

2017.01.30

3 Deputy M. Tadier of the Minister for Social Security regarding the housing component of Income Support: [1(88)]

Will the Minister advise how the housing component of income support for private rental accommodation compares with the typical weekly rental costs facing occupants of such accommodation; and will she agree to review the housing component, and update it where necessary, to ensure a greater level of support is provided?

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

For private rental accommodation the housing component of income support is based on the average value of the Andium stock of social housing. This means that the rate for a specific type of property is generated by the average value of that property type across Andium's entire stock. Therefore the private one-bedroom flat rate is based on the average of all Andium one-bedroom flats rather than any specific property or location. The policy is designed so that people renting in the private sector are supported to live in properties that are of a comparable standard to the social housing stock. It provides a reasonable standard of support with affordable private sector rentals. The rents for some individual Andium properties will be higher than the private sector rate as these reflect investments made by Andium in improving their existing stock and building new properties to a good standard. Paying income support to meet these increased rents is a sensible investment in the future housing needs of low income households in Jersey. For income support customers who live in privately-rented properties their rental support components were reviewed last year. As a result, they increased overall by 5.2 per cent in October 2016. This was well above the R.P.I. (retail price index) figure. I have already committed to review them again this October.

4.3.1 Deputy M. Tadier:

Let us take a quick look and ask a question of the Minister with regard to typical rental costs. Now if we look at the Andium website there is a one-bedroom flat which is £211.52 a week, but the actual component that income support would give to a comparable property in the private sector is only £194 a week. Now given the fact that Andium properties are set at 90 per cent of market rate, that means that a comparable property to this one on the website in the private sector would be £235 a week, not the subsidised £211 a week that Andium charge. So how does the Minister expect somebody in the private sector who is on income support to find the extra £40 a week to rent that flat when her figures and her component that she allows does not even meet the full Andium rents that she would give to somebody dwelling in an Andium property?

Deputy S.J. Pinel:

As I have said in my opening statement, social housing rents paid at 90 per cent of market value are taken across the average of all properties. In the private sector people have the choice in some cases to choose to pay more for a flat, for instance the rental component from income support covers their rent but they choose to have somewhere with a garden, then that is their choice if the cost of renting it is more. The rental components from income support will vary in the private sector as to what the income or not of the claimant may be. If they have their own income then of course the rental components will be different.

4.3.2 Deputy G.P. Southern:

The Minister mentioned the figure of 5.2 per cent by which Andium's portfolio rents were raised last year. Where did that figure come from? She also said that that figure will be raised again this year. We are looking at, are we, of the order of 10 per cent increases in rental rates in the Island? Surely that is unsustainable. Does she not agree?

Deputy S.J. Pinel:

No, I just said that the rental components will be reviewed in October, not necessarily raised.

4.3.3 Deputy G.P. Southern:

Supplementary. She also said that rent in Andium Homes once refurbished will be higher than the income support rate for equivalent private rented property. Does that mean she has abandoned the principle of social housing where social housing, Andium Homes rents, are higher than the private sector?

Deputy S.J. Pinel:

I am not sure I quite understood the question, but the States agreed that we would pay 90 per cent of market value, which is taken, as I described earlier, as an average across the whole of social housing, which Andium Homes now deal with. So there is no question that we would give Andium anything.

Deputy G.P. Southern:

Clarification if I may, Sir.

The Deputy Bailiff:

No, this is not a point ...

Deputy G.P. Southern:

The Minister said she did not understand the question.

The Deputy Bailiff:

The Minister nonetheless went on to answer it ...

Deputy G.P. Southern:

I would like to clarify so she can answer it.

The Deputy Bailiff:

The Minister nonetheless went on to answer the question in the form she was content to answer it. That completes it in this case.

Deputy G.P. Southern:

I bow to your interpretation that that was an answer.

4.3.4 Deputy M. Tadier:

I know that some find it strange that if the private sector rents are paid at 10 per cent higher than Andium rents then how possibly can the income support component be less than what we would give to Andium rental properties? But the question I have for the Minister is this: does she accept the fact that Andium properties themselves are variable in their rent, not just due to the state of the accommodation but also due to the geography within the Island, yet the income support components have no uplift for properties which might be rented in the more leafy or sought after suburbs of the Island? Will she therefore make sure that there is an uplift which is not just to do with the average stock but where people want to rent to make sure that they are

affordable so that we do not risk further ghettoising those income support residents who are not in Andium but obliged to look in the private sector for their accommodation?

Deputy S.J. Pinel:

That is not quite how the social housing system works. There is a housing gateway and people are on the waiting list and what comes up that meets their requirements is where they are. They do not, to quote the Deputy, ask to be in a leafy suburb, which is maybe more expensive or not. It is just which property comes up that fits their requirements.