

2016.02.23

3.15 Deputy M. Tadier of the Minister for Social Security regarding the maximum accommodation components for Income Support:

Does the Minister accept that the current maximum accommodation components for Income Support are not adequate to meet typical weekly rental costs for properties in the private sector and, if so, what steps, if any, is she taking to resolve this issue?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

Most Income Support tenants live in accommodation provided from social housing landlords and their full rent is included in their income support calculation. A minority of claimants are housed in the private sector. As well as including people on the waiting list for social housing, this also includes people who do not have full residential qualifications and those who do not meet the criteria for the Housing Gateway, for example, single people aged under 50. The private sector provides accommodation at a wide range of rental values; the cost of fully supporting a typical private sector rental would place a significant additional pressure on the income support budget, and the limits that have been chosen are based on the average of social sector rents. I consider that this is a reasonable and fair way of supporting costs in this area. We have already taken steps to provide extra support to private sector tenants: the limits on private rental were reviewed in 2013; in 2014 these caps were increased, providing ongoing additional support of £1 million per year to private sector tenants as part of the Housing Transformation Programme. Support for accommodation costs has also been fully protected within the Medium Term Financial Plan, and rental components for private sector tenants are due to rise in each of the next 4 years.

3.15.1 Deputy M. Tadier:

Could the Minister perhaps provide the figures now as to what the minority she talks about is that are not in social rented accommodation, both in terms of numbers and a percentage?

Deputy S.J. Pinel:

Total in rented properties, there are 1,898 income support households in private sector rental, and the percentage is split across the board as to what are below the cap, which is about 48 per cent, and 52 per cent above the cap.

3.15.2 Deputy J.A. Martin:

Can the Minister confirm how much work she does with the Minister for Housing on tracking the private rental sector and how much effect this £1 million had they put into the private rental sector in 2014? Did it keep the prices balanced, did they stay the same, did they go up? Did the landlords think: "Oh, well, Housing, Social Security; I will give them another £20 a week. I shall up their rent by £40, but they are still only paying £20 extra"? What research is being done between these 2 ministries?

Deputy S.J. Pinel:

The Minister for Housing has already announced that the Statistics Unit is developing a rental price index which will help considerably in producing the figures that the Deputy is asking for. This work is carried out alongside the progress already being made to increase the availability of social housing.

3.15.3 Deputy G.P. Southern:

In the absence of any form of rent control in the private sector or in the public sector, does the Minister not face an endless spiral of rising subsidies for rentals through the income support scheme?

Deputy S.J. Pinel:

No, it is not the role of the Minister for Social Security to set conditions for the private market. Landlords have the right to price properties at whatever level they chose.

3.15.4 Deputy G.P. Southern:

Since the Minister for Housing has chosen to raise rents by R.P.I. plus 0.75, has this, in her understanding, had any effect on the rental levels in the private market?

Deputy S.J. Pinel:

I think I just answered that question inasmuch as the retail sector index is going to be looking at that, so we will have more information when that is completed. I think the Minister for Housing said that was within a few months, and we cannot or should not control the housing market in the private sector.

3.15.5 Deputy S.Y. Mézec:

Given the results of the Income Distribution Survey, which showed that housing costs were the single biggest contributor to the number of people living in relative low income, does the Minister accept that her decisions over the past year and a bit to cut certain benefits and freeze income support will see the numbers of people living in relative low income increasing in the Island?

Deputy S.J. Pinel:

No, I do not. As I have already said, within the Medium Term Financial Plan the rental components of income support are going up; they are not affected by any of the recent changes in the benefit system.

3.15.6 Deputy S.Y. Mézec:

Of course, many tenants have to pay the balance of their rent from their other components of benefits, whether it is a health benefit or a pension. So, given that there are cuts to these going through, will the Minister confirm whether that will have an impact on the number of people living in relative low income, as they have to use more of their disability benefit, more of their pension to go towards the rent, leaving less to afford their heating and food?

Deputy S.J. Pinel:

I think in a situation where there are other earnings, the increase in earnings disregard has compensated for a lot of this; it is now 23 per cent.

3.15.7 Deputy M. Tadier:

The Minister will be aware that in Jersey if you are between the ages of 25 and something around 50, you will not qualify probably for social housing, and we know that, according to her income support figures, you are supposed to be able to rent a property in the private sector with their components for £1,477 a month, that is a 4-bedroomed property in Jersey. She will know that the reality on the ground is something closer to £1,800, £2,000, and keep going if you want to keep looking at the internet sites in Jersey. Does the Minister accept that something needs to give here and that if government policy is not to intervene in the market to have rent controls then they need

to at least provide some kind of adequate funding for those who are obliged to rent in the private sector who cannot have the corresponding living wage to pay for that?

Deputy S.J. Pinel:

There are many examples that one can give of people who are in the private sector renting. Obviously, with social housing, anybody with children has priority for social housing, and in the private sector you may dip in and dip out; it is quite difficult to have a consistent track of people who are having to, or wanting to, rent in the private sector. They may have just recently been made redundant, they may be in private sector housing and want to stay in it; there is an element of choice involved in this and income support housing component has to keep up with that, but there is an element of choice. These components were never designed to be incredibly generous; they are a modest assistance to low income families who are required to rent in the private sector, but without influencing the general direction of the rental market and without encouraging landlords to increase their rents.