

MINISTER FOR HOUSING'S PROVISIONAL RESPONSE

TO THE

HEALTH, SOCIAL SECURITY AND HOUSING SCRUTINY SUB- PANEL'S HOUSING TRANSFORMATION PROGRAMME REVIEW - INTERIM REPORT

The Health, Social Security and Housing Scrutiny Sub-Panel has produced a useful interim report setting out 6 areas where they feel further consideration is required during the development of proposals for transformation of social housing. This is my provisional response to the issues raised.

1. The Role and Purpose of Social Housing

The Panel correctly points to a previous lack of consensus on the purpose of social housing. I consider that the evidence given by the Chief Minister, Treasury and Resources Minister and myself to the Panel show clear alignment on the future role of social housing as set out within the Strategic Plan. The Panel highlights that a commitment to "homes for life" is needed. I made clear in my evidence that this is indeed my approach, but, I also want to give residents, who can afford to do so, options to purchase homes. That is why my proposal to establish the Strategic Housing Unit is so important. A coordinated approach to developing affordable housing options is essential.

2. States owned Housing Association

The Panel has concerns about the proposed Association being a "Strategic Investment". I do not share these concerns as I have made clear that the Association and other providers will be required to be "not for profit" under regulations. The Department already performs a dual function of looking after its Tenants and making a sizeable return to Treasury. The Department therefore

performs the role of a "social business" which is a familiar and successful approach for social housing provision around the world.

The Panel has highlighted two concerns regarding the current return made by the Housing Department to the Treasury. This is used to offset the costs of the housing component of Income Support.

Firstly, the Panel is concerned that the amount of return will become misaligned with the amount of Income Support required to assist those currently in States housing. I explained in my evidence that the return identified in the business case for the proposed Association is historic, has been capped for inflationary increases, and has been independently verified as affordable. Without that return, the balance of cost would have to be found from other services or increased taxation.

Secondly, the Panel is concerned that the White Paper proposals do not allow for an adequate increase in the supply of new social housing. I agreed strongly with the Panel in my evidence and have secured the provisional agreement of my fellow Ministers to consider proposals for additional supply, both by the proposed new Housing Association and the Housing Trusts. It is important to clarify for the Panel that, by returning to Fair Rent Levels, the social housing sector can become self-financing and new development will be possible.

I am very conscious of the growing appetite for affordable housing solutions highlighted by the Panel, hence the pressing need for the Strategic Housing Unit and the need for the rent policy. This will enable social housing providers to be sustainable and able to develop innovative affordable housing solutions.

3. Rent Reform

The Panel expresses concerns that returning to the proposed 90% rent policy will prove politically challenging to support and maintain. This is likely to be true. By formalising the rent policy in regulations, as I propose to in the White Paper, a States decision will be needed to change it. This means the States would need to give full and transparent consideration to the impact on Tenants, for example in terms of lower standards of housing, and the viability of social housing landlords, that any change in rent policy would result in. I believe the States as a whole are unlikely to agree to short term politically expedient adjustments to the rent policy as a result.

I am surprised that the Panel considers it would be difficult to obtain and maintain near market rents for social properties. My evidence indicated that my Department and the majority of the Housing Trusts have been able to do so. Clearly, market rentals will need to be updated to reflect changes in value but I do not foresee any difficulty in this area as this already happens in many other jurisdictions.

I fully accept that further work needs to be done on understanding the social and economic impact of the rent policy on individual tenants. This work is nearing completion, supported by my colleague the Minister for Social Security and his Department.

One Trust has expressed concern about returning to near market rent levels, whilst three others have not. I presume this is because their original funding agreements with the States assumed that rents would rise in line with the agreed policy. The rent policy I proposed would be mandatory for all providers under regulation, so the risk of non-compliance by a Housing Trust is unlikely.

4. Regulation

The Panel's comments on the need for careful formulation of new regulatory powers are informed and sensible and will warrant detailed consideration. The Panel has indicated it received differing views of the purposes of regulation, but I would suggest this reflects the proper responsibilities of the Ministers who gave evidence and are not contradictory in the way outlined. I am sure I will be able to demonstrate this to the Panel when they receive the draft Social Housing (Jersey) Law 201_. A consultation draft of which will shortly be available for review.

I note and share the Panel's concerns about lack of regulation of the private rented sector, but I pointed out in my evidence that it is necessary to begin reform somewhere. By establishing the Strategic Housing Unit, future regulation of the private sector could be considered if the States so wished.

5. Strategic Housing Unit

I welcome the Panel's acceptance of the need for a strong coordinated champion of housing policy and agree that further consideration of the setting is needed to ensure this works effectively. To this end, I explained to the Panel that I have asked Professor Christine Whitehead OBE, who first highlighted the current conflicts of interest in coordination of housing policy in my Department's Green Paper, to review the most appropriate setting for the Strategic Housing Unit.

6. Housing Trusts

I am surprised at the Panel's comments regarding engagement of the Housing Trusts. I have had quarterly meetings with the Housing Trust Chairmen since I have become Minister, where all aspects of the emerging policy have been discussed. The Chairmen have repeatedly thanked me for the level of consultation. I have fully involved the Housing Trusts in the development of the

new Affordable Housing Gateway. Indeed, the Chairman of the Jersey Homes Trust in his submission to the Panel, congratulated me and my Department in working with the Housing Trusts to achieve a ground-breaking success in this area. I am also fully involving the Housing Trusts in discussions for new social housing supply and we are working well together on the development of business plans to set out their future proposals.

I am aware that one Housing Trust gave evidence opposing almost all the proposals on principle, which probably reflects the distance this Trust has to travel to prepare for regulation, but I am pleased that the majority support the proposals. I will continue to engage all the Housing Trusts pro-actively in the development of future policy, which can only serve to make such policy stronger.