

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

The following topics are covered in this report:

### **Developments.**

For the first time since the Trust was established, we have no developments under construction or at pre-development stage.

### **Business Plan**

The Trust has drawn down further funding to ensure it can meet its commitments in uncertain times. Trustees remain confident that further funding can be arranged to support new developments.

### **Stock Revaluation**

The Trust commissioned an independant revaluation of all its property in 2019.

### **Charitable Status.**

The application by the Trust for charitable status under the new Charities Law remains outstanding.

### **Rental Dwellings Licensing Scheme**

The Trust has taken part in consultations on this significant proposal.

### **Tenants' Deposits**

The Trust is discontinuing the practice of taking deposits.

### **The Housing Minister's Support**

Senator Sam Mezec officiated at the opening of our Jardin de la Mare development.

### **Homelessness Cluster**

We work with other agencies to assist the formulation of new and important policies for homelessness..

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

We continue to carefully reassess our management, inspection and procurement processes following the Grenfell disaster.

### **Bench-marking our performance:**

Each year we compare our own standard performance indicators with those of UK housing associations. Our results continue to be reassuring, placing us "best in class".

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## **New Developments**

The Jersey Homes Trust is the Island's largest independent provider of social housing, with 840 homes under management. This is a significant role and the Trust prides itself on providing an efficient and caring service to its tenants and to the Island. When the Trust was established in 1995, it was tasked to be the principle future developer of social rented housing. Over many years, working in partnership with successive Housing Presidents and a supportive Housing Department, it is fair to say that the Trust fulfilled that role with success.

In more recent years, since the very successful transformation of the Housing Department, Andium Homes have, as expected, taken over the role of main social housing developer. We wish them well and congratulate them on their ambitious plans.

With Government encouragement and support the independent housing trusts in Jersey continue to fill a vital role, delivering further developments and offering niche services and differing cultures. However, for the first time since the Trust was established, it has no developments under construction or at a pre-development stage. Nevertheless, the Trustees remain ambitious to contribute further by undertaking new developments. The Trust has the expertise, the track record and a sound business plan and can commit to funding arrangements without States support, if required.

I am attending, on 27<sup>th</sup> January, along with the Chairmen of the other housing trusts, a meeting of the Housing Policy Development Board, which will also be attended by the Minister for Housing and the Minister for the Environment. We will be discussing the opportunities for development of new housing by the trusts and I am very hopeful that concrete proposals will emerge from the process.

There are a number of potential sites, in Public ownership, which would be ideal for housing development. It would be short-sighted and ultimately counter-productive to sell such sites for short-term financial profit. The provision of affordable housing is a vital social need that requires governmental support in all modern jurisdictions. I am confident that our Jersey government will meet its obligations in such regard. The Jersey Homes Trust is ready and willing to play a constructive role.

## **Business Plan**

The Trust is committed to very substantial debt repayment during the next five years. It is also embarking on a programme of major property refurbishments. Some recent developments of the Trust have been financed partly from surpluses arising from the very low rates of interest, which continue to assist the viability of the Trust's business plan. Trustees are mindful that meaningful interest rate increases, occurring in the next few years, could challenge this modelling. Trustees therefore raised further funding of £15 million, to support the developments mentioned and to provide a cash reserve to meet future commitments. The final draw-down of £5 million from this facility was taken in November 2019 and it places the Trust in a perfect position to take on further challenges and commitments.

Funding models for the Trust's developments has been arranged historically on a project by project basis. Trustees believe that the financial strength of the Trust will enable them to raise further funding for new development in an environment which may be more challenging than in earlier years.

## **Stock Revaluation**

Trustees commissioned a revaluation of all the Trust's properties in 2019, by independent UK valuers, JLL. The results are reassuring for Trustees and our funders. Social rented housing valuations (referred to as EUV-SH valuations) are discounted in comparison with open market valuations, which is standard accounting and valuations practice. Total stock valuations on this social housing basis amounted to £198,490,000. This new valuation will inform the Trust's balance sheet in its 2019 financial statements.

## **Charitable Status and Regulation.**

For many years there has been discussion, and two draft sets of legislation, on the proposed regulation of housing trusts in Jersey. Drafting reasonable and proportionate regulation to circumscribe activities which are essentially charitable proved to be challenging and the States rejected the last set of proposals brought by the previous Housing Minister. As previously reported, the Trust has submitted an application to the Commissioner for registration under the new Charities Law. Such registration would require the Trust to submit to many of the regulations and observances that the proposed law for regulation of social housing providers envisaged. We would be more than happy at this outcome.

The Trust has always enjoyed charitable status, having submitted its Constitution to the Comptroller of Taxes at inception. Recognition of this status rendered the Trust free from taxation, which is vital for the viability of its business plan. I am pleased and relieved to report that the issue of possible taxation of the Trust, which could have arisen in the event of a failed application to the Charities Commissioner, has been resolved by the States, at least for the time being, when passing financial legislation. Nevertheless, we remain hopeful of receiving confirmation of charitable status in due course.

## **Rental Dwellings Licensing Scheme**

There are few more important provisions in society than that of residential rental accommodation. That is what has motivated my Trustees over the last 25 years. Everyone should have the opportunity to be decently and affordably housed in secure accommodation. The Housing Minister is to be congratulated in his determination to bring Jersey law up to date with a Landlords' Registration and Licensing scheme and this is wholeheartedly supported by my Trustees.

The Trust has taken part in a consultations process conducted by the Environmental Health Department, which will be tasked with operating the scheme. It is proposed to require social landlords to be Registered and Licensed. Part of the regulation of housing associations should rightfully be concerned with standards of accommodation, tenants' rights, and so forth, so the requirement to Register under the new proposals makes very good sense. The proposed fee structure for registration and annual renewal will certainly be expensive for landlords. They are entitled to ask what level of service they and their tenants will receive for this.

In the case of social landlords, exposure to these very high fees can be avoided by their signing up for inclusion in the Rent Safe scheme, which is a landlords' accreditation scheme run by the Environmental Health Department. The Trust previously declined to enroll in Rent Safe in order to avoid the unnecessary duplication and expense of inspections by Environmental Health of all the Trusts' properties and the imposition on our

tenants of unnecessary intrusion into their homes and lives.

We shall now enroll in Rent Safe in order to avoid the otherwise unavoidable cost of registration under the new proposals. The Trust is a responsible and efficient landlord and our property managers inspect our properties at least annually. Environmental Health should concentrate their energy on lesser achieving landlords, in order to avoid duplication of effort, waste of taxpayers' money, unnecessary bureaucracy and inconvenience to our tenants.

### **Tenants' Deposits**

Trustees have decided to cease the practice of taking rental deposits from tenants. Furthermore, all deposits held will be refunded to the respective tenants over the next few weeks. This will bring the Trust into alignment with the policy of Andium Homes in such regard.

### **Opening of Jardin de la Mare**

We were delighted that the Housing Minister, Senator Sam Mezec, accepted our invitation to mark the completion and opening of the Jardin de la Mare development at Grouville with a tree-planting ceremony in February. The Senator is a busy man and his kindness in complimenting the proceedings with his presence was greatly appreciated and taken as an acknowledgment by him of the benefit to the Island of the activity of the Trust.

### **Homelessness Cluster**

In July I was invited, by Jack Norris at the Strategic Housing Unit, to take part in the Homelessness Cluster. The Cluster is intended to be a group for voluntary and community organisations and key government agencies working with households who are homeless or at risk of experiencing homelessness. The purpose of the group is to provide a regular forum for those who provide housing and/or support to come together, work collaboratively, share information and support service delivery among other things.

Since then I have attended, along with Stephen Van Neste from Brunel Management, regular meetings of the Cluster. I have been enormously impressed with the quality of discussion and the integrity, professionalism and enthusiasm of the participants. We are aided by a consultant from the UK and the intention is to contribute towards the formulation of actual governmental policies.

### **The Jeanne Jugan Residence.**

As previously reported, the Trust made a bid for the purchase of the care-home operated by the Little Sisters of the Poor, with a view to leasing the property to Family Nursing and Health Care. As reported in the media, the Trust's bid was not successful. The Trust has no further plans at this time to engage in care-home provision or activity.

### **The Grenfell legacy**

We continue to exercise increased vigilance and inspection routines for the health and safety of our tenants. These activities frequently out-perform statutory requirements in order to conform with best or recommended practice. Increased frequency of electrical inspections has cost in excess of £300,000.

We await the report of the Grenfell enquiry with great interest. Inevitably there will be lessons to learn and changes required in the maintenance and repair of buildings and their specifications and standards. Whilst awaiting delivery of the report, we have commenced some sensible upgrading or improvements to fire alarm systems and electrical inspection protocols. We are working with the respective consultants. This is not to suggest that previous installations or procedures were at fault.

### **Bench-marking our performance:**

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

The UK results are based on the global accounts of associations owning over 1,000 units (90% of the sector). The Trust owned an average of 805 units in the period of review. It should be understood that larger associations enjoy the benefit of economies of scale and that the Trust operates in an environment much more costly than in most parts of the UK.

In order to monitor the rate and direction of cost movements, we include the results for the Trust over the preceding three years. Management costs inexorably approach 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. It is pleasing, therefore, that overall operating costs remain well below the UK levels.

The Trust operates an out-sourced management structure and business model, which drives the results of the bench-marking exercise. Of benefit, both in cost and expediency, is our ability to utilise remunerated services on 'arm's length' terms from numerous suppliers or firms, some of which are connected to Trustees (these under well understood protocols). All related-party contracts are reported and fully detailed 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 at IQ EQ (accountancy services);  
Madeleine Farrow at Intertrust (secretarial services);  
and, of course, my ever-loyal Trustees (see below).

I remain humbled by your outstanding service and support. Thank you all.

Michael Van Neste CIHM.  
CHAIRMAN

1st January 2020

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.

**THE JERSEY HOMES TRUST**

**Annual Benchmarking of Performance Indicators (2016 – 2018)  
against Performance Indicators of UK Housing Associations (2017 -2018)**

	UK Associations		Jersey Homes Trust		
	2017	2018	2018	2017	2016
Average stock per provider	8,476	not reported	805	770	766
Void Stock	1.5%	1.5%	0.0%	0.0%	0.0%
Average re-let time (days)*	not reported	not reported	0.0	0.0	0.0
Rent arrears at year end	4.40%	4.30%	0.07%	0.22%	0.12%
Bad Debts	0.70%	0.80%	0.27%	0.14%	0.19%
Operating cost per unit					
Weekly	£56.75	£58.07	£53.20	£45.31	£43.80
Annual	£2,951	£3,020	£2,766	£2,356	£2,278
As percentage of turnover	54.61%	55.86%	23.77%	24.48%	23.64%
Management cost per unit;					
Weekly	£18.49	£20.07	£20.60	£21.05	£20.55
Annual	£962	£1,044	£1,071	£1,094	£1,069
As percentage of turnover	17.00%	19.31%	9.20%	9.74%	9.87%

**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).

**Re-let time:**

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

**Sources:**

The “2018 Global Accounts of private registered providers”  
published by the Regulator of Social Housing

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

**Unreported data in the UK statistics:**

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

Number of social housing providers included in the data sets;

(calculation of average units per provider not possible,

last calculated in 2017 as 8,476)

The estates of The Jersey Homes Trust as at 1<sup>st</sup> January 2020

Name of Property	Bedrooms					Total Units
	1	2	3	4	5	
Brooklands	1	11	3			15
Berkshire Court	113					113
Belle Vue	24	53	11	2		90
Clement Court	27	5				32
Clos Du Ruisseau			19			19
Cherry Grove		12				12
Le Grand Clos	14	6	27	7		54
Garrett Anderson House	37	3				40
Hameau de la Mer	18	3				21
Jardin de la Mare			29			29
John Wesley Apts	17	23	1			41
Kent Lodge		7				7
Le Coie	49	46			1	96
La Folie	3	29	1			33
Le Jardin Fleuri		4	12			16
La Roseraie	4	14	27			45
Milbrook Gardens		5				5
Maison St Nicolas		6				6
Parkside	1	6	8	2	2	19
Clos Le Gallais		2	11			13
5 St Clements Road	9	1				10
St Paul's Gate		17				17
St Saviour's Court		24	4			28
Victoria Place Group Home	5					1
Victoria Place	22	51	4			77
TOTALS	344	328	157	11	3	839

The Trust owns the freehold of all properties listed, which also include 3 commercial units, which are not listed. All units listed are fully occupied.