

## **Twenty-second Annual Report of the Jersey Homes Trust**

The following topics are covered in this report:

### **The Regulation of Social Housing Providers:**

The Minister for Housing will shortly lodge her proposition for the proposed Regulation of Social Housing providers. The Jersey Homes Trust welcomes and supports these long-awaited proposals.

### **The Affordable Housing Gateway.**

Problems have arisen in providing the necessary access by the housing providers to this States-run facility.

### **Finance and funding.**

The Trust has secured access to a further £15 million facility.

### **Developments.**

Our two current housing developments are proceeding well. We maintain appetite to do more.

### **Planning issues.**

Our proposed development for a purpose-designed unit for the use of Les Amis was refused a Planning consent.

### **Housing Need.**

The criteria for access to social housing are strict and result in skewed statistics of housing need. The Trust would be supportive of relaxing the criteria.

### **Housing Management post Grenfell .**

All responsible housing providers are looking carefully at management, inspection and procurement processes following the Grenfell disaster.

### **The S.H.U. and the other social housing providers:**

We have good working relationships with those concerned with the provision of social housing.

### **Benchmarking our performance:**

Each year we compare our own standard performance indicators with those of UK housing associations. Our results continue to be reassuring.

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## **The proposed Regulation of Social Housing Providers:**

By the time this report is disseminated, the Minister for Housing will have lodged her proposition for the Regulation of Social Housing Providers.

This is a very detailed proposition and this is not the place to set out its proposals, (which are available on-line).

The Minister's proposals follow a lengthy period of careful and thoughtful consultation. They follow years of previous abortive attempts by her predecessors to propose suitable and reasonable legislation. Clearly, regulation has to carry powers and the means to enforce them if it is to enjoy the confidence of the stakeholders and the public. On the other hand, heavily bureaucratic and rigid oversight and intervention, with its attendant costs, would be inappropriate in this small jurisdiction with so few regulated bodies, which in any event are performing admirably already. The Minister is to be congratulated on these reasonable proposals that meet her aspirations whilst avoiding heavy-handed solutions.

Through a number of legally-binding agreements, current practice and the Trust's constitution, Trustees are already very effectively regulated. Without this structure of existing regulation the Trust would not have been able to borrow £130 million from Jersey banks to fund its developments, or to obtain further substantial financial subsidies from the States. However, for transparency and our public image, we recognise that regulation should be formalised on the lines proposed, with the Trust reporting to a regulator appointed by the Minister or by the States. I am confident that the resultant process will confirm that the Jersey Homes Trust meets the highest standards of tenant care, property management and financial good practice.

We have always been supportive of the concept of regulation and we welcome the proposals of the Minister.

## **The Affordable Housing Gateway**

The Trust was always supportive of the concept of a central waiting list for social rented housing, from which all the housing providers would draw their new tenants. The Gateway, as it is called, is now maintained by the Social Security Department. It avoids the duplication of applications, as used to occur when each housing provider maintained its own list, and can therefore be a good indicator of actual social housing need. It also ensures that allocations are carried out in a fair and consistent basis and the Trusts can no longer be accused (unfairly) of "cherry-picking" their tenants.

The Jersey Homes Trust endeavours, largely successfully, to re-let homes becoming vacant without the cost of a single void day, i.e. without any days in which the property is unoccupied and producing no rental. This is important to prospective tenants as well as to the proper management of the Trust's finances. Clearly, access to the Gateway's lists must be timely and efficient in order to achieve this excellent management objective.

Regrettably, I cannot report that this is now the case. Since the States have upgraded the security of their internal IT systems, access to the Gateway by the Trust (a basic element of the Gateway) is slow and difficult. We are of the view that the States are in breach of the service-level agreement through which the Trust was persuaded to participate. A number of meetings have been held between our managers and Social Security IT specialists. We have been unable to secure any assurance of a return to

an adequate level of service within an acceptable time frame (if at all). We are disappointed by this apparent lack of concern to find solutions. It brings into question where best to place the hosting of a service that of importance to housing providers as well as to prospective tenants..

### **Finance and Funding.**

Over the last few years the Trust has accumulated substantial revenue surpluses, due to the historically very low interest rates payable by the Trust in respect of its borrowing. Trustees have taken the opportunity of utilising such surpluses towards funding a new programme of housing development. This comprises over 100 new units of flats and houses, which are detailed in the next section of this report.

Over the next 10 years the Trust is committed, under its borrowing agreements with Banks, to make very substantial repayments. Such repayments are funded from rental receipts, which, like interest charges are lower than had been projected due to the effects of the global financial crisis. In committing the surpluses arising from low interest rates to development, Trustees need to ensure that remaining cash reserves will be sufficient to meet loan repayments. Trustees also need to consider and provide for the possibility of rising interest rates over the next few years.

I am very pleased to report that Trustees have obtained from Barclays Bank a further loan facility of £15 million, after detailed negotiations with four major banks. It was reassuring to find that all the banks were happy to engage in very positive discussions and to offer acceptable and viable options. This facility, which is fairly flexible, will address foreseeable cash demands and may enable further modest development as well.

Social housing providers have been advised that access to the proceeds of the £250 million States bond is available, at a fixed rate of interest. Trustees considered this option but were unable to secure an offer of finance from the States within the necessary time-frame to cover ongoing cash commitments to meet stage payments for housing developments in progress. Although this was disappointing, Trustees will continue to pursue possible future development opportunities funded by access to this source of finance.

### **New developments**

As reported above, the Trust has embarked on a further programme of housing development. The developments are:

21 apartments at the Hameau de le Mer estate in St Clement (completed in 2016).

5 apartments at Millbrook Gardens, in St Lawrence (completed in 2017).

40 flats at Garrett Anderson House in St Helier (completion in 2018).

35 houses at the De La Mare Nurseries site in Grouville (completion in 2018).

3 houses in Parkinson Drive, St Lawrence (completion in 2019).

The flats at Garrett Anderson House are part of the College Gardens project being developed by the States of Jersey Development Company. Six houses at De La Mare Nurseries will be sold under the Affordable Housing arrangements. The rest will be retained for rental by the Trust.

Both these projects are due for completion this year and are proceeding very well. They are attractive developments, in excellent locations and the homes are well specified and of high quality.

### **Our association with Les Amis**

The Trust is very pleased to provide three group homes to Les Amis, which houses and supports people with learning difficulties to live in the community. We had high hopes of furthering this happy relationship with Les Amis by developing a purpose-designed unit in St Clement for older residents developing dementia or with similar needs. The Trust worked with the owners of the site, a developer, an architect and with Les Amis to design and specify the necessary facility. The Trust and Les Amis agreed heads of terms for the lease and fitting out arrangements.

The team committed the substantial resources to engage in this process, which included the very high Planning Application fees, with initial encouragement by Planning Officers. We were therefore surprised and disappointed that, even after working through all the appeals processes, this attractive and important development was refused a Planning Consent.

The scheme was supported by the Minister for Housing, the Health and Social Services Minister and the Parish Constable. The proposed building occupied the same footprint as the redundant house presently standing on the site, with a lower overall height. The development was strongly opposed by nearby residents.

The community has a responsibility to provide housing and support to vulnerable people. I regret to say that the community failed on this occasion.

### **The housing need.**

Access to social housing is restricted by supply and when supply is not adequate, as is the case in Jersey, it is necessary to define and impose the criteria for access. The temptation in setting the criteria is to tailor them to restrict the level of demand to match the limited supply that exists. It has been suggested that this is a benign policy since people are not then encouraged to entertain unrealistic expectations.

The Trust is strongly in favour of relaxing the criteria so that the true extent of housing need is understood. The extent of waiting lists has long been regarded as a reliable measure of need. If the criteria are too strict, the actual level of housing need is obscured. The political system may not then be persuaded to introduce measures to improve supply. A politic unresponsive to actual need is not a benign option.

Furthermore, one should consider the unintended consequences of such criteria. A single parent of limited means is classified as in urgent need of 2 bed-roomed social rented housing and can rely on being accommodated. Young couples without dependents but of limited means are excluded from any such assistance. A system that appears to discriminate against responsible life-style choices, or even to encourage the opposite, could be regarded as of negative benefit to the community.

### **The Grenfell legacy.**

The world was horrified by the devastating fire at Grenfell Tower. Housing professionals were equally horrified and also stunned that a professionally managed housing block, in central London, should succumb to such a disaster.

The formal public enquiry is in progress and it would not be helpful to speculate on its conclusions. Those hoping for criminal responsibility to be established are likely to be disappointed. It is likely that the extent of the devastation was the result of a combination of factors and circumstances.

The question facing housing managers, pending the conclusions of the enquiry, is whether the properties they are responsible for might be at risk of a similar, or indeed a lesser disaster.

Jersey Homes Trustees have accordingly set in motion an audit of risk assessment and inspection protocols to ensure, as far as possible, that their tenants are safe from similar or avoidable risk. We are also implementing a policy to increase the rate or frequency of fire and electrical inspections.

### **Good relationships.**

We have a high regard for the Minister and her team at the SHU. Deputy Anne Pryke is sympathetic and responsive and treats the housing sector with intelligent respect. In my years as Chairman of the Trust I have interacted with eight Housing presidents/ministers so perhaps these, my positive comments, will carry weight. I wish the Minister well in her programme to improve the lot of residential tenants and also to encourage the procurement and supply of social rented and affordable housing in Jersey.

I have mentioned above the excellent level of real consultation carried out by the Minister and the SHU, which is possible only by employing the excellent services of her able and responsive officers.

We continue to exchange views and experiences with the other social housing providers in a helpful and positive discourse and occasional informal meetings. I am always impressed that the needs and well-being of tenants and the supply of adequate and affordable housing is at the heart of our discussions. The Island is well served by its housing providers and the Trust is proud to be numbered amongst them.

It is important that the Minister and her Department, the SHU, and the housing providers should enjoy an open and fruitful engagement and the best of relationships. We are on the same page and we work in partnership towards the same objectives.

### **Benchmarking our performance:**

The results of the annual benchmarking of the Trust's performance indicators are appended. These are compared with the summarised results of UK housing associations. The JHT benchmarking results are authenticated by the Trust's independent auditors.

The UK results are based on the global accounts of associations of over 1,000 units (90% of the sector). The JHT had 766 units in the period of review. It is generally accepted that larger associations enjoy the benefit of economies of scale. I would also mention that the JHT operates in a cost environment considerably higher than many parts of the UK.

We include the results for the Trust over the preceding three years in order to monitor the rate and direction of cost movements. It will be seen that management costs are gradually approaching the level of costs reported by UK housing associations. This is to be expected, since these costs include all professional fees, accountancy and administration costs, insurance and legal expenses, all of which are much higher in Jersey. In the case of insurance, for example, the replacement value of buildings, and therefore the insurance premiums, is very much higher than in the UK. Happily, the result of this expense is the relatively low level of overall operating costs, which remain well below UK levels.

We operate under an out-sourced management model and we have no employees or place of business. This continues to be our preferred business model and the results of the benchmarking support this policy, which has been greatly assisted by our constitution that provides for remunerated services to be purchased from firms connected to Trustees, under well understood protocols. The extent of such contracts is fully reported in the audited financial statements of the Trust. The financial statements are submitted to the Treasury and Housing Ministers and published on the Trust's website.

### **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);  
Michelle Tinari-Lee and her team at Moore Management (accountancy services);  
Sylvia Lennon at Intertrust (secretarial services);  
and to my amazing Trustees (see below).

I continue to receive outstanding service and support. Thank you all.

**MICHAEL VAN NESTE CIHM.  
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;  
Martyn Scriven, Deputy Chairman;  
Advocate Philip Le Cornu, Secretary;  
Ian Moore, (Chartered Accountant), Accountant;  
Chris Clarke, (Chartered Structural Engineer) Developments Director;  
Paul Labesse, (Chartered Building Surveyor) Estates Director.  
Frank Dearie; Risk, Regulation and Compliance.  
Jim Bailey; (Chartered Surveyor).

Michael Van Neste CIHM.  
CHAIRMAN

1<sup>st</sup> January 2018

## THE JERSEY HOMES TRUST

### Annual Benchmarking of Performance (2014 – 2016) against Performance of UK Housing Associations

	<b>UK Associations 2016</b>	<b>Jersey Homes Trust</b>		
		<b>2016</b>	<b>2015</b>	<b>2014</b>
Average stock	not reported	766	751	744
Void Stock	1.7%	0.0%	0.0%	0.0%
Stock failing Decent Homes Standard	not reported	0.0%	0.0%	0.0%
Average re-let time (days)*	not reported	0.0	0.0	0.4
Rent arrears at year end	4.60%	0.12%	0.06%	0.18%
Bad Debts	0.70%	0.19%	0.13%	0.20%
Headline operating unit cost per unit	£3,970	£2,560	£2,704	£2,092
Operating cost (excluding major repairs) per unit;				
Weekly	£59.23	£43.80	£46.06	£40.40
Annual	£3,080	£2,278	£2,395	£2,101
Management cost per unit;				
Weekly	£20.92	£20.55	£16.00	£14.74
Annual	£1,088	£1,069	£832	£766

#### **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.

To achieve like-for-like and meaningful comparisons:

All costs are nett of depreciation and impairment costs.

JHT costs are nett of Foncier Rates (for which there is no UK equivalent).

#### **Sources:**

The “2016 Global Accounts of private registered providers”

published by the Homes & Communities Agency

(over 95% of homes in the sector, being Housing Associations with over 1,000 units).

The independently audited Financial Statements of The Jersey Homes Trust

and reports to Trustees by Managing Agents.

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

#### **Unreported performance indicators in the UK:**

Average stock: last reported in 2016 as 7,974

Re-let times: last reported in 2010 as 33.2 days.

Stock failing Decent Homes Standard; last reported in 2012 as 1.9%

JHT benchmarking is not suitable for comparison with UK local authority housing departments or with Andium Homes in Jersey.

THE JERSEY HOMES TRUST  
Properties and estates.

<b>PROPERTY DETAILS and RENTALS CHARGEABLE</b>								
<b>PROPERTY</b>	<b>Number of bedrooms</b>					<b>Total</b>	<b>Attainable Rents</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>		<b>Mthly (Qtrly*)</b>	<b>Annualised</b>
Brooklands	1	11	3			15	15,339	184,070
Berkshire Court	113					113	86,491	1,037,888
Berkshire Court Shop						1	5,084 *	20,335
Belle Vue	24	53	11	2		90	91,087	1,093,043
Clement Court	27	5				32	25,381	304,567
Clos Du Ruisseau			19			19	25,751	309,013
Cherry Grove		12				12	11,900	142,801
Le Grand Clos	14	6	27	7		54	61,909	742,913
Hameau de la Mer	18	3				21	19,242	230,909
John Wesley Apts	17	23	1			41	36,105	433,262
Kent Lodge		7				7	6,588	79,055
Le Coie	49	46			1	96	83,904	1,006,845
Le Coie Commercial Units						2	8,189 *	32,755
La Folie	3	27				30	30,193	362,313
Le Jardin Fleuri		4	12			16	19,868	238,421
La Roseraie	4	14	27			45	51,942	623,306
Milbrook Gardens		5				5	5,720	68,640
Maison St Nicolas		6				6	5,768	69,215
Parkside	1	6	8	2	2	19	20,763	249,160
Clos Le Gallais		2	11			13	16,426	197,107
5 St Clements Road	9	1				10	7,808	93,693
St Paul's Gate		17				17	15,756	189,068
St Saviour's Court		24	4			28	27,084	325,003
Victoria Place Group Home	5					1	14,204 *	56,816
Victoria Place	22	51	4			77	70,105	841,260
<b>TOTALS</b>	<b>307</b>	<b>323</b>	<b>127</b>	<b>11</b>	<b>3</b>	<b>770</b>	<b>744,288</b>	<b>8,931,457.40</b>

All property is held is freehold.

In addition to the above, the Trust has acquired two sites presently under development. These are the Garrett Anderson House site, part of the College Gardens development, and the De La Mare Nurseries site in Grouville.