

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY THE CONNÉTABLE OF ST. JOHN  
ANSWER TO BE TABLED ON TUESDAY 14th MAY 2013**

**Question**

Has the Minister considered the potential adverse economic impacts of increasing social housing rentals, as proposed within the Minister for Housing's Housing Transformation Programme document, at a time of recession?

Does the Minister accept that if the average increase in rents is £300 per month per household, then this could remove over £14 million of disposable income out of the economy on an annual basis?

**Answer**

The economic implications of increasing social rents for the group of tenants that will be affected have been considered as part of the wide consultation process undertaken, including with the States Economic Adviser, as well as Scrutiny and external stakeholders.

The estimated additional rental income to be received by the new Housing company as a result of the proposed rent increases, in real terms, is £0.5 million in 2014 and £1.1 million in 2015. Of these amounts £0.3 million in 2014 and £0.7 million in 2015 will be paid by Income Support. The balance £0.2 million and £0.4 million is the net additional rent that will be paid by tenants. (Section 5.5, Page 52 of P33/2013).

I refer also to the answer to Written Question 7600 to the Minister for Housing on 30<sup>th</sup> April 2013 where it is stated, *“the proposed policy would add, on a weighted average, a further £11.89 or 6% to rents on new tenancies. For 2 bedroom accommodation the figure is £20.06 or 10%.”*

These figures are different to those quoted by the Connétable.

The relatively small economic impact of the rent increases must be considered in the wider context of what the Housing Transformation Programme will deliver. In 2014 and 2015 Housing plan to commence New Build Projects and Major Refurbishment Projects totalling £31.4 million in 2014 and £45.9 million in 2015. This at a time when the construction industry most needs it, given that current survey information shows 55% of construction firms are working below capacity. Overall the HTP helps to support the economy during the downturn by delivering valuable construction activity at the right time.