WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
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ANSWER TO BE TABLED ON TUESDAY 22nd OCTOBER 2019

Question

Will the Minister, as shareholder representative, request confirmation from Andium Homes of the information sources and the methodology it uses to calculate the market rates for the different types of rental accommodation that it offers, in order that it can then calculate the rate of 90% that is the maximum rent it can charge tenants?

Answer

Andium Homes applies the States of Jersey rent policy for social housing properties, charging new tenancies at 90% of market rent for an equivalent property in the private sector. The policy charges rent as follows:

- 90% of market rent on new tenancies
- All tenancies adjusted annually in January by Jersey RPI plus 0.75% but rent increases shall not be lower than 2.5% and shall not be higher than 4%, with two exceptions as follows:
  - Where the annual adjustment would take the rent above 90% of market rent, the rent is capped at 90% of market rent
  - In cases where previous rent policies result in tenancies being charged at more than 90% of market rent at the time the policy is introduced, rents are frozen until the rent equals 90% of market rent (this currently impacts circa 20 tenancies)

Following a competitive tendering process, Andium has appointed two local estate agents to conduct a rolling cycle of independent valuations for their properties. Rental valuations are obtained for representative properties within their stock and are cloned to similar properties on the same estate where a direct valuation has not been obtained. Independent valuations are also obtained for newly refurbished and newly built properties. Valuations are reduced by 10% in order to apply the 90% rent policy.

The Statistics Unit also produces a Private Rented Sector Rental Index. The Index provides additional data to inform the annual uplifts of properties for which an independent valuation has not been received within the last 12-month period.