

Twenty- fifth Annual Report of the Jersey Homes Trust

The following topics are covered in this report:

The Covid-19 crisis

Our Managers have responded with great resolve for the benefit of our tenants.

The Affordable Housing Gateway

A further consultation is in progress to improve this vital service.

Charitable Status

Taxation exemptions for Jersey housing trusts have been confirmed.

Developments

We have been engaged in lengthy negotiations for a development of much needed homes.

Business Plan

The Trust has successfully negotiated funding arrangements for further developments.

Rental Dwellings Licensing Scheme

The States voted not to proceed with the proposed controls.

Tenants' Deposits

The Trust has discontinued taking deposits and completed the refunding of deposits held.

Homelessness Cluster

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

The Housing Minister

We have a new Housing Minister.

Alan Dewhurst

We lost another faithful friend and servant in 2020.

Bench-marking our performance:

Each year we compare our own standard performance indicators with those of UK housing associations.

The Covid-19 crisis.

Little did we know, when reporting this time last year, what the year ahead would have in store. The Covid-19 pandemic has changed the world that we knew.

Our Managers have responded throughout the crisis with great resolve and empathy, for the benefit and comfort of our tenants. Inevitably, there were tenants who, through no fault of their own, experienced financial difficulty as a result of the pandemic. Our Managers exercised understanding and compassion. They encouraged dialogue and provided advice and bespoke arrangements to meet the challenges that tenants faced.

At the same time, our Managers had to be aware that compliance with the business plan of the Trust was for the ultimate benefit of tenants and would enable the Trust to continue to meet its financial commitments. The States of Jersey, and governments generally, responded well to alleviate the immediate financial effects of lock-downs, to minimise hardship and unemployment.

In March our Trustees decided to freeze rental increases due in the following months. Following this, the States imposed a temporary moratorium on residential rental increases. When this expired our Trustees voted on two further occasions to extend the Trust's freeze, at least until the end of March 2021. Trustees were aware that rounding the freeze for a full year ensured that all the Trust's tenants will have benefitted from the freeze, irrespective of the date from which their own increases were due. Trustees will continue to actively follow the course of events and will review and respond appropriately as circumstances unfold.

Given the seriousness of the crisis, the outcomes for the Trust have met or exceeded expectations. Whilst the level of rental arrears has increased marginally, the financial targets of the Trust continue to be met, partially as a result of continuing very low interest rates on the Trust's borrowing. Our Managers have continued active management, inspections and maintenance. Our tenants will have experienced little deviation from the level of our regular services. Social distancing has prevented "back-to-back" re-letting of vacated units, which will negatively affect our "voids" performance indicator for the year. It should be noted that the reported increase in "voids" does not indicate any difficulty in finding new tenants.

Financial subsidies and other stimulus by the States to affected businesses and their employees has been crucial and it is to be hoped that such measures will continue as necessary until the crisis has run its course.

The Affordable Housing Gateway.

The Trust was a firm supporter of the establishment of the Gateway, which maintains a central waiting list for all social housing applicants. Previously each housing provider maintained its own list, resulting in duplication, inconsistency, lack of transparency and uncertain statistics of housing need.

The Gateway was located within the Social Security Department from where it has operated for some years. Responding to certain operating concerns and other issues, the Housing Minister decided to commission a detailed report from UK experts, with a wide brief to examine and consider the whole purpose, effect and operation of the Gateway.

The resulting, very detailed report was a disappointment for the Trust, for two main reasons:

Firstly, the operational difficulties encountered by the housing providers did not receive any attention. For some years we have been promised the simple improvements to software that would resolve frustrating operational problems. We are still waiting.

Secondly, although it was acknowledged that the criteria for admission onto the waiting list were too strict, the report recommended delaying resolution of this until housing supply was increased to meet the additional demand that widening the criteria would create. The reason given for this delay was to avoid disappointment arising from raised hopes for accommodation that could not be fulfilled. This has been the argument, trotted out for decades, to justify a policy of discrimination and exclusion.

All Jersey residents should be able to house themselves decently. Due to the shortage of supply and the high costs of ownership and renting, many Jersey families need to rely on subsidised housing and benefits in order to achieve what is their right. It is a matter of regret and injustice that couples without children are denied this opportunity by being excluded from the Gateway waiting list. Furthermore, such exclusion distorts the official statistics of housing need, because the Gateway's waiting lists are relied upon to indicate such need and to inform Government policies. The result is that demand is geared to meet supply, instead of the other way around.

More recently a consultation with the housing providers has been carried out by the Strategic Housing Unit and I can report that this appears to be an efficient and comprehensive exercise. I have been very happy to take part. It is fair to say that this is now an opportunity to address the issues of chronic under-resourcing and the lack of awareness, both public and official, of the work and existence of the Gateway.

Charitable Status.

Charities in Jersey have always been free of taxation, once having satisfied the Comptroller of taxes of their charitable status. The Jersey Homes Trust is a not-for-profit incorporated association which, along with its constitution, was registered in the Royal Court in 1995. The purpose of the Trust is to provide decent affordable residential accommodation to Jersey residents in need. The Comptroller accordingly exempted the Trust from taxation, in accordance with arrangements then in place for charitable bodies.

The new Charities Law changed these arrangements and it became necessary to register with the Charities Commissioner, as a charity, in order to continue to benefit from exemption from taxation. All the Island's housing trusts duly submitted applications for registration with the Commissioner. It turned out that it was unclear whether the provision of housing could be regarded as a charitable activity under the provisions of the new law. The applications for registration by the Trusts were put on hold, pending review.

There was general acknowledgment that the situation was not as intended and that there was no desire to tax the Housing Trusts. Tax exemption was extended pending a resolution. I am happy to report that new taxation provisions have been enacted to exempt named housing trusts from future taxation and that the Jersey Homes Trust is one of those named. The Trust is content to rely on these new arrangements and, along with the other housing trusts, has withdrawn its application for registration by the Charities Commissioner.

I would like to acknowledge the active assistance and helpful interventions made by the Strategic Housing Unit in the resolution of this difficulty, thereby recognising the important role of housing trusts in the Island.

Developments.

I reported last year that, for the first time in its 25-year history, the Trust had no developments in progress or under consideration. Since then, we have been engaged in lengthy negotiations for a development of much needed homes on a country site approved for housing development in the Island Plan. I regret to report that, as matters stand, a great deal of work and effort may have come to nothing.

I further reported last year of my intention of attending in January, along with the Chairmen of the other housing trusts, a meeting of the Housing Policy Development Board, which was also to be attended by the then Minister for Housing and the Minister for the Environment.

I commented that, "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."

The meeting was well attended by politicians, civil servants and members of the Development Board and we enjoyed a wide-ranging discussion.

No doubt Covid has intervened since that promising engagement. I wish I could report on further activity. There is nothing more to report.

Business Plan

It was necessary to arrange provisional funding in support of the proposed development reported above. I am pleased to report that a borrowing facility, on acceptable terms, to cover the whole cost of the development was negotiated with a local Bank.

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. Our business plan has to factor in these outgoings and, in pursuing further development, we needed to confirm, to the satisfaction of the Bank, that the Trust could accommodate the further repayment commitments of a new facility.

It is reassuring to pass such scrutiny and to know that we can fund new development without further government subsidy.

Rental Dwellings Licensing Scheme

The States voted to reject the proposals for a registration scheme of all rented accommodation. States members were concerned about the level of proposed bureaucracy and the cost of the scheme to landlords. It must be acknowledged that all landlords, whether good or bad, faced the proposed costs.

As a Trustee of a housing trust, I had mixed feelings. I recognise that there is accommodation in the private sector that is unsuitable or unfit and that there are bad landlords. My colleagues and I have worked for many years to try to improve both the

supply and the quality of homes. The adequate supply of good housing is as essential as good health and education. If the proposals had been less sweeping, to establish a registration scheme as opposed to a licensing scheme, it might have survived the scrutiny of politicians and resulted in a useful tool for engagement with landlords and tenants. The existing controls of inspection and enforcement would thereby have been enhanced.

I did feel that social housing providers should have been exempted from the proposals. The inspection of all our properties by Environmental Health Officers would have been a duplication of effort and a pointless intrusion into the lives of our tenants. We carry out our own inspections on an annual basis. We are competent and professional and we have the interest of our tenants at the heart of everything we do. We should have been offered exemption from the bureaucracy and the cost of being licensed.

Tenants' Deposits.

The Trust has now discontinued taking deposits from prospective tenants and has completed the refunding of deposits held.

Incidentally, this results in consistency with the policy of Andium Homes, which has never taken deposits.

Homelessness Cluster

In July 2019 I was invited, by Jack Norris of the Strategic Housing Unit, to take part in the Homelessness Cluster. The Cluster is 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. The work of the Cluster will result in a report that will contain statistical evidence of need and recommendations for policy objectives.

During 2019 I attended regular meetings of the Cluster. I was enormously impressed with the quality of discussion and the integrity, professionalism and enthusiasm of the participants, aided by a consultant from the UK.

Covid-19 has undoubtedly affected progress this year. Nevertheless, I look forward to a detailed report leading to the formulation of actual governmental policies.

The Housing Minister.

It was a disappointment to lose Senator Sam Mezec as Housing Minister. I have now worked with nine holders of that office (including the former Housing Presidents) and it takes time to create a working relationship. Sam was responsive and helpful and an able housing minister. I was hopeful that development opportunities on States-owned land would become available, with his assistance, and I believe he shared that ambition for the Trust.

I have every confidence that our new minister will recognise the contribution to housing policy that the housing trusts make and will soon enter into constructive dialogue with them. I look forward to a renewed Gateway, the establishment of a town hub for housing support, a new framework for homelessness in Jersey and development opportunities for the Trust on States-owned land.

Alan Dewhurst R.I.P.

I was greatly saddened to learn of Alan's passing in 2020. Alan was our appointed clerk-of-works on most of the Trust's developments, over many years. This was an important and challenging role, which Alan carried out with aplomb and careful scrutiny, always in a respectful manner that resolved possible issues before they became problematic. Alan worked with our surveyor, Jim Bailey, who we also recently lost, to form a quite superb team to oversee and report on large and complex developments.

Alan was a colourful character, always cheerful and with a story to tell. He would bring our office to a standstill on his many visits, even after the work had run out. Our ladies will miss him, as shall I.

Bench-marking our performance:

As usual, the results of the annual bench-marking of the Trust's performance 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 842 units in the period of review. For the purposes of comparison, it should be noted 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.

For comparison of our own year-on-year results, we include those of the Trust for the preceding three years. Management costs must be expected to reflect UK levels, since they include all professional fees, accountancy and administration costs, insurance and legal expenses. All are much higher in Jersey. It is pleasing, therefore, that overall operating costs remain well below the UK levels.

We operate under an out-sourced management structure which continues to be our preferred business model, especially in light of the results of the bench-marking exercise. Of benefit, both in cost and expediency, is our ability to utilise remunerated services at 'arm's length' terms from firms connected to Trustees, 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);

Paul Flemming and the team at IQ EQ (accountancy services);

Caroline Aylward and her colleagues at Intertrust (secretarial services);

and, of course, my wonderful Trustees (see below).

Thank you all for your outstanding support and service.

MICHAEL VAN NESTE CIHM.

CHAIRMAN

1st January 2021

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.

Jersey Homes Trust

Benchmarking of Performance Indicators: 2020 reporting.

The purpose of benchmarking is to compare performance and to confirm value for money. As the UK Regulator has advised, higher costs may be the result of higher standards of maintenance; cost does not equate with value.

This benchmarking exercise compares the performance and costs of the Trust with those of major UK housing associations, as well as with prior years' performance of the Trust itself.

The "Global Accounts of private registered providers", published by the Regulator of Social Housing, are the aggregated accounts of UK housing associations managing/owning more than 1,000 social housing units, which account for over 95% of the sector. There were 217 such providers out of a total number of approximately 1,400 active providers.

It should be appreciated, therefore, that the great majority of UK housing associations manage/own fewer than 1,000 units and that their results are therefore not included in the Global Accounts.

Headline costs: economies of scale

Reports over the years consistently confirm that larger associations benefit from economies of scale when computing and comparing costs. The costs of associations with fewer than 1,000 units, which are excluded from the data set, would be expected to be higher than the costs reported in the Global Accounts. Like for like comparison is therefore compromised.

Decent Homes Standard: Major Repairs

This parameter is no longer reported, since almost all UK stock now achieves the standard. The Global Accounts no longer discriminate between Stock Transfer associations and developing associations, since repairs obligations are now broadly similar, enabling like-for-like comparison. The cost of repairs generally will now have levelled in the UK, following the major repairs programmes that achieved the standard throughout the sector.

Overall Cost per unit: Maintenance & Repairs

For the first time, the Trust's overall operating costs have exceeded the UK average. This is the result of higher costs of maintenance and repairs and is an inevitable and predictable trend as the Trust's stock continues to age, whilst the UK costs now benefit from the stock renewals of the Decent Homes project, mentioned above. The trend will continue as a result of further planned repairs and positive management. (The comparable costs of Maintenance and Repairs are now included in the table of results. The costs reported also include Service Charges.) Comparisons are further disadvantaged by unequal economies of scale (see above). Also, it should be noted that Trust operates in a cost environment very much higher than the UK's. As a percentage of turnover, the Trust's costs remain very much lower than those in the UK.

Management Cost per unit

The Trust's costs remain close to the UK's costs. The cost of professional fees and insurances in Jersey are unavoidably higher than in the UK.

Other providers

The Trust's Benchmarking is not suitable for comparison with UK local authority housing or with Andium Homes in Jersey.

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance Indicators (2017 – 2019)

against Performance Indicators of UK Housing Associations (2018 -2019)

	UK Associations		Jersey Homes Trust		
	2018	2019	2019	2018	2017
Average stock per provider	not reported	12,389	842	805	770
Void Stock	1.5%	1.5%	0.0%	0.0%	0.0%
Average re-let time (days)*	not reported	not reported	0.32	0.0	0.0
Rent arrears at year end	4.30%	4.70%	0.14%	0.07%	0.22%
Bad Debts	0.80%	0.80%	0.16%	0.27%	0.14%
Maintenance & Repairs per unit:					
Weekly	£34.40	£37.20	£42.40	£31.94	£24.06
Annual	£1,789	£1,934	£2,205	£1,661	£1,251
As percentage of Turnover	33.10%	35.86%	17.84%	14.27%	11.13%
Management cost per unit;					
Weekly	£22.94	£22.17	£21.44	£20.60	£21.05
Annual	£1,193	£1,153	£1,115	£1,071	£1,094
As percentage of Turnover	22.07%	21.38%	9.02%	9.20%	9.74%
Overall costs per unit:					
Weekly	£58.07	£60.08	£64.25	£53.20	£45.31
Annual	£3,020	£3,124	£3,341	£2,766	£2,356
As percentage of Turnover	55.86%	57.93%	27.03%	23.77%	24.48%

NOTES:

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

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 “2019 Global Accounts of private registered providers”

The estates of The Jersey Homes Trust as at 1st January 2021

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.