

# News Release

Date: 2 December 2016

## Public sector rents to rise by 2%

Public sector rents in the Isle of Man are set to rise by 2%, with effect from 1 April 2017.

This increase is in line with the uplift in rental income for 2017-18 budgeted for by the Treasury.

The revised charges have been announced by the Department of Infrastructure and endorsed by the Council of Ministers following consultation with the 15 local housing authorities.

The 2% rise will result in average public sector rent increases of between £1.10 a week for a one-bedroom flat and £1.87 a week for a three-bedroom house.

Tenants who have their rent costs met as part of their income-assessed Social Security benefits will not be affected and public sector rents will remain significantly lower than for equivalent housing in the private sector.

The decision to introduce a 2% rise is aimed at supporting future investment in public sector housing, while protecting those on fixed or lower incomes.

The Department has considered feedback from the Island's local authority housing providers, with most indicating support for a 0% or inflationary increase for 2017-18.

The cost of providing public sector housing, including maintenance, refurbishment and new and replacement properties, continues to outstrip rental income. The Department of Infrastructure is required to fund the difference, which stands at £4.1 million for 2016-17. Any rent rise below 2% for 2017-18 would result in a budget shortfall for the Department and increased housing deficiency payments.

Infrastructure Minister Ray Harmer MHK said: 'Providing public sector housing across the Island to those who need it most remains a priority for this Government. While it is clear that the gap between rental income and the cost of delivering the service needs to be addressed, this Government also recognises the financial challenges being faced by some tenants, particularly those on fixed or low incomes. After consulting local housing providers the decision has been taken to cap the public sector rent increase for 2017-18 at 2% in line with the figure budgeted for by Treasury. The funds generated by this increase will support the capital programme which has contributed so much in recent years to the comfort and standard of living of public sector tenants.'

He added: 'The annual review often prompts discussion about the need to set more realistic and sustainable public sector rents by establishing a link between tenants' income and the amount they are required to pay. Government is continuing to look at a policy on means testing, but it is a complex issue with much wider implications than housing.'

<b>Property Type</b>	<b>Average weekly public sector rent 2017/18</b>	<b>Average weekly increase (from 2016/17)</b>
1 Bed Flat	£55.96	£1.10
1 Bed Flat (sheltered)	£68.43	£1.34
2 Bed House	£81.00	£1.59
3 Bed House	£95.51	£1.87

## **Ends**

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