

Sixth Annual Report of the Jersey Homes Trust.

1st January 2002

CHAIRMAN'S REPORT

The number of sites currently being developed for social rented housing by the Jersey Homes Trust is testimony to the progress of the Trust and to the success of the concept of Housing Associations in Jersey. Provided the necessary level of political support continues it is evident that housing trusts will make a significant contribution to our Island life.

Most of our current projects will be completed this year. With the able involvement and assistance of the Housing Task Force we continue to assess and consider participation in further projects brought to us by developers, architects and land-owners. We are very hopeful that some of these initiatives will come to fruition to provide further essential accommodation.

The issue of housing in Jersey is high on the political agenda. The level of support being provided for the financing and construction of social housing does the Island and its government great credit. In particular, the Finance & Economics Committee, the Planning & Environment Committee and the Housing Committee have given the Trust all necessary support, financial and otherwise, required to achieve the present level of provision.

All three Committees have an involvement with the Housing Task Force, which made great strides last year in establishing itself as the agency ideally constituted and equipped to assess proposed social housing schemes. The work of the Task Force has strategic relevance in taking an overview of potential social housing schemes and relating them to resources, objectives and planning criteria. I can report prompt and efficient response to individual proposals made which has been a great confidence builder for both the Trust and for developers and promoters of housing schemes. I look forward to a continuation of my work with the Task Force in the future.

It is a strategic objective of Jersey's government to eradicate poverty in the Island by the end of this year. The cause of poverty in Jersey is the shortage of housing. This shortage will not be eliminated in the foreseeable future so it is inevitable that the Island will fail to meet its objective on poverty.

The only reliable statistic of the housing need is provided by the waiting list for rental accommodation compiled by the Housing Department. This list excludes applicants who, though they may have housing qualifications, do not satisfy the rigid criteria employed. For example, single people or couples without dependants are excluded - and they are not counted. The level of their need is not quantified.

There is no statistical information of the housing need of unqualified persons or families. Some of these families may be housed in satisfactory accommodation but it must be supposed that most are not. Such families, an entire sector of our community and comprised largely of the most vulnerable, do not qualify for benefit under the Rent Rebate Scheme. They cannot be housed and they cannot be helped.

The very high cost of housing in Jersey has been the subject of attention and comment. There are a number of reasons for this phenomenon. Construction work is labour intensive. Labour shortages, which are exacerbated by the operation of the Regulation of Undertakings Law and by the large number of major construction projects in the Island, give rise to high wage inflation in the construction industry. This is a cyclical problem and is not insoluble. Of more serious concern is the very high price of land.

The shortage of housing and the high price of land are linked. Each condition feeds the other. The only solution is to increase the supply of land for building, which will moderate the expectations of landowners. It will also be necessary to introduce new zoning definitions restricting the use of such land for social housing development.

Almost all the current social housing programme is concentrated in the town of St Helier. This is at great financial cost. The developments by housing trusts will continue to require substantial financial subsidy for many years to come. There remains an acute shortage of sites suitable for new developments of houses. Families with young children benefit from houses with gardens and our community derives collateral benefit, avoiding dense flatted developments accommodating numerous children and young people.

The States will be debating the draft Island Plan this year. Members must be mindful of the wider implications and their objective to eliminate poverty. They will no doubt be aware of the housing shortage and the deprivations of the disadvantaged. They will wish to mitigate the high cost of housing provision. They will be concerned at the increasing cost of housing subsidies and the ability of the Island's economy to continue to meet this need. They will wish to see future generations housed in homes fit for families to live in. In short, they will wish to ensure that the Island Plan meets its main objective, which is to provide the required level of residential building land.

Current developments of The Jersey Homes Trust

Cannon St/Lempriere St, St Helier.

A development of 40 flats and 1 house, with basement car parking.

Completion due in October 2002.

Main Contractor; Dandara (Jersey) Limited. Contract Sum £5,748,975.

Architects; Public Services Department.

Site acquired from the Public on a residual valuation basis.

Postal Headquarters Site, Mont Millais.

A development of 45 units, which includes 27 3-bedroomed houses and 10 flats.

Completion due in July 2002.

Main Contractor; A C Mauger (Sunwin) Limited.

Main Contract sum £6,000,630 plus demolitions and enabling works.

Architects; Longson Drabble Partnership.

Site acquired from the Public on a residual valuation basis.

Le Jardin Fleuri (formerly La Motte Garage Site), Grouville.

A development of 16 houses

Completion due in April 2003.

Main Contractor; Hacquoil & Cook Ltd.

Contract Sum £2,500,555 plus enabling works..

Architects; Nigel Biggar & Partners.

Site acquired from the Public on a residual valuation basis.

Berkshire Hotel Site, La Motte Street.

A development of 113 1-bed flats with community facility and basement car parking.

Completion due in August 2002.

Main Contractor; Premier Contracting & Shopfitting Ltd.

Contract Sum; £12,046,000 including professional fees (design & build contract)

Architects; Naish Waddington Architects.

Site acquired for £6,215,000.

Ann Street, St Helier

A development of 32 flats with basement car parking.

Completion due in August 2003.

Main Contractor; Charles Le Quesne (1956) Ltd. Contract Sum £4,000,000

Architects; Mason Design Partnership.

Site acquired for £1,490,000.

Town Park Hotel Site, Pierson Road and Lewis St., St Helier

A development of 4 substantial houses and 15 flats,

Completion due in August 2002.

Main Contractor; G F Design & Build Ltd.

Contract Sum; £1,935,000 including professional fees (design & build contract)

Architect for scheme design; Riva Architects Ltd

Site acquired for £2,000,000

5 St Clement's Road

A development of 10 flats,

Completion due in October 2002.

Main Contractor; T Correia.

Contract Sum; £890,000 including professional fees (design & build contract)

Architect; Naish Waddington Architects

Site cost £460,000

Albert Pier Housing Development. (Waterfront Enterprise Board)

83 rental units are being created as part of this St Helier waterfront housing scheme of 150 units with basement car parking. The Waterfront Enterprise Board is acting as the developer for the Housing Committee and the Jersey Homes Trust will take over the rental units on completion.

Completion due in January 2003.

Main Contractor; Spie Batignolles Cameron Ltd.

Architect; Nigel Biggar & Partners

Projected acquisition cost; £11,400,000.

The Trust has title to all the above listed sites, with the exception of the Albert Pier Site.

Property Management Report.

A total of 195 units are presently under management.

Brooklands: Old Trinity Hill, St Helier. 15 units of flats and houses.

La Folie Estate: St Lawrence. 20 units of houses and flats.

Maison de St Nicolas: St Peter. 6 flats.

St Paul's Gate: Dumaresq St, St Helier. 17 flats.

Cherry Grove: Roussel St, St Helier. 12 flats

Kent Lodge: Clarendon Rd, St Helier. 7 flats.

St Saviour's Court: St Saviour's Rd, St Helier. 28 flats.

Belle Vue: Route des Quennevais, St Brelade. 90 houses and flats on this estate.

All the above properties are developments by the Jersey Homes Trust excepting La Folie Estate and St Paul's Gate, which were acquired as completed developments.

The Trust has title to all the above properties.

The 4 units in La Folie House were evacuated, due to their dangerous state, two years ago. In my report last year I expressed disappointment at the delay in obtaining a planning consent for re-development of the house. I regret to report that the situation has not changed. Whilst it is the case that the Planning Committee have seen fit to find fault with aspects of the applications submitted over this period, it is clear that the extraordinary length of this avoidable delay is due to unwarranted slowness in responding to our planning applications. Put simply, the planning system has failed the community in this matter. The result is that a number of families who would have been housed in this re-development are still waiting for the accommodation to which they are entitled. They will wait longer still. The cost of the eventual works will be higher and the tax-payer will have to make up the difference.

Letting: All units are fully let with the exception of the 4 units at La Folie Estate, as reported above.

Rental: The current annual rental of all the Trust's property, excluding the unlet units referred to above, is £1,476,798.

Void & Arrears: No voids arising from vacating tenants occurred during 2001. Arrears of rental (not including current charging) total £8,829.38; (0.6% of annual rental).

The funding of the Jersey Homes Trust

The following table is a summary of present and projected funding requirements.

| Jersey Homes Trust | | | | |
|--|-------------|------------|--------------------|--------------------|
| Schedule of Capital Funding Requirement: | | | | |
| | Borrowing | | Cumulative | |
| Completed Schemes: | Requirement | Totals | Totals | Comments |
| Brooklands | 1,575,000 | | | |
| Cherry Grove | 1,475,000 | | | |
| Kent Lodge | 900,000 | | | |
| La Folie | 2,000,000 | | | |
| Maison St Nicolas | 620,000 | | | |
| St Pauls Gate | 1,500,000 | | | |
| St Saviours Court | 3,650,000 | | | |
| Belle Vue | 11,750,000 | 21,895,000 | | |
| Schemes in Progress: | | | | |
| Berkshire | 13,230,000 | | | Due in 2002 |
| Postal | 7,650,000 | | | Due in 2002 |
| Albert Pier | 11,550,000 | | | Due early in 2003 |
| Cannon/Lempriere St | 5,600,000 | | | Due at end 2002 |
| Ann Street | 4,300,000 | | | Due in mid-2003 |
| Town Park Hotel | 3,200,000 | | | Due in 2002 |
| Le Jardin Fleuri | 2,850,000 | | | Due in 2002 |
| 5 St Clement's Rd | 1,200,000 | 49,580,000 | 71,475,000 | Due in 2002 |
| Proposed Schemes: | | | | |
| La Folie redevelopment | 1,200,000 | 1,200,000 | 72,675,000 | Very good prospect |
| Possible Schemes: | | | | |
| Under discussion | 40,000,000 | 40,000,000 | 112,675,000 | |
| Notes: | | | | |
| Sums are rounded, and estimated in some cases. | | | | |
| Capital grants from the States of Jersey are excluded. | | | | |

All the substantial funding indicated in the table above is achieved by borrowing in the private sector. The ability of the Trust to enter into such financial commitments, over periods of up to 25 years, depends upon a sound financial and managerial background operating within and supported by a reliable and stable political environment. Schemes for which funding is sought are subjected to close scrutiny and appraisal by lenders, with independent valuation.

The viability of the Trust depends upon projections of rental income and on predictable levels of interest payments. Such predictability is achieved by subsidies received from the Housing Committee and which relate to the level of interest rates payable by the Trust in respect of approved schemes. In the case of some projects, notably those in the urban area involving high site acquisition or development costs, initial capital grants have been paid by the Committee to the Trust.

The Regulation of Housing Trusts

The trustees look forward to further participation in the consultation process that has already commenced prior to the publication of the proposed draft regulations by the Housing Committee.

Pending the enactment of the regulations the Jersey Homes Trust is bound by certain restraints and provisions contained in a legally binding agreement with the States of Jersey. The agreement provides (inter alia):

1. Rentals charged by the Trust may not exceed the "fair rentals" charged for equivalent accommodation by the Housing Committee.
2. The Housing Committee have the right to nominate up to 80 per cent of all the Trust's tenants.
3. The form of lease or tenancy agreement utilised by the Trust requires approval by the Committee.
4. The Trust must satisfy the Committee on its methods and policies for tenant consultation.
5. Future cash surpluses not required for the maintenance of the property of the Trust or for the provision of new housing must be transferred annually to the Housing Committee

The Constitution of the Jersey Homes Trust provides further well understood and effective checks and safeguards. These safeguards provide that trustees may receive no personal remuneration or reward for their services. The accounts of the Trust (which are fully compliant with Recommended Practice of UK Housing Associations) must be submitted annually to the Finance & Economics and Housing Committees.

The Trust pays no salaries or rents. The work of the Trust is out-sourced under a strict Code of Conduct, ensuring best value and full disclosure. No trustee may be personally remunerated for professional services rendered to the Trust. The composition of the trustees reflects the skills and experience required by an active developer and landlord. The ready access to their respective firms by the trustees enables them to be actively involved with the business of the Trust.

Land acquired by the Trust for development with the financial support of the Housing Committee is subject to covenants protecting the interests of the Public and perpetuating its use for social rented housing.

The above safeguards offer total transparency and accountability. The rights of tenants are fully protected, notwithstanding the present absence of statutory regulation.

Acknowledgements

I first approached my Trustees seven years ago to seek their active participation and involvement with the proposed Housing Association. In all that time they have remained unwaveringly loyal and totally supportive. I am indeed very fortunate to have the continued benefit of their skills, wisdom and knowledge and to derive so much status in the process. Gentlemen, I can never thank you enough.

My very happy relationship with the Housing Department is one of the delights of my role. For this I have to thank Eric Le Ruez, Chief Executive Officer, and his staff at the Housing Department. This is an important relationship resulting in benefits for our respective tenants and for the community in general. It is working well.

During the past year I have developed a great respect for the Housing Task Force and, in particular, Richard Williamson, the senior Planner responsible for its day to day operation. Richard is pursuing his unique and vital role with skill, enthusiasm and great effect.

It is evident that the role of Housing Trusts in Jersey has now become much better understood and appreciated. This could not have been achieved without the support, sometimes the courageous support, of a number of States members. The support and encouragement of the Housing President, Deputy Terry Le Main, is greatly appreciated, as is his keen and active interest in our work. I am also very pleased to record that all my dealings with States members and departments are cordial and positive. I very much enjoy working in this environment.

MICHAEL VAN NESTE CHAIRMAN

The Jersey Homes Trust is a Jersey Housing Association, registered in the Royal Court on 9th June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommiss et l'incorporation d'associations". The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes.

The Trustees of the Jersey Homes Trust:

Michael Van Neste, Chairman;

Advocate Steven Meiklejohn, Secretary;

Martyn Scriven, Treasurer;

Ian Moore, Accountant;

Chris Clarke, Developments Director;

Paul Labesse, Estates Director.