

Twelfth Annual Report of the Jersey Homes Trust

1st January 2008

CHAIRMAN'S REPORT

The Jersey Homes Trust completed two further developments in 2007. Le Grand Clos at Mont a l'Abbe comprises 40 houses and 14 one-bed flats. Clos Le Gallais at Mont-au-Pretre is a small estate of thirteen houses. Both developments were fully let soon after completion, the Housing Department nominating most of the tenants. The Trust is now the landlord to 718 households in 20 estates.

On completion soon of a development at Maufant, a further 19 houses will be added to this total. The original objective of the Trust on its formation in 1995 was to reach 700 units of affordable accommodation. It is pleasing to feel that this significant contribution to the provision and management of affordable housing, which was envisaged by those seeking our involvement in the first instance, has now been fully achieved.

It is timely therefore for me to pay tribute to my fellow Trustees, who have all stayed the course these thirteen years, on their fine achievement. It was originally intended that stock transfers would make up a third of all the Trust's properties. In the event only St Paul's Gate (17 units) was acquired through such process. The Trust has developed most of the other units itself and it has been intimately involved with the development of the remainder. To fund this remarkable level of new housing provision the Trust has negotiated and secured borrowing of £100 million. Development on this scale has required professional skills, personal dedication and great commitment, qualities offered by my Trustees in abundance.

Although non-profit making, the Jersey Homes Trust operates as a private sector provider of social housing relying heavily on a public/private partnership with the States of Jersey. Our considerable investment in social housing provision was only possible through the support of successive Housing Presidents and, notably, our Housing Minister Senator Terry Le Main, as well as the respective Finance Presidents and our current Treasury and Resources Minister, Senator Terry Le Sueur and his cabinet colleagues. The delivery of new and affordable housing on this scale is of great credit to the government of the Island.

It is a concern to Trustees that, following the completion at Maufant, the Trust will have no further developments in course of construction or even at the planning stage. The moratorium by the Housing Minister on the support new housing schemes for Trusts, as described in my last annual report, continues as we await the results of the review into social housing provision. New housing schemes of any significant size take at least three years to deliver, from planning to completion. It follows that we are some years away from making any further contribution to rental housing provision in Jersey. The Island has made great strides in recent years to finally solve a previously acute shortage of decent, affordable accommodation for its own native population. It has enriched the lives of hundreds of families and eliminated real poverty in the process. It remains our hope that this important work will not be delayed for much longer.

Most of the new green-field sites zoned for housing in recent years have had planning obligations attached to planning consents resulting in the acquisition of houses by housing trusts at prices very much below market levels. This process has placed limitations on land valuations and developers' profits. Shared equity schemes may well find greater favour with the Housing and Planning Ministers in the future, at the expense of rental schemes. If this is the case, it is to be hoped that similar planning obligations will be employed to deliver affordable housing, albeit under shared equity arrangements, at minimal or no cost to the States.

Concerns are being expressed in the UK over a perceived reduction in the rate of new development of family-sized rental units. There may be a case for similar concerns here. Many families will never be able to afford to buy a home notwithstanding shared-equity schemes. It is vitally important that a proportion of new housing schemes are reserved for rental in order to avoid social division, exclusion and discrimination against poorer families in new housing allocation.

When extensive land reclamation was first proposed in Jersey it had two main objectives. It was intended to solve for many years the problem of disposal of rubbish and eventually it promised the protection of the countryside by providing land for housing development. Beyond question, the "Waterfront" now has a momentum and purpose of its own that has little to do with those first objectives. Our community now has to contend with the far-reaching effects of a truly huge development containing massive areas of office accommodation. It has been proposed that redundant office buildings in St Helier should be converted into residential accommodation, giving greater purpose to the new office developments and helping to solve the housing shortage. Some offices may indeed offer redevelopment potential for small, high-density flatted units for the retired and for young childless households. However, it is my view that redundant office buildings, with the best will in the world, will never convert into decent family accommodation offering the essential amenities. This is not a solution for the housing of families or for social fairness or harmony in our community.

The provision of retirement homes has moved up the political agenda. The Island, like most of western Europe, has an ageing population. Providing for that demographic shift will pose challenges for government and for the whole economy. Recently I was invited to make a submission to the Deputy Planning Minister on a draft document which provides for the re-zoning of rural sites for the development of retirement homes for sale and rental. Strict planning obligations are envisaged in order to achieve high quality developments on affordable sites with minimal or no state subsidies. I was able to assure the Deputy Minister of the support of the Trust wherever and whenever it may prove to be of benefit. I also drew her attention to the desirability of urban developments

in well-located sites, such as our own Berkshire Court, which offer secure accommodation in a protected environment close to amenities in town. Unfortunately, urban schemes are more expensive than rural housing. Governments in the UK and elsewhere invest huge sums to subsidise the provision of affordable housing, including retirement schemes. Similar one-off investment in Jersey would reduce the demand for green-field sites and help to revitalise St Helier. It would also place elderly people in accommodation more suited to their practical needs.

For many years I have reported in detail on the checks and protocols under which the Jersey Homes Trust operates. These now are well understood. We receive very substantial government subsidy. Our arrangements for reporting to government are rightly transparent. Our independently audited accounts are voluntarily and fully compliant with UK standards and are submitted to the Housing and Treasury Ministers. Trustees are unremunerated for their services. Future uncommitted surpluses of the Trust must be remitted to the States. Surpluses for the foreseeable future will be utilised to meet repayment obligations to funders. Previous Chairman's Reports can be viewed on the JHT website for more complete information.

Our annual benchmarking review was again the reason for more than a little satisfaction. The Trust's operating expenses and other parameters are compared with corresponding performance indicators of UK housing associations. The Trust outsources all of its administration and management, much of it to firms with which Trustees have a connection. It is pleasing to demonstrate the cost-effectiveness of these arrangements, which are entered into under strict regulations. The benchmarking results, which follow this report, should not be utilised to compare the performance of the Trust with UK local authority or Jersey Housing Department results, as they are not like-for-like.

The Trust has been involved for a number of recent years in disputes and potential litigation arising from damages sustained by neighbouring properties during construction projects and their consequent impact on building programmes. I now report, with great satisfaction, that all such disputes have been settled, including disputes with contractors and their consultants. The development of six flats at Clement Court, our Ann Street development, which had been held up pending the settlement of such disputes, will now proceed. This gives me the opportunity of acknowledging the contribution of Jim Bailey, our monitoring surveyor, who played a key role in representing the interest of JHT throughout complex and difficult negotiations. I would also mention the helpful and supporting role of Ray Foster, of Treasury, who was always responsive and understanding of our position in circumstances not of our making but of potential cost to the States under the subsidy arrangements. I would also like to thank the Minister, Senator Terry Le Sueur, for his support of the Trust at this difficult time.

Current Developments:

Field 690A: This is a development by Marett Homes, at Maufant. In accordance with planning obligations, 45% of the homes on the site are reserved for rental by a social housing provider. This will yield nineteen 3-bed houses for Jersey Homes Trust at a gross project cost of £3,353,000. Construction is well advanced and completion is anticipated fairly soon in 2008.

Clement Court, Ann Street. As reported above, the construction of the second phase of 6 flats will commence shortly under a negotiated design & build contract with Charles Le Quesne (1956) Limited, who were the contractors for the first phase. The negotiation of

this contract, at a fixed price of £833,000, arose as part of the overall settlement of the disputes referred to above. On completion of the contract Clement Court will then comprise 32 units (27 one-bed flats and 5 two-bed flats).

Annual benchmarking of performance:

The table of results follows.

Benchmarking JHT with Performance Indicators of UK Housing Associations (2006)

| | All UK Associations Average data | Selected UK Associations Average data | Jersey Homes Trust Actual data |
|------------------------------------|---|--|---|
| No. of Units Owned | 3005 | 750 | 589 |
| Vacant units available to let | 0.8% | 0.9% | 0.0% |
| Vacant units unavailable to let | 1.2% | 0.6% | 0.0% |
| Average re-let time (days) | 40 | 36 | 2.54 |
| Average weekly gross rent | £66.23 | £72.23 | £167.77 |
| Weekly operating cost per unit | £54.49 | £51.28 | £30.00 |
| Ditto but excluding foncier rates | £54.49 | £51.28 | £27.73 |
| Total costs as proportion of rents | 81.70% | 74.90% | 18.15% |
| Rent lost through voids | 1.6% | 1.2% | 0.067% |
| Rent arrears at year end | 5.1% | 6.1% | 0.49% |

NOTES:

Sources:

[The Housing Corporation Performance Indicators website \(www.housingpis.co.uk\)](http://www.housingpis.co.uk)

The audited accounts and annual report of The Jersey Homes Trust.

UK Housing Associations selected for benchmarking exercise:

All Associations: General Needs owned.

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

Operating costs are all **property expenses** including maintenance and repairs and all **management and administration costs** including audit, accountancy, insurances and legal & professional fees.

The operating costs for UK associations are filtered to exclude costs not relating to landlord activities.

The operating costs for JHT include all costs of the Trust without exclusion.

Average re-let time calculated by number of void days divided by number of re-lets in year.

No of units owned = month by month average for year.

Average weekly rent: commercial units and group homes excluded.