

## **Tenth Annual Report of the Jersey Homes Trust.**

1<sup>st</sup> January 2006

### **CHAIRMAN'S REPORT**

In June 2005 we celebrated the tenth anniversary of our founding. This was an appropriate time to consider our performance and achievements to date and to reflect on our role as providers of affordable housing in Jersey.

In 1994 my colleagues and I were asked to set up a Housing Trust that would take on the bulk of social housing developments in the foreseeable future, with a target of 700 units of accommodation. It was envisaged that a third of these units would be obtained through stock transfers from the Housing Committee, the remainder to be achieved through new developments. The purpose of the Trust was to continue with the development of social housing previously the sole responsibility of the Housing Committee, and to offer an alternative landlord to tenants of social housing. It is fair to say that we were also expected to bring to social housing provision the disciplines and challenges of the private sector, emulating the achievements of housing associations in the UK.

In the coming year we shall have passed our target. Even the most casual observer cannot have failed to notice our many large quality developments of flats within the urban area of St Helier, as well as the very fine housing schemes elsewhere.

We started with no track record and with no funds or grants. We were expected to raise the many millions of pounds required by 100 per cent funding from banks. We were promised the support of the States Committees concerned and a revenue subsidy to limit the cost of our borrowing. I am pleased to say that we received in full the support we were promised. Successive Finance & Economics Committees have understood the need to provide decent and affordable housing to the less privileged or needy of the community and have generously supported our development programme. To fund this programme the Trust has successfully negotiated and obtained borrowing in excess of £100 million from two banks in Jersey on extremely competitive terms. This very substantial funding by major banking institutions, and their willingness to increase this commitment in the future, is a vote of confidence in the Island as well as in the Trustees and management of the Jersey Homes Trust. We have taken on major construction projects and many of our developments have run simultaneously, placing huge management challenges on the shoulders of Trustees.

Throughout this period the Trust had the benefit of Trustees of the highest professional calibre and repute who all stayed the course. It is a matter of immense pride to me that my five original co-Trustees remain committed to offering their services to this endeavour and are looking for further opportunities to expand the role of the Jersey Homes Trust.

The Trust has become, after the Housing department, the largest residential landlord in Jersey. Equally important as its development role, the Trust set out to establish a property management culture to ensure it would be seen as both an efficient and a caring landlord. It is my perception that this has been achieved. When conducting bankers or valuers from the UK around the Trust's properties and estates I am frequently assured that the quality of our stock is greatly superior to most needs housing in the UK. I regularly receive feedback from contented tenants but it is virtually unheard of for me to receive any kind of complaint, although I remain easily contactable. I do maintain a close relationship with our property managers and witness the justifiable pride they take in their work.

I recognise the challenges of the future. The Trust has had the benefit to date of mostly new stock and has been able to develop a management culture with new tenants who have mainly responded positively. Later in this report are some benchmarking results based upon a comparison with performance indicators of UK Housing Associations. Although these results are truly excellent, especially considering the high cost base in which the Trust works, they have been achieved with the help of the above mentioned benefits. These benefits will erode in time and future stock transfers will not necessarily provide them. Also it would not be appropriate to compare them with the experience of housing departments of local authorities or the States of Jersey who have a difficult role due to the limitations of inherited stock and culture.

My Trustees and I were delighted at the election of Senator Terry Le Main to the appointment of Housing Minister. We can confidently anticipate positive and effective measures to continue the work achieved under his Presidency of the Housing Committee and we look forward to working in partnership with him. Most of the injustices remaining in our society spring from inadequate housing provision to the needy. The necessary protection offered to qualified Jersey residents, which excludes and discriminates, frequently operates against hard-working families essential to our economy. The Senator's commitment to reduce the qualifying period is as commendable as his determination to provide low-cost housing to first-time buyers. I wish him well.

Part of the solution to funding vital refurbishment of States Housing will be stock transfers to housing trusts. This has been the driving force behind the remarkable and successful growth of housing associations in the UK, where the concept is no longer a political issue. We look forward to playing a constructive role in this area, for the benefit of tenants, the taxpayer and the whole community. It will assist us to acquire critical mass delivering further economies of scale. The maintenance of States Housing stock depends on the whims and benevolence of the political system and inevitably, as in the UK, falls victim to cuts and short-term efficiencies. The Housing Department is a superb landlord but is hampered in a way that a private-sector provider should never have to endure. On the contrary, the maintenance of our stock has to be a priority. The affairs of the Trust must be managed as any successful business. The result is that our stock will continue to meet the needs of our tenants and will remain an asset to the Island.

The Trust is fully accountable to the Housing and Finance Ministries and operates transparently under well understood safeguards and protocols. It is committed under legal agreement to remit to the States any uncommitted cash surpluses it may accumulate and all its property must be retained for rental to Jersey residents in need. The Jersey Homes Trust is here to serve the Island and is ready for further challenges for the benefit of the Island.

### **Current Developments**

La Folie: Phase 1 of the La Folie re-development was completed during last year. It has taken many years to achieve the demolition of the old La Folie House, which was delapidated and in a dangerous state and comprised 6 apartments, to be replaced with a beautiful development of 14 flats. The architects and planners are to be congratulated for designing a building which actually enhances this restricted and difficult site. The old house had no architectural merit, interest or history but the Trust was delayed for several years by misguided efforts to preserve it, merely because it was an old building occupying a prominent site. The preservation of our architectural heritage is a vital activity. This will not be helped by a blanket determination to preserve every old structure, irrespective of any planning gain or the actual merit of buildings the subject of preservation attempts. In the longer term I believe that preservationists will help their cause by learning to exercise some discrimination sadly lacking at the moment.

The Trustees included the La Folie development in their annual tour of Trust properties. They were accompanied, as usual, by the President and some of the members and senior officers of the Housing Department. All were impressed by the internal finishes in the flats and by the fine views they command.

The second phase of the re-development, which will place a pitched roof and three additional flats on the adjoining Warren Court, has now commenced.

Le Coie: The development of the Le Coie flats at Springfield by the Housing Department is nearing completion, and many Islanders will have noticed the striking architecture as the scaffolding has come down. The Trust will acquire this outstanding development from the States later this year.

Le Clos Vaze: This is a development of Field 1218 at Mont a l'Abbe by Marett Homes for Category A housing. The Trust has acquired part of the development which will provide 54 units for the Trust, 40 of which are houses.

### **Satisfaction Surveys of Tenants**

In May, 2005 a survey questionnaire was posted to all our tenants. The survey was conducted independently by Falle Communications. 231 replies were received, amounting to a 43% response. This is a high response by marketing standards. 73% of respondents gave their names, which was optional. The following results were obtained:

Under the heading "My Home"

72% reported a high enjoyment level with their home and a further 15% a good level of enjoyment.

71% reported that their home satisfied their family needs and a further 13% indicated a reasonable level of satisfaction.

62% reported that their home was well designed and of good quality and a further 24% indicated a reasonable level of satisfaction.

Questions relating to Property Managers:

87% reported that the Managers are polite and courteous and a further 12% indicated a reasonable satisfaction level. Almost identical results were obtained from a question asking whether the Managers are helpful.

84% reported that the Managers are accessible and a further 9% indicated a reasonable level of satisfaction.

About Jersey Homes Trust:

82% would recommend a friend or relative to live in a JHT home and a further 10% indicated they would be likely to do so.

Communication:

70% found our Newsletter informative and useful and a further 21% indicated a reasonable level of satisfaction.

Tenants' Comments:

All respondents were invited to make individual comments. This produced a good level of response and all such comments will receive individual attention and reply.

Maintenance call-outs:

The Managers conduct an ongoing survey of satisfaction relating to all maintenance carried out in tenants' homes. There were 1,278 call-outs in 2004 and all tenants concerned received a questionnaire. 127 tenants responded and 63% of them reported an excellent level of satisfaction and a further 25% reported a good level of service.

### **Outsourcing and Related Party Contracts: Benchmarking Review.**

The Jersey Homes Trust has no employees or premises and the services rendered by Trustees are unremunerated. The work of the Trust is out-sourced under a strict code of conduct to ensure full transparency and value for money. This code specifically permits the awarding of some contracts for remunerated services to firms having a connection with a Trustee. As part of our annual audit, independent accountants certify that all such contracts are compliant with the code.

These arrangements have been of great operational benefit to the Trust. The decisions of the Trust are made by "hands-on" Trustees, more akin to executive directors, each with professional expertise in the various disciplines involved. These decisions are carried through under the monitoring control of the Trustees themselves, offering efficiency and value. The Trust is spared the responsibility and expense of renting offices and employing staff.

The Minister for Treasury and Resources has requested the compilation of an annual benchmarking review of the Trust's performance, comparing it with the performance indicators of UK housing associations, as published by the Housing Corporation. The results of the 2004 review are reproduced on Page 5, below.

I believe that this benchmarking exercise confirms that out-sourcing the work of the Trust, including through related party contracts, delivers good value and efficiency.

	<b>All UK Associations Average data</b>	<b>Selected UK Associations Average data</b>	<b>Jersey Homes Trust Actual data</b>
No. of Units Owned	3111	820	528
Total units under management		1096.87	528
Vacant units available to let	1.20%	1.10%	0.00%
Vacant units unavailable to let	1.40%	1.90%	0.00%
Average re-let time	40 days	37 days	1 day
Average weekly gross rent	£61.28	£65.94	£160.86
Total operating cost per unit	£2,500.68	£2,676.00	£1,566.00
Operating cost per unit not Including major repairs		£1,999.00	£1,566.00
% of total operating cost relating to landlord activities*		91.67%	91.80%
Nett operating cost per unit (non-landlord activities* and major repairs deducted)		£1,776.09	£1,437.59
% of total costs to rents	78.48%	78.04%	18.72%
% of landlord costs to rents		51.80%	17.19%
Rent lost due to voids	2.10%		0.06%
Rent written off in year	0.90%		0.00%
Rent Arrears at year end	7.00%		0.35%

**NOTES:**

Sources:

The Housing Corporation Performance Indicators website.

The audited accounts and annual report of Jersey Homes Trust.

Housing Associations selected for benchmarking exercise:

All Associations: General Needs only housing data.

Selected Associations; By size; General Needs owned 500 to 1000 units.

(Selection driven by units owned in 2005)

Note: Blank data cells indicate data unavailable for selection made.

Operating costs are all costs arising from management and admin, including audit &amp; acctncy legal &amp; professional, and all property expenses including repairs and insurance.

\*Landlord activities include all the above items but exclude:

for UK associations, additional services rendered such as health and care provision.

for JHT, Foncier Rates (£67,796, or £128.40 per unit.) for which there is no UK equivalent.

### **Property Management Report.**

A total of 549 units are presently under management.

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

**La Folie Estate:** St Lawrence. 22 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.

**La Roseraie,** Mont Millais, St Helier. An estate of 35 units of houses and 10 flats.

**Le Jardin Fleuri:** Grouville. An estate of 16 houses.

**Berkshire Court,** La Motte Street, St Helier. 113 1-bed flats.

**5 St Clement's Road,** St Helier. 10 flats,

**John Wesley Apartments,** Cannon Street, St Helier. 40 flats and 1 house.

**Parkside,** West Park and Lewis St, St Helier. 19 flats and maisonettes.

**Victoria Place,** Albert Pier. 77 flats and a 5-unit group home, on the waterfront.

**Clement Court,** Ann Street, St Helier. 26 flats.

The Trust holds title to all the above estates and properties.

Letting: I am delighted to report that all units under management are fully let.

Rental: The current annual rental of the Trust's property is £4.8 million.

Void & Arrears: Voids in 2005 amounted to £600. Properties are normally relet "back to back", resulting in few or no voids.

Accumulated recoverable arrears of rental (not including current charging) total £9,278 (0.299% of annual rental).

Accumulated irrecoverable arrears total £4,430 and it is now proposed to write off this sum. These are the total irrecoverable arrears arising since the inception of the Trust.

## **Current developments of The Jersey Homes Trust.**

### **La Folie Estate:** St Lawrence

Phase 2 of this redevelopment comprises the construction of a pitched roof above Warren Court and the creation of 3 flats in this extension; plus extensive refurbishment to the rest of the building.

Main Contractor: A C Mauger & Son (Sunwin) Ltd

Negotiated contract sum: £545,000.

Architects; Allan Miller Architects

### **Le Coie Housing Development.**

The States of Jersey has voted to approve the development of the Le Coie site by the Housing Committee with the intention of acquisition by the Jersey Homes Trust on completion. The Trust is represented at site meetings.

The development will comprise 95 1-bed and 2-bed flats, 1 5-bed unit, a day-care nursery and a community centre.

Main Contractor: A C Mauger & Son (Sunwin) Ltd

Tendered contract sum: £12,800,000.

Architects: BDK Architects

## **Disputes and Legal Proceedings.**

### **Clement Court and Parkside:**

In my previous report I drew attention to legal proceedings arising from events occurring in connection with the above projects.

In the case of Clement Court, these matters are proceeding.

In the case of Parkside the proceedings have been settled without cost to the Trust.

## **Acknowledgements**

My fellow Trustees; thank you for your loyalty, endeavour and flair. You have achieved so much that my thanks to you seem hardly sufficient.

Jim Bailey (Chairman's Assistant and JHT Monitoring Surveyor); always there when I need you Jim, you carry your load cheerfully and elegantly.

Marion Falle (our public relations consultant); thank you for your professionalism and reliability.

Stephen Van Neste and his team at Brunel Management (our Property Managers); caring, efficient and innovative, I am proud of you all.

Eric Le Ruez and Ian Gallichan (former and current Chief Executive Officers at the Housing Department); thank you for your courtesy, support and encouragement.

Senator Terry Le Main, Housing Minister; I said it all on page 1 but cannot say it too often Terry, thank you for your support and good luck in the future!

**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.