

STATES OF JERSEY

Health, Social Security and Housing Scrutiny Panel Housing Transformation Programme Sub-Panel

THURSDAY, 26th JULY 2012

Panel:

Deputy K.L. Moore of St. Peter (Chairman)

Deputy J.G. Reed of St. Ouen

Deputy J.M. Le Bailly of St. Mary

Senator A. Breckon

Ms. A. Davies (Panel Adviser)

Witnesses:

Deputy A.K.F. Green of St. Helier (Minister for Housing)

Finance Director

Director of Strategic Development

Housing Transformation Programme, Programme Manager

Also Present:

Ms. F. Scott (Scrutiny Officer)

[10:02]

Deputy K.L. Moore of St. Peter (Chairman):

Apologies for the delay, changing rooms. Shall we get started by our introductions, if I may. Deputy Kristina Moore, Chairman of the sub-panel.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed, sub-panel member.

Deputy J.M. Le Bailly of St. Mary:

Deputy John Le Bailly, sub-panel member.

Ms. A. Davies (Panel Adviser):

Abigail Davies, from the Chartered Institute of Housing.

Senator A. Breckon:

Senator Breckon, panel member.

Ms. F. Scott (Scrutiny Officer):

Fiona Scott, Scrutiny Officer.

Finance Director:

John Hamon, Finance Director.

Director of Strategic Development:

Carl Mavity, Director of Strategic Development at Housing.

The Minister for Housing:

Deputy Andrew Green, Minister for Housing.

Housing Transformation Programme - Programme Manager:

Will Gardiner, Programme Manager for the Housing Transformation Programme.

The Deputy of St. Peter:

Good. Well, let us start by talking about general policy and we would be interested to hear what you think is the purpose of social housing and what you want it to achieve.

The Minister for Housing:

As you know it is not defined in law in Jersey but it is basically a safety net for those people who cannot afford to rent at the normal open market rate or to buy. It is targeted at people who require housing but cannot afford it, in a sentence.

The Deputy of St. Peter:

What do you expect it to achieve?

The Minister for Housing:

What do I expect social housing to achieve?

The Deputy of St. Peter:

Yes.

The Minister for Housing:

To provide affordable, good quality homes for people who could not otherwise provide it for themselves.

The Deputy of St. Peter:

You see that as security of tenure, long term housing?

The Minister for Housing:

All that is part of it and also widening might see security of tenure in the private market later on but that is work in progress. Yes, social housing is about providing those people who cannot afford to access the open market with affordable homes of decent quality because we all know how closely housing links into other factors like education and health. So, the 3 link together.

The Deputy of St. Peter:

Should that eligibility be fixed on a means test?

The Minister for Housing:

It is part of the eligibility. It certainly is around low income but there may be other factors as well such as medical factors and other social things as well, but it is nearly

always in one way or another linked to financial ability and may come along with other factors such as medical or other social difficulties.

The Deputy of St. Peter:

Would you say that only recipients of income support, for example, should access social housing?

The Minister for Housing:

That is a matter really for the Income Support and Social Security; we provide housing to people who need it and Social Security provide benefit for people who need it.

The Deputy of St. Ouen:

Just picking up on that, and I understand what you say, but if we are to try and determine demand and an amount of social housing we need to be quite clear about who is eligible and who is not and also what we require from them if their circumstances change, because as much as you say you see it as a safety net, people's circumstances improve as well as become less beneficial.

The Minister for Housing:

You make a really good point around people's circumstances improving and currently when circumstances do improve the only thing that happens is that they pay a greater proportion of the rent that they should pay, or the full amount under the current system. What is missing is the opportunity to make a choice later on in life if things have improved. If you take a couple that come in to social housing at the time when they really need it; severe financial problems among other things, they both get decent jobs and we can find loads of examples of this, they could afford to pay a mortgage. What they cannot afford though is to pay the mortgage in the time of the rest of their working life and we need a scheme that allows people to come out of social housing into other schemes which are suitable for them. Those are missing and that is one of the reasons why we need, and I am jumping ahead, but why we need to have a strategic housing unit that looks at all the housing tenures across all housing needs, not just social housing.

The Deputy of St. Ouen:

If we just stick to rental housing for the moment because we can get side-tracked. You talk about the issue of choice but in the rental sector the choice is obviously moving to the private sector.

The Minister for Housing:

Yes, but are you suggesting then that I throw families out into a sector that is charging more rent than they are currently paying? They have brought their children up there, am I really going to throw them out? What I prefer to do is to give them incentives to move out.

The Deputy of St. Ouen:

That is something that we need to explore because if we are looking at social housing to provide us with lifetime houses for rental purposes and whether people's circumstances change or not they will stay in those houses then obviously the demand increases quite significantly over time. I just want to understand how you propose to

manage, if you like, the availability of the stock to ensure that we do provide the homes for those who need them.

The Minister for Housing:

It is a very difficult one and you know it is. There are 2 factors really. If you are paying near market rents then people might be thinking if they are better off: “Well, for a few more pounds I could house myself where I would like to be housed” and therefore they make an informed choice to move somewhere else. They might like to be housed nearer the sea or, I do not know, in the middle of nowhere in St. Ouen but they are making that choice. Going back to what I said, I would like to see families having the opportunity later in life, be it shared equity, be it Jersey Homebuy, whatever scheme, to be able to say: “Well, I can stand on my own 2 feet now so I do not need to be in social housing” and that releases the subsidised housing for people who really need it. Those schemes do not exist at the moment so we are stagnating.

The Deputy of St. Peter:

This seems like quite a change in your attitude, Minister, since we perhaps last discussed this issue. I am interested to hear what has caused this development.

The Minister for Housing:

I have not changed. At the moment we have no alternative. People come into social housing, they move from, say, 3 bedroom to 2 bedroom to one bedroom, and I do not agree with one bedrooms, as you know; I have been very consistent about that. What I would like to see is some choice. At the moment I am concentrating on the social housing things. We need a strategic housing unit to provide a strategy for housing across the Island in all areas. I have not changed my mind at all. I have been very consistent on that since I have been the Minister for Housing but at the moment the Housing Transformation Programme is concentrating on the social housing side but there is a lot more to the work.

The Deputy of St. Peter:

Okay. You have said to us in the past that you feel that the role of the Minister for Housing will be extinguished as part of this transformation programme.

The Minister for Housing:

Yes.

The Deputy of St. Peter:

Who do you envisage having political responsibility for housing once the strategic housing unit is set up?

The Minister for Housing:

The strategic housing unit will be working at the highest level and this is what is missing at the moment, and I will come directly to your question in a minute, but I would just like to set it into context. At the moment some of the responsibility for housing, particularly the social housing, sits with us in the Housing Department. Some of the responsibility sits in Planning, some of it sits in Population, in relation to eligibility for J categories and all that sort of thing, and some of it sits with Health in as much as they are responsible for the quality of the non-qualified rental sector. Nobody has overall responsibility and it seems to me quite clearly that it needs to be

somebody who has responsibility across the whole social policy because this is social policy, and that is why I think it sits in the Chief Minister's Department. The alternative is to have, and this is not what I have recommended, but the alternative is to put all those things under a Minister for Housing but then you are still not working at the highest level. You want the strategy to be set at the highest level, Chief Minister's Office, part social policy, and that is where I see it sitting.

The Deputy of St. Peter:

But if that was within the Chief Minister's Office it would only be an Assistant Minister position, therefore it is not at the highest level because there are not the ministerial powers.

The Minister for Housing:

But it is because it is not a bit here and a bit there and a bit everywhere else, like we are at the moment, which is why we fall short in some areas.

The Deputy of St. Ouen:

Are you proposing a similar sort of model to the way the Population Office is currently run with the Migration Advisory Group and Assistant Minister overseeing that?

The Minister for Housing:

Yes, something along those lines.

The Deputy of St. Ouen:

Are you suggesting that that model is working and delivering what it is supposed to?

The Minister for Housing:

I am suggesting that model but population is very difficult because it is like trying to tie a wave on the sand at the moment. That model will work in these circumstances. The model that we have at the moment does not work. Nobody has clear accountability for anything.

The Deputy of St. Ouen:

Exactly, and that is in the Chief Minister's Department at the moment.

The Minister for Housing:

No, I am talking about the housing policy at the moment with a bit in Planning, a bit in Housing, a bit in Health, a bit in Population. It does not work. I am saying if you put that all under one, a similar model to the Migration Advisory Group, only this model will have ... do not forget it will have a regulator making sure that the things it says should happen happens.

The Deputy of St. Ouen:

Do you not think that it is not appropriate to have ministerial accountability?

The Minister for Housing:

You have ministerial accountability through the Chief Minister.

The Deputy of St. Ouen:

Does that come with making sure things happen?

The Minister for Housing:

Things will happen because the regulator will make sure things happen. That is one of the reasons why you have a regulator.

The Deputy of St. Ouen:

If you have a regulator normally the regulator is asked to police, or whatever, the laws. What regulations do you believe should be introduced to ensure that that regulator can do his job?

The Minister for Housing:

We will have a whole raft of things. At the moment I want to concentrate with the regulator on the social housing side but I would like to widen it but at the moment I would like the regulator to be looking at decent homes standard. For example, how did we get ourselves ... I do not want the regulator to look at this, it is a question I am asking you and I will come back and answer it; how did we get ourselves in a situation where £80 million of outstanding maintenance on States social housing properties where properties were not properly insulated, not properly maintained, where there was no investment for years in new property? How did we get ourselves there? We got ourselves there because of the lack of foresight, the lack of income and no regulator to ensure it happened. So the regulator will initially concentrate on social housing. Do they meet the better home standard? This is all social housing providers; the trusts as well, not just the association I am proposing. Do they meet better home standard? If not, what plans do they have in place to put that right? Are they interfacing properly with customers? All those sort of things need to be looked at and properly regulated; not just left to chance.

[10:15]

The Deputy of St. Peter:

Is that not just down to good management?

Senator A. Breckon:

You have missed the elephant in the room, Andrew; the elephant in the room was the subsidy element that went out. The maintenance budget went out in subsidies. Is that true?

The Minister for Housing:

Say that again, Alan?

Senator A. Breckon:

The maintenance budget went out in subsidies.

The Minister for Housing:

The maintenance budget went out in subsidies?

Senator A. Breckon:

Yes.

The Minister for Housing:

That may have been true in the past. I was not there then but what I do know is that at the moment maintenance has not been carried out, or sufficient has not.

The Deputy of St. Peter:

I hear your description but surely good management and the political will to run a properly resourced social housing unit should be adequate rather than bringing in a regulator. We get the impression that the regulator will be brought in from the U.K. (United Kingdom) and work maybe a couple of days a week.

The Minister for Housing:

You are right about probably a couple of days a week. Where the regulator comes from is yet to be determined. I would ask another question of you, has what we have done in the past worked? The answer is no. There is no regulation of the current housing trusts as well which I would suggest needs to be done and that is also work around the gateway as well when you look at how allocations were done in the past, not in the Housing Department, but in the trusts. They were not always allocated to the most needy.

The Deputy of St. Peter:

But if you look at the views of tenants from the survey that was carried out, tenants in social housing sector are often happier with the condition of their accommodation than, say, tenants in the private sector and it could be posed that there is more need for regulation in the private sector than in the social housing sector.

The Minister for Housing:

That is phase 2. We do need to do some work in the private sector. We need particularly to do work around the unqualified sector but I am Minister for Housing for 3 years; I have a choice to try to do everything and achieve nothing or set a strategy in place that has a long term aim but short term sort out social housing.

The Deputy of St. Peter:

Okay. Do you think that given the size of your housing stock of 4,400 I think it is, is it not?

The Minister for Housing:

Thereabouts, yes.

The Deputy of St. Peter:

Is there the size and the need for a separate enabling body and a regulating body and landlord function?

The Minister for Housing:

There is a definite need for separation. History shows that. Where we are now.

The Deputy of St. Peter:

If the Chief Minister is given that ultimate responsibility and the social policy issues are so important in his remit, surely the good leadership of the Chief Minister, if that becomes his role, should make sure that the wrongs of the past are not repeated.

The Minister for Housing:

It does not work though, does it? You cannot just look at social housing, you can look at everywhere where there has been a lack of regulation and the provider has become the regulator. It does not work. History tells us that and we are talking about a proper regulation for Jersey; we are not going over the top but I see a nice healthy tension between the regulator holding the providers to account and getting the job done. I am quite confident about that.

The Deputy of St. Peter:

How big do you expect the strategic housing unit to be?

The Minister for Housing:

I am funding one post to start with. I think that is sufficient ... when I say I am funding it, the department is funding one post to start with, and I think that is sufficient to ... there will be some support around that of course, sufficient to get on with the work that needs to be done around the social housing bit. Now, as it grows, and it will get bigger than one, but as we get a strategy across all tenures which we should have, as we have an overarching strategy for housing Jersey's population, then that will need to grow a bit, I think, but that will come in time. At the moment I am funding one.

Senator A. Breckon:

How could a strategic housing unit address the issue of affordability? What is affordability and how could they address it?

The Minister for Housing:

That is part of the things that they would have to look at. What is affordability? We have to accept that for some people, and I am not trying to be evasive, for some people and Duncan Gibaut has done some work on this, that housing other than renting, and I do see affordability as part of renting as well, that housing for some people without support will never be affordable because of their income. If you talk about affordability to buy we have to accept that for some people that just will not happen, even with some schemes that we might put in place.

Senator A. Breckon:

We have evidence from submissions that said people cannot afford to rent, even with income support; they are using their disposable income towards rent and you are proposing to bump up the volume. How does that sit with you?

The Minister for Housing:

When you say "bump up the volume" you mean ...

Senator A. Breckon:

Well, to 90 per cent of market.

The Minister for Housing:

I am proposing nothing different than the existing policy which has not been adhered to for years and that is part of the reason why the maintenance has not been done, why there has not been investment in new properties. I think we are muddling up a housing provider with social security supporter. If people cannot afford to pay their

rent then I would suggest that the social security system needs to be looked at but the Housing Department must have the right income in order to maintain its property and to invest in the future. If people cannot afford to pay their rent then that needs to be looked at by Social Security. That is where benefits should come from, not from housing.

Senator A. Breckon:

Why then, if that is the case, do you give a lot of your income back to the Treasury? Why do you not keep it and maintain the properties?

The Minister for Housing:

That is historical, is it not? We are where we are because in the past we had the States rebate scheme, the housing abatement or whatever it is called, so we always reduced ... and when I say "we" I was a lad. But the department then reduced the rent, according to people's ability to pay, and that resulted in sometimes inappropriate subsidies going to people and I think one decision the States did get right was to put all the needs and support to come from Social Security. That is where it should come from. Housing should be provided by housing at the appropriate rent, 90 per cent of market, the current policy has not been adhered to for some time, 90 per cent of market is the recommended and if there is a problem with that then we need to look at the social security system. You cannot maintain housing and invest in new stock, which we desperately need, on the cheap. It has to be done properly.

The Deputy of St. Peter:

What would stop in the future political resistance to that 90 per cent rate? Would there be an ability for, say, the next Chief Minister to change the view and reduce it?

The Minister for Housing:

No, there would not be. What there would be is an ability for the States to change it because this will be a State set policy. The States will set the policy and the rents will then be enforced by the regulator.

Male Speaker:

So it would be a regulation.

The Minister for Housing:

Yes, it would be a regulation.

The Deputy of St. Ouen:

So, just picking up on the idea of 90 per cent of market rent levy, you told us that it has been a policy which has been ignored for a little while.

The Minister for Housing:

Yes.

The Deputy of St. Ouen:

You also highlight the fact that we have had quite a significant problem over a long period of time with regard to the lack of investment in the housing stock. What is different this time around? What will be different this time around to help deal with matters that the current policy has not?

The Minister for Housing:

The difference is that you will have an independent regulator making sure that resources are used where they should be used.

The Deputy of St. Peter:

What ability will the regulator have to enforce that certain ...

The Minister for Housing:

Well, that is work in progress. That is certainly what I see that the regulator will have the ability to take sanctions against the association or other housing trusts that do not invest in the way that has been recommended, among other things do not interface with their customers, do not maintain their property.

The Deputy of St. Peter:

What form will those sanctions take?

The Minister for Housing:

That is work in progress at the moment.

Director of Strategic Development:

I think the proposal will be to provide as wide a range of interventions as possible and those can range from what we might term as voluntary undertakings where some advice is given to an association or to a provider and they agree with the regulator to do certain things over a certain period of time to improve. That could then be formalised through an enforcement notice type process. In other jurisdictions you see the regulator able to levy financial sanctions against providers to give compensation to people who he feels have been disadvantaged by the behaviour of a provider and you can ramp the interventions up to be as severe as you want. I think the fact is that those will be matters which will be set out for the States in the primary legislation and the States will be able to debate those and decide what is appropriate for this kind of regulation. I think in practice what we are likely to see is voluntary undertakings and improvement notices being used in the main. We are talking about 5 providers in reality.

The Minister for Housing:

It is certainly improvement notices that I am keen to see some formal way of saying: "This has to be done and this has to be done by this time."

The Deputy of St. Ouen:

Can I ask, is it your aim to enforce providers of social housing to levy a 90 per cent rental figure on every property within whatever category that it fits in?

The Minister for Housing:

Yes, but that means the rates will still vary according to the property. It is the rental market value and you know yourself depending on where the property is, the size of the property and a whole host of other factors, determine the rental value. So, we are not saying that it is the same rent for every property. What we are saying is it is the same rental policy according to the market value of that property.

The Deputy of St. Ouen:

By definition it will be the provider that will determine the level up to a maximum and you will not be able to ... how on earth is any regulator going to be able to say: “Well, this flat should be £100 but the provider considers it to be £90” because of the condition or in comparison with other units they might have? How on earth are you going to enforce a set value?

Director of Strategic Development:

I think enforcement will be a matter for the regulator to determine what evidence he requires from the individual provider as to how they have arrived at their rent structure. There are mechanisms out there. We have monitoring going on on a continual basis through the stats unit of the private sector rental index, so that is happening. It is possible to get advice from people in the marketplace as to what the passing rent for a particular unit might well be, given its square footage, given its location, given its amenities and its quality. I think it is really important that the market rent is the market rent for that unit equivalent if it was being rented outside the social sector. So, there will be different rents for different properties.

The Deputy of St. Ouen:

Why do you believe it would be necessary for the regulator to enforce the levy of a particular rent? What is the reason for having that bit of regulation?

The Minister for Housing:

It is exactly what I said and I will let officers come back in a minute, but there are a number of factors in there and not in any particular order but, if nothing else, you distort demand if you maintain an artificially low level of rent; you distort demand for social housing when it should be more time for those who need it. You need the income. Why do you think we have had no investment, or little investment for years? Why do you think we ended up 3 or 4 years ago with £80 million of outstanding maintenance? Because we did not have the correct income to do the job and so you have to be realistic. If people require support and benefit, and I champion that as well, that support and benefit comes from Social Security. That is only right and proper; it does not come from us keeping artificially low rents and therefore not being able to maintain our properties and not being able to invest in properties in the future. That is the wrong way to do it. That is why we are in the mess we are in today and that is where I need to move us on from.

The Deputy of St. Ouen:

I fully recognise the frustration that you have because at the moment we do have a situation where the housing is required to provide funds to Social Security to support and subsidise social housing, whether that is in the private and public sector. Has any thought been given to breaking that link and allowing the Housing Department to retain its funds, like the trusts, to be able to then operate in what we know to be a success for this kind of money?

[10:30]

The Minister for Housing:

Yes, some thought was given to it but it just did not stack up in terms of one has to be realistic about what can be achieved. In the past a rent component came from, and that is what it was called, I think, rent component, when you were subsidising it ...

Senator A. Breckon:

Abatement.

The Minister for Housing:

Rent abatement, sorry. The rent abatement came from the rents that came into housing. Now, if you want to turn that on its head then the States have to decide what other activities they are not going to do because I will have the income I require, there is no doubt about that, but then how you are going to fund ... it is about £80 million, is it, or £21 million?

Director of Strategic Development:

£21 million.

The Minister for Housing:

£21 million going from Housing to Social Security.

Senator A. Breckon:

To the Treasury.

The Minister for Housing:

Treasury and it goes direct to Social Security.

The Deputy of St. Peter:

Not all of it.

Senator A. Breckon:

How much do you get from Social Security then in the income support component of people's rents in total per year?

Finance Director:

I think last year we got £22.8 million but that was not just the housing component, that was all components because we get paid directly up to the value of the rent obviously, all components of the income support. So, if somebody qualifies for income support for some housing component, some personal component, some other component and they also other income up to the rental value we will get the component paid to us but only a proportion of that is the house component. We know how much we get but we cannot tell how much per component that is. Social Security obviously ...

Senator A. Breckon:

Then you give it back to people, do you?

Finance Director:

No, that pays for their rent either fully or partially and then obviously we are required to make a return to the Treasury.

Senator A. Breckon:

So the return to Treasury is less than what you get?

Finance Director:

The return to Treasury is agreed every year. It is more than the housing component for our own tenants. Last year it was more than all the components that we were paid but we were not in control of that. The actual cost of each component within Social Security I understand is going to be published this month and because of the nature of it it is more difficult to allocate costs to each component because it is a composite benefit and it needs to be prorated. So, I am not exactly sure of the numbers in terms of the private sector but we do not pay enough to cover the public sector and the private sector income support, is my understanding.

Senator A. Breckon:

So, a summary of that would be you receive a sum from Social Security and then you pay a sum to the Treasury but that is more than you get from Social Security and it is topped up from rental income you receive from others?

Finance Director:

Yes.

The Minister for Housing:

The other thing I would just like to pick up on is that the housing trusts will for the first time be sending money back to Social Security as well; some of it.

The Deputy of St. Peter:

They will?

The Minister for Housing:

They will.

Senator A. Breckon:

Do you know that, do you?

The Minister for Housing:

Yes. It will be part of my regulation.

The Deputy of St. Peter:

They are happy with that?

Senator A. Breckon:

But they do not do it at the moment?

The Minister for Housing:

They do not do it at the moment.

Director of Strategic Development:

They will be getting it through the increased rental revenue from the new rent policy. Some of that extra income will go to offset the additional cost of their tenants in respect of income support.

The Minister for Housing:

So they will be starting to pay their way as well.

The Deputy of St. Ouen:

Have they agreed that?

Male Speaker:

They will be regulated.

The Minister for Housing:

Well, my consultations with them some are happier about it than others. Some associations have accepted it but we have not formally signed anything but on the feedback from them they understand where we are going; one association is less comfortable with that but I believe you spoke to them yesterday anyway.

The Deputy of St. Peter:

We did. I think perhaps they asked why they are being forced into a position where they will collect unnecessary surpluses because of their charging 90 per cent of fair market rent and they currently do not charge anywhere near that for some tenants then ...

The Minister for Housing:

There are a number of factors there and I am quite adamant about this. First of all, they have had States money either by gift of property or in currency to invest in social housing and a lot of their tenants are not in receipt of income support. That would suggest to me that a lot of their tenants are not those most in need, given the waiting lists that we see on the gateway, and so that is one of the reasons why I bring the gateway in. So they have an obligation, I think, to provide their accommodation or people that really need social housing and not just people that need housing, if you understand where I am coming from. The percentage is very high compared to us of people that are not on income support there, so that would suggest it is not being targeted properly. That would suggest we are subsidising people that do not need to be subsidised and if they build up surpluses that is good because we can invest that. The particular trust you were talking about have to spend millions on Troy Court. When you look at that that is substandard and I know they did a good job of stepping in and rescuing it but that needs to be put right. I get loads of complaints from tenants there about the accommodation there. So they need to invest in that and we need to invest in new housing and that money will be there to invest in new housing. When we look at the number of homes that are required by people in social housing we are not suggesting for a minute that it will all be provided by the new association. There is a good role and some of it needs to come from the existing housing trusts. They have had a windfall situation recently as well with the lower interest rates. We need to invest that money. We have one imaginative scheme that we are working on with one provider at the housing trust at the moment. That money is needed to invest in social housing.

The Deputy of St. Peter:

Will there be a regulation enforcing the housing trusts to reinvest in increasing supply?

The Minister for Housing:

Yes.

The Deputy of St. Peter:

What about the view that perhaps the housing trusts would be happy to take on some of our lower standard housing stock and to refurbish that and take over ownership of currently States owned stock?

The Minister for Housing:

I would need to look at that. I think we need to work together; the trusts and the new association need to work together and there may well be some realignment there. I am keen that the public continue to maintain the value of their stock, if you understand what I mean. I am keen on the association for one particular reason: I want to keep the family silver intact. Now, if that means realignment, because we are suggesting that we will sell about 15 units a year as part of our realignment policy, and if that means some swapping with other people I am not against that. That is working together.

The Deputy of St. Peter:

You mentioned the housing gateway and the criteria. It is true that the housing trusts have had different criteria to yourselves but now they are having to apply the States housing criteria and they found that all of a sudden their properties have filled up and the kind of people that they were previously housing are no longer able to access. There are always different reasons for providing and different reasons for need as well, are you going to broaden your criteria?

The Minister for Housing:

It is certainly a personal aim of mine to broaden it, but there is no point in broadening it until we have increased the amount of supply. I am very concerned that we do nothing for under 25s, unless they have a baby, and what message does that send? So there is some work to be done there. I am very concerned about the under 50s couples that might be struggling but because they do not have children they do not meet our criteria. So there is a whole raft of work to be done there but there is little point in being ... I could change it by ministerial decision tomorrow but it would not alter anything because the supply is not there. It would just frustrate people by putting them on even longer waiting lists so that is work in progress. It certainly has to be done. Your comment about the housing trusts are a bit frustrated because they no longer accommodated people they might have accommodated, they are now accommodating those most in need and at the time of scarcity of social rented housing that is important.

Director of Strategic Development:

Can I just add as well, Minister, that all of the existing housing trust waiting list applicants have been able to access the gateway and have been means tested in accordance with the policy, have been banded appropriately. If the supply is there there is no reason why those people should not, on the prioritised banded basis, receive offers but when there is a very short supply and when we have not seen much development going on over the last couple of years then I see nothing wrong with the supply that we do have being targeted at people who are in the most precarious

situations in housing terms but the people ... it is not fair to say that they have been ignored; the Minister has allowed those people on the trust waiting list, notwithstanding that they would not normally meet the old housing criteria, to access the gateway as well, albeit they will be in a lower priority band.

The Deputy of St. Peter:

Or to increase your supply you could simply do what the Minister for Environment suggested to us yesterday and suggest that all people who do not claim income support who are accessing social housing at the moment are found alternative accommodation which would free up some of your stock.

The Minister for Housing:

Where are they going to live?

The Deputy of St. Peter:

That is maybe a discussion to have with the Minister for Environment.

The Minister for Housing:

Perhaps the Minister for Environment would like to release some sites and we could put some homes on them and then they may have somewhere else to live.

The Deputy of St. Ouen:

The other alternative is to release some of the housing stock to the trusts who have the funds you have just described to us so that they can get on and redevelop a site because currently we are not able to.

Director of Strategic Development:

Can I comment? That is something that has been done in the past and we have seen that happen and to give a very crude example, social housing site run by the Housing Department, gets to a point where it needs to be refurbished and it is transferred to a housing trust; that used to happen and that has been done in the past and a nominal charge is made for that unit, that unit transfers to the housing trust, the housing trust uses the rental that it can yield from that unit over a period of time to borrow the money to carry out refurbishment. So, great, we get those units refurbished and they come back into the stock and are housing people and we are not knocking that, that is important, but what has happened there is you have reduced the income from the States, from its social housing stock, by the number of units you have transferred to a housing trust. The housing trust does not make any contribution back to Social Security at the moment, but the people who live in that unit are still the people claiming income support. You have not created any more or any less of them so it seems to me that the States is then asked to still pick up the cost of the income support but does not have the income from the units to pay it. It kind of seems like ...

Finance Director:

I was just going to say after 25 years once their loans are repaid they have the asset and the States do not.

The Deputy of St. Ouen:

I think you have just described quite clearly the problem that the Housing Department currently face because they are, for whatever reason, required to support States

tenants through the income support scheme whereas the benefit ... so in other words, your income is being used for your benefit rather than being redirected back into capital and your assets, which obviously helps to generate income which helps to rebuild and redesign your property. What I am struggling with is that what is being proposed in this White Paper is more of the same but just that we are going to charge more.

Finance Director:

That is not true. I think there are some differences to what has gone on in the past. One is there is access to borrowing. That has not been possible for one reason or another in the past so the department would be able to access the finance either through internal or external loans to undertake the redevelopment. We also have additional income arising from the new rental policy so that is different. After the refurbishment of the units presumably because the units were in a poor state that the rentals will reflect the new standard, we are also making some sales which will generate £4.5 million per annum to realign the stock but also provide capital receipts to internally finance some of these developments. So, there are a number of things that are going on that have not happened in the past.

Senator A. Breckon:

Can I ask you, John, you say there £4.5 million, but the figures we just had yesterday show that you sold 5 in 2011 which is £1.8 million and then there were some of the other properties as well, so how confident are you that you can sell £4.5 million worth of property a year if you want to regenerate properties?

[10:45]

Finance Director:

Well, this year we are on course to sell 18 units generating, because they are certain high value properties this year, and it is just over £6 million.

Senator A. Breckon:

Is that some of the odd ones; the ones that were classed outside of the ...

Finance Director:

Yes, so there are a few of those mixed in there but one of the policy changes linked to the gateway will be some of the sales in future may still be the high value properties or properties that are not deemed suitable for one reason or another for social rentals. Some of the sales will also be made to people qualifying through the gateway for purchase. So you have a wider ... it is not just having a unit to sell it is also having someone to sell it to and P6/2007 restricts the deferred payment sales to existing States tenants effectively.

Senator A. Breckon:

Yes. As you are on the finances, as you know we have just had the Treasury in and what the Treasury are saying is you are a strategic asset. They have said: "Well, maybe we should not have used these words because telecoms is a strategic asset and it makes £14 million, so they are looking for a return on capital from housing agency, P.L.C. (Public Limited Company), call it what you will. You are going to be saddled with £40 million of debt, you have future sales which are not certain because of the

financial climate, so is this the right time for you to be an agency bearing in mind when we did housing trusts we wrote off £12 million at Le Coie, we wrote off Berkeley Hotel, we wrote off site costs, we gave interest subsidies, we made it happen for them. Like you say, maybe there is a payday in the future and I think that is what you have your eye on: “Let us have some of this back” but is this the right time for the Housing Department to become an agency and to go free with these financial risks?

The Minister for Housing:

The quick answer to that is, yes, because what is the alternative? If you are going to fulfil your obligation to your current tenants and your obligation to potential tenants in a population that we are not yet supporting but we should be. We need to invest. We plan in the next 3 years, the medium term financial plan, and John will correct me if I am wrong, in excess of £18 million of capital expenditure. If I am able to access borrowing and the rents pay for that, if I was not able to do that then I would have to bid against Health ...

Senator A. Breckon:

Why do you not just stop the money going to Treasury?

The Minister for Housing:

Hang on. Well, that is a political decision, is it not? If you stop the money going to ...

Senator A. Breckon:

Well, that is what you are there for.

The Minister for Housing:

Yes, but if you stop the money going to Treasury, let us just look at that and explore that a little bit, then what else are you going to stop doing to pay for it. Are you going to increase tax or are you going to not build the new hospital or are you going to ditch the liquid waste strategy, or are you going to lower social security, how are you going to balance this. We are where we are, it may be not where we want to start from but that is where we are. We have to find a way of fulfilling our obligations to our current tenants and investing in the future of the tenants and the people of the Island that we know are there. We also need a complete Island housing strategy. One we do not have at the moment. Now, is it the right time to do it? It is incredibly tight the business plan, but I would suggest it is worth it and we are still keeping intact, as akin to me, the family silver. Because another alternative is sell us all the properties, let us break away from the States and run it that way. But then I would have to pay huge amounts of capital return to whoever lent us the money to buy the properties. I think the plan we have come up is pragmatic, it is the only way forward. It can be tweaked here and there to make it more workable or politically acceptable but it is the only way to go forward or we carry on doing more of the same.

The Deputy of St. Ouen:

We are told in the medium term financial plan that you mentioned a bit earlier that house sales will continue to be a key source of income. Are you content with that being and continuing to be the case, and how do you balance that with the need to provide more social housing?

The Minister for Housing:

When I first became Minister for Housing, if you had asked me that question I would say we were going to stop all sales. I would have said that. I am better informed now. First of all we need ... as John has suggested, there are properties that we should not be hanging on to that we need to get rid of and we need to - to use his term - realign some of our stock. So that is the first thing. The second thing is that sometimes - and my colleagues will put me right if I do not explain it fully - you have occasions where by releasing some capital, getting the capital back in you can invest in more. We have seen evidence of that recently with the money that we have had from the sales, for example, paid for Salisbury Crescent. So without that income we could not have done that. Very often those same tenants because there is not an alternative are going to be housed by us. So if you allow them to buy their property you end up with the money to invest in new property and they are still housed in the same house very often, not always but very often. So I am comfortable as long as overall we are growing our stock as a result of that realignment.

The Deputy of St. Ouen:

I presume that realignment is relatively short-term, because there can only be a certain amount of stock that you would wish to sell surely?

The Minister for Housing:

That is true, but the other thing I have learnt in the short time I have been Minister for Housing as well is that it is very easy to turn the supply of housing off. It takes about 3 years to turn it back on. So you do need to have that constant drip of ... we are not building for the sake of building, we need them anyway, but if you have that constant supply chain, the skills are there, the businesses are there to provide it. That is right.

The Deputy of St. Peter:

What progress are you making with it? You very kindly showed us some of your housing sites and you talked through the developments that you would like to undertake, but what progress are you making with the Planning Department in that regard, in getting things started?

The Minister for Housing:

I will hand that one over.

Director of Strategic Development:

We looked at a number of sites when we went out and visited. Perhaps the most advanced of those is the sites at Lesquende where we have a planning permit, we have by-law approval and we are now putting together the details so that scheme can be tendered late this year and we can get on with developing those 35 new lifelong homes.

The Minister for Housing:

That is phase one.

Director of Strategic Development:

Phase one. Phase 2 we will start to redesign and start looking at potential tenure for that site. With La Collette we looked at the site there, it is an exciting scheme, it really cuts to the point the Minister was making. If you have access to the right amount of finance you start to get out of the confines of just looking at refurbishing an

existing building and you start thinking about what would be larger scale schemes about potentially clearing a site and making better use of it, providing better homes, more sustainable homes but greater numbers of homes. On that site we are doing some work with our colleagues at Jersey Development Company who are going to assist us with some of the process work about coming up with some new schemes and bringing some of their experience to bear. That process is starting. There has been engagement on that particular scheme already with Planning, on some sort of pre-application basis. We looked at the 2 towers in town, Convent and Caesarea Court, again we are doing some work there and there has been some pre-application interfacing with Planning to get some views to help inform what will be a traditional feasibility type process that we will go through. There is a large number of schemes going forward, some of which we can deliver very quickly. Also, it is worth mentioning, the next phase of Le Squez goes out to tender next week, 24 more houses.

The Minister for Housing:

If you take Ann Court, we are stuck there at the moment because it is right that the infrastructure that town needs is put underneath first but once that is done then we will be looking at developing that. I would like to be able to develop proper sheltered housing. We call the parish ... I am not knocking the parishes they do an excellent job, we have the official opening of the one at St. Peter. That is not sheltered housing, that is lifelong homes. Sheltered housing is about providing the right support. At the moment people are driven into nursing homes far too early because there is nothing between the lifelong home and going into a nursing home. I see Ann Court particularly as a proper sheltered housing development. We will have the money, it is in our plans, we will have the money to do this if we go ahead with the transformation programme. The only thing we need is the availability of the site. It is only right that T.T.S. (Transport and Technical Services) are allowed to sink that shaft and do the work that they need to do to protect town from flooding and then we can get on and develop that as well. Those are schemes that are there. We need a few more imaginative schemes as well.

The Deputy of St. Peter:

Thank you for that. I guess the reason I was asking the question was I was wanting to know that you are satisfied that your relationship with the Planning Department and the Minister was working in the right direction.

The Minister for Housing:

The Planning Department need to release more sites but they need to release sites for general use as well, with the point the Minister for Planning and Environment made, why do you house some of these people, would they not be better off in the open market? Well, there is not anything in the open market for lots of them.

The Deputy of St. Ouen:

I suppose one would argue that the Island Plan has restricted the ability to deliver sites because a majority of the sites are going to be a knocked down and rebuild redevelopment, if you like, proposal.

The Minister for Housing:

Yes, the States promised to release sites and we are going to see that at Rouge Bouillon, already working there. I wait to see the delivery of anything from the

College for Girls, there is all sorts of ideas coming forward, disappearing and coming forward again, will wait to see that but the States have to fulfil their bit in terms of releasing properties. But that is happening. We are also talking about another site possibly below Fort Regent near Clos du Fort, a small site there that Property Holdings are looking at releasing to us. I am content with that. This is why we need a full housing strategy. I am concentrating on social housing, somebody needs to be looking at everything through the gateway getting the right information of what is needed, where it is needed and keeping Planning properly informed and then they provide or release the sites to that with.

Director of Strategic Development:

Can I just make one point? Just coming back to a point that Deputy Reed made that realignment is a short-term process. I completely disagree with that. I think our population will change, its make up will change over time and that will be a continuous cycle and we have to keep watching that constantly. The gateway is our tool for doing that and that will give us the information that the S.H.U. (Strategic Housing Unit) needs to make policy and to direct the activities of providers and to ensure that Planning know what is required for the population going forward. As the Minister said, by the time you find out there is a problem, then until turning the tap on is 3 years before you can turn a key in a unit. We rezoned a significant amount of land in 2008 for lifelong homes for older people and practically none of that has been delivered. That is a concern going forward and certainly the gateway and the waiting list is starting to show that problem now. We do need that supply but we need to have an early warning system that allows us to get on with it and make sure that the system is working ahead of the demand rather than trying to react to it after the event.

The Deputy of St. Peter:

Given that so many of those responsibilities lie within the Planning Department, what would you say to the assertion from the Minister for Planning and Environment that he should hold the Strategic Housing Unit within his department?

The Minister for Housing:

You would end up with similar problems to that which we have now, focus on only one aspect and that is the availability of sites. You need a proper housing strategy, looking at social housing sites, type of tenure, it does not sit comfortably ... there is a conflict of interest there, I would suggest, between the role of the Minister for Planning and Environment and putting the unit there. It needs to be part of overall social policy not just one aspect. You would just move the problem. The problem that I am trying to solve by having a strategic housing unit. It was not an easy decision for me to come to, the fact that if the States accept this I will not have a job, but it is what is right. We have had too much short-termism and quick fixes in the past and this is long-term putting ourselves in a position where we can meet the needs of Islanders in years to come and be agile enough to change as we are going.

The Deputy of St. Mary:

Do you think that Planning could be doing far more in identifying sites for your purposes and also to secure those sites before they become available to property developers?

The Minister for Housing:

I am reasonably comfortable about the sites for social housing currently. What is not happening, though, is the sites are not being released for the people in the middle, that is not happening at the moment and that needs to be looked at, while at the same time though preserving the thing that we all value over here, our countryside and all the rest of it I think needs to be more imagination, more urgency to releasing more sites at the moment because nothing is coming out.

[11:00]

Even when sites are released such as Carl suggested there, the lifelong homes sites that were released about 4 years ago, only one or 2 - I think one, St. Peter ...

Director of Strategic Development:

Two schemes, and both parish schemes where there has not been reliance on the market to provide some of the financial crossovers that we would help to deliver the social housing.

The Minister for Housing:

Only 2 have been delivered so they need to look at when they are rezoning, rather than rezoning for ever perhaps rezoning for a short period to encourage people to get on and develop the sites.

The Deputy of St. Mary:

Should they also be secured, they come into States ownership so property developers do not acquire them because if they develop them you get a massive profit on the end of the ...

The Minister for Housing:

Yes, that may be a way forward. That really is going into the planning, my role is social housing at the moment. Yes, that could be a way forward.

The Deputy of St. Ouen:

Do you see the new housing association as primarily a social landlord or a strategic investment to make a financial return to the Treasury?

The Minister for Housing:

I see it as primarily a social landlord but there is no doubt that normally you would expect some sort of return. As I said, normally if you were setting up, perhaps if we were not in the financial constraints that we find ourselves in at the moment with the recession the way it is and no very clear end to that at the moment, we might be discussing buying all the stock off the States to form the association. Therefore giving them the money and doing the work. That just is not viable at the moment. So to expect some small return back I think is quite legitimate, and it is a small return currently if you take away the rent component part, I think it is about £6 million is the return that we will be making to Treasury for the use of all of those properties.

The Deputy of St. Ouen:

But you cannot just separate the £6 million from the remainder because it is the overall return that will impact on the association surely?

The Minister for Housing:

We know how much goes to Social Security, we know what the balance is. Now, again, do I want to pay the £6 million, if I had a free hand I would choose not to, let us be honest, but if I do not currently make a contribution and I see if you were running a business that I would expect a much higher contribution than that, if you do not make a contribution then politically we have to make decisions, do we not? What are you not going to do or how are you going to fill that gap? If you look at the medium term financial plan are you going to be £6 million short, are you not going to spend it on the hospital, are you not going for a liquid waste strategy, or are you going to increase G.S.T. (Goods and Services Tax) or personal income tax. How are you going to fill that gap?

The Deputy of St. Ouen:

How independent can the new association really be, given that it is going to be fiscally bound to the Treasury by the need to make that annual return and to income support?

The Minister for Housing:

It is no different to paying your landlord, except you will be paying far less than commercial rate, I see it no different than paying your landlord and then running your own business.

The Deputy of St. Ouen:

What steps do you plan to take to ensure that the new association is sufficiently independent that it satisfies the usual lending criteria from the banks?

The Minister for Housing:

Can you say that again, please?

The Deputy of St. Ouen:

How are you going to make sure that the association is sufficiently independent that it can meet the lending criteria required from banks?

The Minister for Housing:

That is a really interesting question because the one thing we have by not buying the stock is we have the weight of the owner of the stock, we have the weight of the States behind us. I believe our access to financing through the banks or ... it might be internal borrowing, some of it certainly will be internal borrowing from the States Treasury, our access to both markets is far stronger because we are still slightly connected to the States although running our own ship.

The Deputy of St. Ouen:

What discussions have taken place with commercial lenders to test the proposal?

The Minister for Housing:

The Minister for Treasury and the Treasurer have been doing that. There have been discussions, we are fairly confident. I think probably - you would have to ask the Minister for Treasury - the majority of the funding is likely to come in the form of a bond, that seems to be the cheapest way of borrowing currently. When we get around

to it it might be a bit cheaper but good discussions have taken place but if you want detail on that you really need to talk to the Minister for Treasury.

The Deputy of St. Ouen:

So you are talking of a government bond, are you?

The Minister for Housing:

Yes.

The Deputy of St. Ouen:

Rather than necessarily borrowing from a main street bank, a High Street bank?

Finance Director:

It would be a bond secured on the assets of the association and it would be negotiated by the Treasury and would probably be a private placement rather than traditional bank lending because obviously with banks at the moment they have their margins on capital, et cetera, which makes the interest rates not as competitive as they used to be. So what both ourselves and the Treasury are trying to do is obtain the necessary funding at the lowest interest rate. So there was no point separating this out simply to pay more interest when that will have an effect on the return to the Treasury or our ability to build decent homes.

The Deputy of St. Ouen:

By the very nature of that sort of funding there is going to be quite strong control from the Treasury on the newly formed housing association so presumably it could then direct that rates could go up to ensure obviously any bond was financed.

Finance Director:

No, the bond will be of fixed interest for a period and the facility will be made available for us to draw on to meet our development plans.

The Minister for Housing:

And the housing policy ...

Ms. A. Davies:

Sorry, can I just clarify, can the association borrow in its own name or is it government borrowing?

The Minister for Housing:

No, it could borrow in its own name.

Ms. A. Davies:

Is the proposal that you are describing that it will borrow in its own right?

Finance Director:

I think what we are saying is whatever is cheapest for the States as a whole is obviously the most sensible way forward. If that is the association borrowing in its own name against its assets with the States standing behind then if that is the cheapest way and the Treasury are happy with the arrangements then presumably that is the way we would go forward.

The Minister for Housing:

We want to have our cake and eat it, to be honest with you.

Ms. A. Davies:

Does everyone not? The business plan, I may have misinterpreted this, I have given it a very cursory glance, but is it not modelled based on traditional bank lending rather than a bond where you would draw down all the money?

Finance Director:

Right, the outline business case was done in that way. We have since had discussions with funders and discussed the cost of borrowing and the availability of borrowing. Further discussions with the Treasury have let us look, jointly with the Treasury, at the bond finance.

Ms. A. Davies:

So when you rerun the figures through model it worked, okay.

Finance Director:

Absolutely.

Male Speaker:

It is just a shorter borrowing period. So there are different constraints coming from the bond funding, which you will be very familiar with.

Ms. A. Davies:

Absolutely, that is good to hear. Thank you.

The Deputy of St. Ouen:

I just want to pick up on a couple of matters. We have spoken about the £22 million contribution that goes to the consolidated fund, it then goes towards income support and whatever else, and then you have also spoken about that what you receive back in contributions through income support does not match the amount. One presumes it is because there is an element of your contribution that goes to support a range of people in the private sector. Am I right or wrong?

Finance Director:

There are 2 points. You are right in that some of our return does support those in the private sector but also money we are getting from Social Security does include other components apart from the housing component. So it is inflated because of that.

The Deputy of St. Ouen:

Are you able to identify, or if not can you point us in the direction of who can, the amount of money that comes from your contribution that goes towards supporting people in the private sector?

Finance Director:

Social Security will have that because presumably they will be able to publish because of the housing component they know each landlord, so they know us and they know the trust and they know the rest and they could give you that breakdown.

The Deputy of St. Ouen:

Presumably it is still the intention that the new housing association will make an increased contribution, an overall contribution but part of that will still go towards supporting those who were renting in the private sector?

Finance Director:

The return calculation assumptions moving forward are based on a one-off uplift of the new rents policy followed by R.P.I. (Retail Price Index) Y increases to keep the return in real terms. Now, what will also happen is if the association is allowed to grow its stock then the return will not go up because the stock has increased. The association will need to keep that rental income to fund the borrowing. Indeed what may happen ... because one thing we are not doing is increasing the number of income support claimants. The number of income support claimants is completely independent so if the Minister decided to open the gateway and: "We will build another 1,000 units tomorrow" if you decide to do that and 1,000 people on income support in the private sector came to us then our contribution would not increase but the balance between income support being paid in the public sector and the private sector would change dramatically.

The Minister for Housing:

The overall bill would not, though.

Finance Director:

So it is not a static position, you cannot prepare it because people are moving between different sectors as units are built or ...

The Deputy of St. Ouen:

So do you not see a role being played by the sector in continuing to provide accommodation for ...

The Minister for Housing:

Yes, I do, because we are a social housing provider, although we are not providing ... there is a role for the private sector. What I do not see, and I think the Minister for Social Security has accepted it, is why the rent component for the private sector should be linked to the rent component paid to tenants in the social sector. I think he has accepted that there needs to be a separation of the 2. He will make an appropriate level of rent rebate or component, whatever you want to call it, available to the private sector based on what he thinks it should be and not always following the States social sector. At the moment if I put the rents up the income support component goes up and that goes up across the board, regardless of what has happened in the private sector. So there is going to be a separation. If you want detail you will have to speak to the Minister for Social Security, but I think he has accepted that that is the only way it can go forward.

The Deputy of St. Peter:

That is to prevent people having to compensate for their housing costs or their disposal income in the private sector?

The Minister for Housing:

It is to prevent the distortion between the things happening in the social rented sector not following through into the private rented sector.

The Deputy of St. Ouen:

What bothers me is that right at the very beginning you spoke about choices and you wanted to encourage choice, let us just stick to rental, let us not divert off to purchase for the moment, but if you are talking about choices we have currently got, I think, 3 providers that local residents can access, obviously States housing, the trust and the private sector. Currently all 3 offer accommodation. From what you seem to be suggesting is that in the long-term you are aiming to reduce that choice unless you can afford it.

[11:15]

The Minister for Housing:

I am not suggesting that at all. What I am suggesting is, and there is some work being done around the private rental sector in terms of ... we have done some work on it recently in terms of residential tenancy law but we need to do more work around that, people need to have security of tenure from the private sector, I think there needs to be more around the quality of ... some of the private sector stuff is excellent but some of it is not so excellent, particularly in the non-qualified area. So there is some work to be done there. I am not saying that ... you see if you are paying near market rates once you no longer ... say your situation is ... as I said, you come in, you need that support at the beginning, you have a young family or whatever, young family grows up, you get better jobs, at the moment they are not going to ... even if they could not afford to buy - and I hope to put schemes in place through the Strategic Housing Unit for that - and decide they are not going to buy but they might look around at the private rented sector, which is what the Minister for Planning is suggesting they should do. If you do that then there is a 40 per cent difference in the rent. If it is near market rate, they think: "Oh, for a few quid more I could have that sea view" or: "I could have ..." whatever they want and they will make choices. But, of course, alongside that there needs to be work done around security of tenure and we are doing that at the moment. It is about providing more choices if we get this right, not less. But you will not provide choices while you subsidise in a hidden way the rent that the people in the social sector are paying. If you want to subsidise rent in the social sector it should be done upfront, transparently, legitimately through the rent rebate scheme.

The Deputy of St. Peter:

There is a lot of talk about this hidden subsidy, and it would be quite nice if you could define to us what you see as currently the hidden subsidy is.

The Minister for Housing:

If you are not paying the market rent, forget for the moment whether you are getting income support or not, if you are not paying the market rent then you are being subsidised by the State. If you are paying the market rent but you need to be subsidised, you get that from Social Security. Those that do not qualify for the Social Security ... if I told that there is one family that I know of with a joint income of £100,000 a year receiving social housing, is that right? Receiving it at probably 60 per cent of the market rate, is that right?

The Deputy of St. Ouen:

Maybe I can ask you a question. When they first entered social housing I presume their income was not £100,000 per year?

The Minister for Housing:

No, it was not. Of course it was not.

The Deputy of St. Ouen:

That is the question I asked you before that you have not necessarily perhaps answered. I understand the difficulties, but how do you intend to ... although you want to provide for people that cannot afford renting in the private sector, how do you encourage those individuals, the example you have just described, to move out of your accommodation?

The Minister for Housing:

They will move naturally if there are choices available to them or if the rents are very similar.

The Deputy of St. Peter:

It puts you in a very difficult position because how many young families are on your waiting list?

The Minister for Housing:

The ones I am very concerned about, nearly 200 families that I am very concerned about that are virtually homeless.

The Deputy of St. Peter:

So those people that are earning their £100,000 and paying your full rent are blocking the availability of the housing stock to families in need.

The Minister for Housing:

Yes, but there is no system in place at the moment. I do not ... to ask them to go, I am looking to get them down to a one-bedroom if that is appropriate for that size of the family but what we should be doing ... if you do not subsidise that family then they will be making proper choices about where they go. While you continue to keep social rented housing artificially low you stifle investment, you stifle maintenance and you, I would suggest, discourage people from making the sorts of choices they should be making in terms of moving on.

The Deputy of St. Peter:

But the contrary issue for the department, I presume, is if you have families who are paying full market rent and not receiving income support ...

The Minister for Housing:

They are not paying full market rent, that is the problem.

The Deputy of St. Peter:

Not full market rent, your full social housing rate, sorry. They are not receiving income support, you need those people to keep your circle of money going to an

extent, do you not? Because if all of your tenants were receiving income support it would be reducing ...

Housing Transformation Programme - Programme Manager:

There is a continuous cycle of those people arising so as some of them make a choice and leave there is more people coming through.

Director of Strategic Development:

I just think this issue about choices is really important. In Jersey we have a very unsophisticated market. We have the open market where you can buy a house at whatever the prevailing rate is, you can rent in the private sector or you can rent in the social sector. The social sector is very constrained because of supply and so we get into issues about the eligibility and how many children, et cetera. What we do not have is any intermediate market and so it is those other products that we can start to be more imaginative about, some of which the Minister has already spoken about, which give people other choices and start to make the opportunity to go and buy a house in a different kind of tenure than a traditional freehold. Something which becomes more affordable for a wider group of people. I think we have to get used to us having that housing strategy which says that as a community, as an Island, what we want to provide in the sense of housing. Do we want to increase our portion of home ownership in Jersey, which is low in comparison with other jurisdictions, and how we are going to do that? What intermediate products are we going to bring through to make it more affordable for people? If we do not want to do that, then are we going to be content that a large proportion of our population are going to be lifelong renters? If part of that question is yes then how much of that do we want to be social housing? How much of it do we want to leave to the market? Again, it is a number of questions that we have to answer at a strategic level and I think once you have done that then you have the gateway, which is telling you about where people fit in that spectrum of housing need. Then what you can do is you can start to target people in that spectrum in key groups and say: "If we developed a scheme which delivered a house at X price, we would meet this band of need." If we developed a lifelong leasing scheme that allowed people who are older to downsize into something for the rest of their days that was adaptable and suitable for them, where they took some capital out of their existing home, what would that do to the market? What need would that meet? But we do need that overarching strategy and that high level thinking about where we are going with our housing provision.

The Minister for Housing:

That is precisely why that sits in the social policy part of the Chief Minister and not in either the Housing Association or Planning.

Senator A. Breckon:

We are on the big level now, maybe I can ask you this about the census results, the population, the profile agenda, the ageing of the population and obviously this creates problems for you. Two issues on that: are you confident that you are now getting robust information on which to base policy and then where are you with dealing with that?

The Minister for Housing:

Am I confident I am getting the right information? We are getting much better information than I think we have ever had. So, yes, is the quick answer to that. I am confident in that. Where are we in dealing with it? Again, this is why we need the unit. I can fiddle at the edges around the social housing bit at the moment but we need a whole strategy. When you are looking at ... and I referred to Ann Court just now, when you are looking at what we need to do to house our community into the future, bearing in mind that people live longer and perhaps need a bit more support later in life, currently there is nothing between a little bit of support at home and a nursing home. We need to provide alternatives and that might mean - and this is a whole new policy area - I am quite convinced of it, that some people who were previously homeowners might need to come in to some sort of scheme because they need proper sheltered housing. We would not allow that under the current ... we do not have any real sheltered housing but we would not allow a person who had been a previous homeowner to come into the social rented sector. We may well need to do that in the future.

The Deputy of St. Peter:

It also is the case that divorced couples, perhaps, they have managed to afford to purchase a property as a unit but once they ...

The Minister for Housing:

We need to do ... the whole thing around first time buying needs to go out the window in my view and we need to look at that. There is a whole raft of things. I would like to see an opportunity that would help some older folk to release their 4 or 3 bedroom, some will never want to release it because they bought it with their husband and it has a huge sentimental value and all the rest of it. So we have to accept that there would be some people ... I would like to see others who, at the moment, wish to move but cannot afford to move, even if they sold the house because of the cost of buying the new one. Lifetime enjoyment of homes, some sort of equity where they make a one-off payment and then the home returns back to be sold again to that sort of person and it belongs to the States. There is a whole raft of work that needs to be done. It does not sit with Planning, it sits in social policy. As I said, the White Paper concentrates mainly on social housing but puts a framework for the future in areas of work that are not being done at the moment.

Senator A. Breckon:

Can I just follow up and ask you, because something I have personally felt we should do is have a whole Island housing strategy because you know and I know you can find an old person living in a big house that has metal windows, not insulated, and if we did that the parishes would have the information, utilities would have the information, you have some information, why can the piece of work not start now in drawing that together so you know households, you know who is in them, you start to find out the circumstances and you can deal with some of the issues that you have touched on there about housing properly, not the social housing the Island's population?

The Minister for Housing:

Exactly, but I do not have, as Minister for Housing, that authority at the moment. The Strategic Housing Unit will. We get this through the States early next year, if we get it through the States, that work will start then.

Senator A. Breckon:

But the parishes have the information already through the rates system.

The Minister for Housing:

Some of that information is available.

The Deputy of St. Peter:

Deputy Reed has the final question.

The Deputy of St. Ouen:

In your view is it right that the costs of the housing element of income support should be borne by social housing tenants who their rent?

The Minister for Housing:

So you are suggesting that the cost of income support is being subsidised by those who will pay full rent? Is that what you are suggesting?

The Deputy of St. Ouen:

Tell me what happens then because obviously you are a social housing provider, you collect rent which goes to social security.

The Minister for Housing:

It is not as simple as that. I am going to have to pass to John on that, it is not as simple as that but John will articulate it.

Finance Director:

I think the answer is that the Minister needs enough money to maintain the homes properly and that is what he does not have at the moment. The actual value and how much the return to Treasury is is almost irrelevant. What is relevant is that the Minister can ensure that all properties are maintained properly. If we had no people on income support and all the home were maintained then there would be a surplus. If everybody was on income support and we did not have enough money after maintenance to pay we would not want to pay all that over. So I think it is about how much is available for maintenance.

The Deputy of St. Ouen:

But can you just confirm, let us be absolutely clear, that the income gathered by the Housing Department from their tenants, which are predominantly - let us say 70 per cent - low income families, that money is going to Social Security to help pay and be redistributed to all those eligible for accommodation?

The Minister for Housing:

No, it is the other way around, surely? That money is coming from Social Security. You see people keep muddling up housing. The Housing Department is housing people, Social Security is about providing the right benefit and that is transparent, that is clear and that is the way it should be. So I would suggest it is the other way around. Can I just make a point about the rents that we have not discussed? I know we are running out of time. You know before I was Minister for Housing, the House wanted to do it anyway, but I pushed for the refurbishment of Pomme d'Or Farm, and that is going ahead and that is nearly finished I am pleased to say. Now, what the tenants tell

me there now, those that had the benefit of their homes being properly insulated, forget all the other work that we have done to get it wind tight and the hearing, those homes that were properly insulated, what they tell me is for the first time last winter when we had that very cold snap for just a week, they did not have to supplement their heating.

[11:30]

They were spending £50 a week on extra electricity for their heating. They no longer have to do that. So we are fulfilling our obligation, they will be paying the right rent but they will be better off. They will have decent homes, they will be paying less for it, even at full market rate.

The Deputy of St. Peter:

And we are lowering our energy consumption.

The Minister for Housing:

So we are greener as well, yes.

The Deputy of St. Peter:

Thank you very much for attending.

The Minister for Housing:

Thank you, very interesting subject that we could spend hours on.

The Deputy of St. Peter:

Indeed it is, but I think for this time we will close the meeting.

[11:30]