

Eighteenth Annual Report of the Jersey Homes Trust

1st January 2014

CHAIRMAN'S REPORT

Before commencing my report this year I read through the report I wrote a year ago. It occurred to me that I could simply transpose many parts of it, since virtually all major plans, issues, hopes and concerns are unchanged and largely unresolved.

That is not to suggest that little activity and engagement have taken place. What it does indicate is that the ambitious plans of Government and housing trusts to transform, remedy and expand the provision of social rented housing will take a great deal of time, determination and patience. I believe the essential elements of these matters are well understood and do not require detailed description in my report this year. I shall therefore try to be brief:

Housing Transformation Programme

The States have approved the transformation of the Housing Department into a corporate body wholly owned by the States, to all intents and purposes a housing association by another name. The advantage of this is that the States' housing stock does not need to be acquired at valuation, as it would by conventional stock transfer to a housing association, and is available as equity to fund the necessary refurbishment and maintenance of badly neglected housing. The downside is the continuing requirement to transfer the bulk of its income to Treasury.

The Housing Minister, Andrew Green and his senior executives are to be congratulated on their successes to date in the formation and implementation of challenging and imaginative new policies. I can confirm that the fullest consultation possible has been conducted with the housing trusts and that this is ongoing.

Regulation of social housing providers

The question of the regulation of the sector has received particularly close consultation. I am happy to report that the Minister has listened carefully to the views of the trusts and also those of the Housing Scrutiny Panel and I am now confident that the objectives of transparency and accountability will be met in a context of proportionality and common sense. The detail of the proposals is now in the able hands of a team at Treasury and I look forward to working with them in the months ahead.

Setting Rents.

The rents charged by the Trust are currently capped at a level set by the Housing Minister, to correspond with the equivalent rentals charged for States housing. This restriction is one element of a legal agreement between the Trust and the States which regulates the activities of the Trust in the absence, to date, of formal regulation. The present capping arrangement will lapse with the transformation of the Housing Department and it was necessary to formulate a new process for capping the rents in

the sector in the future. Rentals on new tenancies will be capped at 90% of the market rental for the property concerned. Rentals on existing tenancies will be permitted to increase annually by the rate of inflation plus 0.75%. Part of the additional revenue obtained by virtue of the 90% of market rent policy will be transferred by the recipient housing provider to the Social Security Department to help fund additional housing benefit, which is an element of Income Support.

The introduction of the 90% of market cap will therefore be very gradual and will make little impact on revenues in the short to medium term, especially since a significant proportion of any increases will have to be transferred to the Social Security Department.

New housing development

I mentioned last year that it would take all of twelve months to design new housing developments and to obtain planning consent. This was an optimistic timetable and my trustees and I remain frustrated by the inevitable delays and remain impatient to invest in badly needed new homes. I am delighted to confirm that the Trust was invited to take on the proposed housing development at the Ann Court site in St Helier. The site has been in use as public car parking in recent years but the States voted to return it to housing. Nevertheless the Trust is responding to the needs of the town, as proposed by Transport and Technical Services (TTS), and incorporating in the outline plans a large basement car-park for use by the public. At the present time TTS are sinking a shaft on the site to connect with the St Helier storm-water amelioration system (the Cavern). The Trust is hoping to be on site in early 2015 to commence construction of one of the largest housing developments to be built in Jersey.

The Trust has provisionally appointed a design team of architects, structural engineers and quantity surveyors, following an architectural competition. The Trust will commit fully to the development of the scheme following the transfer of the site to the Trust and will endeavour to appoint local firms of consultants and contractors to carry it through.

Benchmarking our Performance

There follows a table, produced annually, which benchmarks the performance of the Trust in crucial areas for comparison with the performance of UK housing associations. I submit that this benchmarking demonstrates that the Trust is managed very competently and provides to the community excellent value for money. I would mention that the Trustees are not remunerated for their time and expertise and their contribution to the success of the trust is immeasurable.

In comparisons of rental arrears, voids and re-let times, the Trust's performance is outstanding (and consistently so). The table also confirms that the Trust has a low-cost base, this in a high-cost environment. This is important since the Trust continues to favour an outsourcing model rather than establishing its own premises, staff and chief executive.

Much of the outsourcing is contracted through firms having a connection with Trustees. All such contracts are confirmed by our auditors as having been set up in accordance with the Regulations of the Trust and are fully reported in our published annual accounts. These arrangements are well understood and have been of benefit to the Trust over many years and have contributed to its financial and management success. Trustees are enabled to maintain a "hands-on" and day-to-day involvement

in the business of the Trust and to secure keenly priced services. The contracts are professionally reviewed annually.

Some history

I was approached 20 years ago by the then President of the Housing Committee, Deputy Len Norman, who asked me to consider setting up a housing association in Jersey. The housing need was acute and the States were not resourced to commit the substantial capital sums required. It was proposed that this new housing association would borrow 100 per cent of the money required to build the new housing required, mostly on land ceded to the association by the States.

Now 20 years later, my Trustees and I, and Len, can look back with great satisfaction at a job well done and which has been of great benefit to the Island. We achieved the objectives set for us. We borrowed £100 million from local banks to fund the development of 744 homes, largely developed by the Trust itself. We have strived to be efficient and considerate landlords. We have worked diligently with government departments in order to demonstrate our partnership in this endeavour with the public of Jersey. We have been transparent and accountable.

I trust the reader may forgive any hyperbole in this report, which normally I am anxious to avoid. My 20-year involvement with this activity is my excuse.

Acknowledgements

To:

Nigel Sweeny (our monitoring surveyor);

Marion Falle (our public relations consultant);

Stephen Van Neste and his team at Brunel Management (our property managers);

Tricia Redmond and her team at Moore Management (accountancy services);

Sylvia Lennon at Ogier (secretarial services);

and to my amazing Trustees (see below).

Thank you all for your services and kindnesses in 2013.

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 Philip Le Cornu, Secretary;

Martyn Scriven, Treasurer;

Ian Moore, Accountant;

Chris Clarke, Developments Director;

Paul Labesse, Estates Director.

Frank Dearie; Risk, Regulation and Compliance.

Jim Bailey; Surveyor

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance (2012) against Performance of UK Housing Associations (2011)

	UK Associations	Jersey Homes Trust
Average stock	6,318	744
Vacant Stock	1.78%	0.00%
Average re-let time (days)*	33.2	0.0
Rent arrears at year end	5.00%	0.08%
Operating cost per unit; Weekly	£56.62	£35.40
Annual	£2,944	£1,841
excluding major repairs; Weekly	£48.92	£34.21
Annual	£2,544	£1,779
Management cost per unit; Weekly	£16.79	£11.40
Annual	£873	£593

NOTES:

“**Management Cost**” includes all administration costs, management fees, accountancy and audit fees, property insurances, P.I. Insurance and legal and professional fees.

“**Operating Cost**” includes all the above, all repairs and maintenance and bad debts.

UK data selected for benchmarking:

The global accounts of housing associations over 1000 units
(over 95% of homes in the sector).

To achieve like-for-like comparisons:

UK costs are nett of depreciation and impairment costs (JHT does not depreciate).
JHT costs are nett of Foncier Rates (for which there is no UK equivalent).

Sources:

The Tenant Services Authority website.

The independently audited Financial Statements of The Jersey Homes Trust
and reports to Trustees by Managing Agents.

*Re-let times for UK associations taken from 2010 reporting (this PI no longer reported)
Average re-let time calculated by number of void days divided by number of re-lets in year.

JHT benchmarking is not suitable for comparison with UK Local Authority or the
States of Jersey Housing Departments, which operate under different conditions.

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 pleased to report that all units under management are fully let.

Rental: The current annual rental of the Trust's property is £7,791,990

Arrears: Rental arrears are 0.08% of annual rental.