



PRESS RELEASE

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Government Housing Rents Increase by 3%

The Housing Department has today issued a notice on the increase of rent on Government flats. Rent will be increased by 3% with effect from 1st July 2018.

The new rent will be contained in the bill that tenants will receive in mid-July.

In June 2017, the Housing Act was amended in Parliament to make provision for the variation of rent of Government rental stock annually. This amendment was supported unanimously by all the Parliament, with both Government and Opposition support. Indeed, all parties had indicated their support for the Bill before this was debated and voted on in Parliament to make legal provision for the annual increase in rent. It was then expressed by all to be a prudent and sensible measure given the period in which no increases had been effected.

Prior to this increase, rent on Government stock had not been increased at all since 1983, not even to reflect inflation over a period of 34 years.

The adjustment was therefore, rightly, considered to be fair on tenants as well as providing some re-balancing in favour of the general tax payer, despite the increases being so modest that they do not fully adjust for the effects of inflation over the period. The measure was welcomed by most, including Action for Housing, and considered long overdue. Indeed, in his 2015 Annual Report, the Ombudsman himself had called for a review of Government rental housing which he said should include making provision for periodical review of rental charges.

It was noted at the time that of the amendment of the law that the modest increases would continue on an annual basis in a manner that would nonetheless remain considerably below where they would have been if they had increased consistently in line with inflation. Even if increase of 3% continued each year over the next 30 years, rents would still continue to be considerably below what they would have been if 1984 rents had increased consistently in line with inflation over the 34 year period between 1984 and 2017.

The increase in rent was announced by the Chief Minister in his budget address in June 2016. The Chief Minister announced an increase of 3% which would amount to an average of 60p per week.

Ministry of Housing and Equality

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Examples of what the increases would actually represent in cash terms are as follows:

39p increase for a 2 bedroom flat at Alameda Estate

46p increase for a 2 bedroom flat at Mid Harbours Estate

The Minister for Housing, the Hon Samantha Sacramento MP, said: "At the time of changing the law to provide for these modest increases in rent, I explained that the step that was taken as a matter of principle. The economic gain is relatively low given the financial value that the increase would generate. Indeed, the Leader of the Opposition, Hon Mr Elliott Phillips, called the increases "small" at the time. Our Government is committed to public sector housing, however, and we are justly proud of our investment in new public sector housing for the elderly and the significant improvements for tenants as we continue to upgrade our public housing stock. In addition, the Housing Department has very successfully implemented its arrears strategy which it commenced in 2015 after years of neglect. The balance of the rent arrears at its highest in 2016 was just in excess of £6million and is now £4.8m. We have reduced arrears and prevented new arrears from accruing in excess of the original amount. I will continue to work on these arrears, as is only fair for those tenants and taxpayers generally who do pay their dues on time."