

Fourteenth Annual Report of the Jersey Homes Trust

1st January 2010

CHAIRMAN'S REPORT

The long and eagerly awaited "Whitehead Review" of social housing provision in Jersey was published towards the end of 2009. The review was commissioned by the Housing Minister in 2007. The Cambridge Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge was tasked to undertake this thorough review under wide-ranging terms of reference with the objective of developing and implementing strategies for the provision of social housing and the long-term management of States rental accommodation.

The report focusses, by necessity, on addressing existing issues and problems arising from the management of States' rental stock. It recommends the restructuring of the Housing Department to better meet the needs of the 21st Century and also to address the chronic underfunding and backlog of maintenance of the stock. Families that are assisted through the provision of States rental accommodation may well reside in sub-standard housing that fails to meet basic "Decent Homes" standards considered normal in the UK. This issue, of great importance, should not be allowed to eclipse the more fundamental questions raised in the report, which anticipates the creation of new strategies and policies by the States.

The report draws attention to the fact that the current rules for eligibility for access to social rented housing in Jersey are far more restrictive than in other jurisdictions and they are based on matching demand with supply in the sector. The Island is therefore failing to meet the needs of numerous vulnerable households in the provision of this essential social service. "If (the States) is to address the requirements of those in longer term housing need then the size of the social sector must be increased..." "This would require a much more fundamental reorganisation of the housing system." "the number of households is very significantly above the number of dwellings in the Island -"

The report is gloomy on the prospect of owner-occupier schemes making any impact on the sector in the current economic climate. "The States' objectives of increasing owner-occupation are unlikely to be realised". Shared equity schemes, however well constructed and benign in their objectives, are little more than a distraction unless the States is willing to offer very substantial cash subsidies to make them viable and affordable for lower income families. That is not going to happen. Shared equity schemes will not offer a solution.

The report is hardly more optimistic on the prospects of further rental development. The number of States rental units will actually be reduced as a result of the sales arising from

the Property Plan. “At the present time only the Trusts have some capacity to provide additional social housing through planning obligations.”

There are other matters of concern raised by the report;

Many social rented units are of one bedroom or less and the current policy of seeking to meet retirement needs will not address a shortage of family homes.

On fair rents; the report stresses the need for social rentals to remain in step with rentals in the private sector, albeit at a discounted rate. “It is highly undesirable to use rent setting powers to achieve limiting inflation or income support costs. These would both increase uncertainty for managers and reduce efficiency.”

On regulation; it reports that the current regulation of Trusts by the Department is “clearly inappropriate”. In considering the regulation of Trusts “another issue is the potential role for Trusts.....This role appears likely to remain limited. However were policy to change to enable them to play a more significant role, this would have to be based on the same financial and regulatory regime as that put in place as a result of restructuring the Housing Department”. No description of any regulatory body is proposed in the report. Whilst, therefore, current arrangements are “inappropriate”, more robust regulation is called for only if the role of Trusts is significantly expanded.

On stock transfers; large scale voluntary transfers of stock “would provide a more flexible approach to ensuring both adequate investment and effective management of the existing assets”. The Jersey Homes Trust continues to support the concept of stock transfers as part of the solution to the problems reported. As the report states, “A large scale voluntary transfer would raise very considerable upfront funding for the States, providing the funds to cover the costs of assistance with rents through Income Support”.

We look forward to new initiatives and policies being proposed and implemented by the States, as a matter of urgency. There are two interlinked problems with a single cause. Much of the existing States rental housing fails to meet decent homes norms. Either through degradation the result of inadequate maintenance or a basic failure to meet modern standards, or both, the reasonable and proper needs of vulnerable and lower-income families are not being met. Furthermore, there is no current strategy to expand the sector, either by the States or by the Trusts, which again will result in failure to meet the proper aspirations of our society. Both these problems are the result of under-funding.

It is inevitable that any solutions to be adopted by the States will involve higher investment in the future. This will require leadership and a firm commitment to resolve a problem that has blighted the lives of a generation.

It was regrettable, to say the least, that the Whitehead Review was “leaked” to the Jersey Evening Post prior to formal publication and to the necessary briefings in such connection. The result was a sensationalised article critical of the Housing Minister and the Department. Careful reading of this 105-paged Review contains no such criticism. The phrase “not fit for purpose” was lifted from its context and mis-used by the journalist. The report is rightly critical of the current system and proposes solutions. That was the objective in commissioning it. The Minister and his Department were only too aware of the drawbacks of the regime in which they were obliged to function. I was very happy to see that the report acknowledges the efficiency of the Department, which employs about half the number of staff employed by UK local Housing Authorities of a similar size.

The Trust has raised £100 million in bank loans to fund its substantial growth. It should surprise nobody that our funders have been reviewing both the terms of our borrowing and the business performance of the Trust. In order to maintain the very keen rates of interest that we enjoy we have had to satisfy the banks that their collateral is secure and that the business of the Trust is competently and professionally managed, meeting all financial targets. I am pleased to report that the Trust came through this examination with flying colours. We have been identified as preferred borrowers and substantial further lines of credit are available to us, subject to further detailed negotiation. I hope, with the able assistance of my wonderful co-Trustees, to make a further contribution to the social housing needs of the Island for as long as I am permitted to do so.

Developments

For the first time in 15 years of reporting, I have no new developments to report, either at the planning or construction stage.

There follows as usual our annual benchmarking review, which is based on a comparison of the Trust's performance with the performance indicators of UK housing associations. The Trust out-sources all of its administration and management, much of it to firms with which Trustees have a connection. The review demonstrates the cost-effectiveness of these arrangements, which are entered into under strict regulations. The review 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.

Annual benchmarking of performance:

The table of results follows.

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance Parameters (2008) against Performance Indicators of UK Housing Associations (2007)

	UK Associations	Jersey Homes Trust
Average no. of units owned	4167	724
Vacant Stock	2.6%	0.0%
Vacant Stock available to let	0.8%	0.0%
Average re-let time (days)	40.3	0.7
Rent arrears at year end	5.4%	0.2%
Weekly operating cost per unit	£52.56	£33.97
ditto excluding major repairs	£35.70	(£26 estimated)

NOTES:

Sources:

The Tenant Services Authority websites.

The audited accounts and annual report of The Jersey Homes Trust and reports to Trustees by managing agents.

Data selected for benchmarking:

UK Associations: General Needs owned stock.

(except for Operating Costs, which are based on reporting by all UK Associations)

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

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

“**Operating costs**” include costs of all **maintenance and repairs**, and all **administration costs** including management, audit, accountancy, insurances and legal & professional fees. For JHT, foncier rates are excluded (as usual) as there is no UK equivalent..

Comments by JHT:

The regulatory functions previously exercised in the UK by the Housing Corporation are now the responsibility of the newly formed Tenant Services Authority (TSA). Certain Performance Indicators (PIs) previously used in this exercise are no longer available. The PI parameters now available are focussed on measuring performance.

Weekly operating costs.

In the UK there is a system of grants to fund major repairs. This assists the reporting of UK costs to include or exclude such repairs.

Size of Associations: (Average no. of units owned)

It is no longer possible to filter the results based on the size of associations.

It is reported by the TSA that larger associations benefit from economies of scale.

JHT benchmarking is not suitable for comparison with UK Local Authority or States of Jersey

Property Management Report.

A total of 744 units are presently under management.

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

La Folie Estate: St Lawrence. 30 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 houses and 10 flats.

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

Berkshire Court, La Motte Street, St Helier. 113 flats and 1 amenity unit.

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. 32 flats.

Le Coie, Springfield, St Helier. 96 flats and 2 amenity units.

Le Grand Clos, Mont-a-l'Abbe, St Helier. An estate of 54 houses and flats.

Clos Le Gallais, Mont-au-Pretre, St Helier. An estate of 13 houses.

Clos du Ruisseau, Maufant. An estate of 19 houses.

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 £7,206,817.

Voids & Arrears: Please refer to the benchmarking table above.

Acknowledgements

To:

Jim Bailey (Chairman's Assistant and JHT Monitoring Surveyor);
Marion Falle (our public relations consultant);
Stephen Van Neste and his team at Brunel Management (our property managers);
Paul Fleming and the team at Moore Management (accountancy services);
Sylvia Lennon at Ogier (secretarial services);
Ian Gallichan (Chief Executive Officer at the Housing Department);
Ray Foster (Treasury and Resources)
Senator Terry Le Main, Housing Minister;

and to my Trustees (see below).

Thank you, all. With your continued help we can do even more, and we shall!

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.