

Treasury and Exchequer Ministerial Decision Report

ANDIUM HOMES LIMITED - AMENDMENT TO TRANSFER AGREEMENT

1. Purpose of Report

To enable the Minister to approve an Amended and Restated Transfer Agreement between the States of Jersey (“Guarantor”) and Andium Homes Limited (“Andium”).

2. Background

The States and Andium entered into a Transfer Agreement (the “Agreement”) on 22 July 2014 and an Addendum to the Agreement on 21st June 2019, such Addendum reflecting the introduction of a ‘cap’ and ‘floor’ to the percentage uplift of the Annual Return Amount (the “Return”) payable by Andium to the Guarantor.

Further Addendums to the Agreement were approved on 6 November 2000 and 21 March 2022 to reflect that the Minister for Housing and Communities approved deferrals of the annual rent adjustment required by the States Fair Market Rent policy which is applied to Andium tenancies for calendar years 2021 and 2022.

The Government Plan 2022-2025 (P.90/2021), approved by the States Assembly on 17 December 2021, provided for a New Social Housing Rents Policy (“New Policy”) whereby Andium rents would be capped at 80% of the market rate from 2022 onwards, rather than 90% of market. In discussions with the Andium Board, the Minister for Treasury and Resources at that time confirmed that, in recognition of the financial impact to the Andium finances through the reduction in anticipated rental income by the New Policy, it would be proposed that:-

- the corresponding income support savings in the move from 90% to 80% market rate would be “passed on” to Andium through a reduction to the Return calculated on an annual basis and agreed through a further Addendum to the Agreement; and
- the interest rates applied on certain loans made by the Housing Development Fund (“HDF”) to Andium would be reduced for the Government Plan period, the agreement for which would be the subject of a separate Ministerial Decision.

By MD-TR-2022-192, the previous Minister for Treasury and Resources approved adjustments to the interest rates applied on the relevant loans to Andium from the HDF.

Law Officers were engaged to produce an Addendum to the Agreement but, given the number of Addendums already executed, have drafted an Amended and Restated Addendum Agreement to provide clarity to the reader. (**Appendix**). This reflects the principle that the Income Support savings to Government of the move from up to 90% social rents policy to up to 80% social rents policy are passed on to Andium through an adjustment to the Return.

3. Recommendation

The Minister is recommended to approve and sign the Amended and Restated Transfer Agreement.

4. Reason for Decision

To reflect the States Assembly's adoption of P.90/2021 Proposed Government Plan 2022-2024 (as amended) and specifically the new social housing rents policy where social housing rents are capped at 80% of market rate.

Amending the Transfer Agreement ensures that the income support savings of the move to a capped 80% of market rate for social housing rents are reflected in the Annual Return amount paid by Andium.

5. Resource Implications

There are no further financial or manpower implications as a result of this decision, since the implications were included in the Government Plan 2022-2025.

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APPENDIX

Amended and Restated Transfer Agreement