been approved by the Assembly".

and renumber accordingly.

DEPUTY T.A. VALLOIS OF ST. SAVIOUR

REPORT

Since the report published by the Cambridge Centre for Housing and Planning Research was published in July 2009, extensive work has gone into obtaining data and reconfiguring areas of Housing to improve provision of services to tenants within the current framework and we are now being asked to make fundamental changes to that system.

The importance of what we as a States Assembly are about to embark on is eloquently put in the summary of the above report:

> "Implementing any significant change must involve fundamental decisions by the States on the role that they wish Social housing to play, especially in the context of the Income Support system; on rent, allocations and security of tenure policies' and on the governance and financial arrangements under which social housing is provided."

The Ministers for Housing, Treasury and Resources and Social Security, and the Chief Minister, are all fully aware of my concerns surrounding the policy of setting rents at 90% of market rent levels.

It is not acceptable, in my view, just to agree that rents need to rise (due to a 20 year-old policy) and that because there have been further negotiations with the Treasury everything is right and proper – it is not.

A fundamental issue that needs to be addressed is the return to Treasury of rental income from the Housing Department. This will amount to a figure of £26 million in 2013 even though the income received via Income Support to the Housing Department amounts to a total of £13.7 million. The remaining monies of £12.3 million of social tenants' rent are, therefore, subsidising other social objectives. The hard-hitting question is of course whether we are satisfied that social housing tenants are being asked to subsidise the housing components of those who live in the private sector and the Trusts.

But until States Members are given the ability to properly assess the Social Security report and the Financial Strategy which is still yet to be forthcoming (as at 16th April 2013) we cannot ensure we are taking the appropriate risks that should underpin the fundamentals of a sustainable system for both Housing and Income Support.

The consequence of the financial return to Treasury is that the Housing Department is not left with sufficient income to properly resource the services it is providing.

This would appear to be a very unique system when comparing to other examples of Social Housing across the world.

A near-market rental is not unusual, however; research shows that when using such a model, the highest most social landlords in the UK adhere to is 80% of private market rents.

House prices in the Island have been found to be over 50% higher than in Greater London in 2008.

The reason for such concerns and my very brief summary above is because society requires more than just one mechanism to adapt to social changes in all walks of life, and housing is no exception.

Alternatives

Historically we had a fiscal system and a States Loan Scheme that enabled people from Social Housing (and other areas of the community), to have an opportunity to aspire to home ownership.

In the present day, we have no States Loan Scheme, a higher cost of living, higher property prices and higher rentals. So the question is, how do we use what we have to the public's advantage?

For those who have read the Health, Social Security and Housing Scrutiny Sub-Panel's Review on the Housing Transformation Programme (S.R.6/2013) will see on page 80 that I made a submission whereby I suggest a way forward that encourages savings, supports the States Strategic priorities and does not cost wild sums to implement – a States-backed Housing Savings Fund.

Other proposals have been put forward by myself to Ministers over the course of the last year, requesting further help for development; however, apart from one Minister who provided some very constructive feedback, I have not received a response.

My concerns with raising rents to the level of 90% of private market rents are that it will discourage incentives to save, pull more people into the Income Support net, and require further building of Social Housing properties into the future, which will not be accounted for.

Even if we were to put the rents at 80% of private market rents, at least there would be some opportunity for alternative mechanisms for social mobility.

Conclusion

As you can see, there are many concerns, arguments and fundamental issues to be addressed. To expect to make such life-changing decisions to members of the public without being able to assess reports appropriately, as an independent member, is irresponsible.

I bring this amendment, not to derail the programme, but to ensure that we as a States Assembly do not have the wool pulled over our eyes. The paragraphs I am asking to be removed are to allow the proper discussion and arguments to be laid appropriately within regulations for social housing rents, and for us not to be hoodwinked into a 20 year-old policy under the auspices of an "in principle" decision.

Financial and manpower implications

There should be no financial or manpower implications, as the Minister has stated that this is an "in principle" debate and the detailed financial implications will only be assessed when the proposed new rent policy is debated in due course. Should a reduction in rental policy from 90% to 80% be a preferred decision, then the monies should be obtained from a reduction in return to the Treasury and work should be done by the Treasury and the Social Security Department to provide a sustainable subsidy and support system.