

News Release

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Public sector rents to increase by 3.1%

Public sector rents in the Isle of Man are set to increase by 3.1%, with effect from 1 April 2018.

The revised charges have been announced by the Department of Infrastructure following consultation with the Island's 16 local housing authorities. The intention is to balance affordability for tenants with the need to pay off existing housing loans and to continue to fund investment in public sector housing.

The 3.1% increase includes 2% to meet rising costs and 1.1% ring-fenced to increase maintenance allowances for local housing authorities. The new charges will result in average public sector rent increases of between £1.74 a week for a one-bedroom flat and £2.96 a week for a three-bedroom house.

The 1,600 tenants who have their rent costs met by the Government as part of their income-assessed Social Security benefits will not be affected.

The Department considered a number of factors before setting rents for 2018-19, with the focus on affordability, service delivery and sustainability. Feedback from local authority housing providers ranged from no increase to a rise of 6%, with a number requesting an uplift in administration and maintenance allowances to enable them to deliver housing services effectively.

Public sector housing in the Isle of Man is subsidised by the Government and costs – including the construction of new and replacement properties and the maintenance of existing stock – continue to outstrip rental income.

The Department of Infrastructure is required to fund the difference, which for next year is likely to be more than £5 million based on the figures provided by the housing authorities.

The Department is continuing to look at a range of measures to ensure fairness, affordability and efficiency, while tackling the gap between income and costs. This includes moving away from annual rent setting in favour of a five-year plan.

The first of the five-year fixed-term tenancies, introduced across the sector from April 2014, are scheduled for review from 2019. The Department is working with local housing authorities on the roll-out of these reviews and the impact on housing demand and property type.

Infrastructure Minister Ray Harmer MHK said: 'The taxpayer subsidises public sector rents, which remain low in comparison with our neighbours in the British Isles. However, we also recognise the cost of living challenges being faced by some of our tenants, particularly those on fixed or low incomes. Our aim is to maintain affordability, while protecting the public purse and targeting need.'

Julie Edge MHK, Department Member with responsibility for Public Estates and Housing, added: 'We have listened to local authorities and 1.1% of the 3.1 increase will be ring-fenced, so they have more money to invest in maintaining their properties. This will help them to provide an improved service and a better standard of accommodation for their tenants. It is clear that public sector rents need to be realistic and sustainable and we are continuing to modernise our overall approach as part of the Programme for Government commitment towards a caring and inclusive society.'

Property type	Average weekly public sector rent 2018-19	Average weekly increase
1 bed flat	£57.83	£1.74
1 bed flat (sheltered)	£72.99	£2.19
2 bed house	£82.62	£2.48
3 bed house	£98.48	£2.96

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