



# Health, Social Security & Housing Panel

## Social Housing Waiting Lists

**Tuesday, 10th MAY 2011**

**Panel:**

Deputy G.P. Southern of St. Helier (Chairman)  
Connétable D.W. Mezbourian of St. Lawrence  
Connétable S.A. Yates of St. Martin

**Witnesses:**

Mr. M. Van Neste, Chairman - Jersey Homes Trust

**In attendance:**

Mr. W. Millow, Scrutiny Officer

[11.48]

**Deputy G.P. Southern of St. Helier (Chairman):**

Welcome to this sitting of the Health, Social Security and Housing Scrutiny Panel and what we are looking at is a review of social housing waiting lists. As you know, we have just had the Minister in. We normally introduce ourselves just for the transcriber, so I am Deputy Southern and I am Chairman of the Health, Social Security and Housing Scrutiny Panel.

**Connétable D.W. Mezbourian of St. Lawrence:**

I am Constable Deirdre Mezbourian of St. Lawrence and I am the Vice-Chairman of the panel.

**Connétable S.A. Yates of St. Martin:**

I am Silva Yates, Constable of St. Martin. I will at this moment declare, for the purpose of the tape, that we have a connection with Mr. Van Neste, Michael, through marriage of our children. But my interest is certainly not pecuniary and I hope you will accept my questions, which will be put totally without bias, because, although I know you quite well, I am sure you will accept any question I put to you.

**Chairman - Jersey Homes Trust:**

Absolutely. I am Michael Van Neste, Chairman of Jersey Homes Trust.

**Deputy G.P. Southern:**

Really we cannot start anywhere else but by asking you to give an explanation of who the trust is and what it does and how it came to be formed.

**Chairman - Jersey Homes Trust:**

Right. It could be a long story, but 17 years ago the then President of the Housing Committee, Len Norman and his Chief Officer, who was Mick Pennell at the time, both saw me and asked me would I consider setting up a housing trust. They explained the difficulties that the Housing Department had at the time in funding further housing development. The States had done quite a lot under Deputy Van Der Vliet. I do not know if you can remember him. He achieved quite a lot of development. Basically the States did not have any further funds to invest in the procurement of social rented housing and the States formulated a policy that it would foster and support housing trusts to take on that role in the future. They came to me because I had a background in development and also in management of residential accommodation. So, although I do not have formal qualifications, I was obviously seen as somebody who might be able to achieve what they wanted. It took me about 12 months to set up the trust. I put forward a document setting out how I proposed to do it, by appointing professional men. Ideally I wanted a lawyer, an accountant and somebody in one of the architectural fields. Not an architect as such; I did not want an architect. I felt to have an architect as a trustee on a body that was going to develop lots of housing was not appropriate. But I did achieve getting a chartered building surveyor and a chartered building engineer. I got an advocate and I got a chartered accountant. So I invited these men, 17 years ago, to join me and we were asked to do it as an unremunerated role and it was going to be a very challenging function, but we did it and we did it exactly as we said we would do it and it was all agreed at the outset. Basically, we were there to achieve the development of social rented housing that otherwise would not be developed and also then to act as the landlord of that housing. In the course of providing 750 units, we have had to borrow £100 million from the banks. When you consider we started with nothing - no portfolio, no track record - and we were able to achieve that borrowing. We did have on our board Martyn Scriven, who was the top guy in Barclays at the time, and Barclays have been our principal funder. We have achieved borrowing at very keen levels. I just slightly take issue with what Ian Gallichan said. We have never had stock transfers of unoccupied States accommodation needing refurbishment. Perhaps other trusts have, but the Jersey Homes Trust has not had the benefit of stock transfers in achieving these 750 units. We did have one property transferred to us with States tenants. That is St. Paul's Gate with 17 units; 17 out of 750. It was agreed that it would be beneficial to the trust to take over an existing tenanted property, simply to get our teeth into the management and the landlord side of what we had to do, because it was going to be some years before we had tenants of our own through development. So that is the only stock transfer that ever occurred in our growth.

**Deputy G.P. Southern:**

Could you tell us something about your financial model and your relationship with the Housing Department?

**Chairman - Jersey Homes Trust:**

Yes. Governments have to subsidise social rented housing in order to house the more vulnerable members of society and the under-achievers, if you like, otherwise there would be such a disparity between the haves and the have-nots. I am a strong supporter of States' involvement in the provision of social rented housing. The model that was suggested to us at the outset was a model that is in fact very secure, in that the subsidies we were to obtain were revenue subsidies rather than capital subsidies at the outset. The U.K. (United Kingdom) model - basically the Housing Associations in the U.K. - apply for and get capital subsidies. Then they model their schemes then over a period of years, but they are at risk really of interest rate rises in their funding. Our model basically is that the States have capped our interest rate exposure by agreeing to pay the amount above a certain figure. It started off at 4 per cent; so that we could model our interest rate exposure as 4 per cent, the States to pay the balance. On more recent schemes the figure has been 6 per cent. That enables us to model very securely exactly what our interest rate exposure is going to be. The only risk, if you like, in our models is the rental growth. To make the models work you have to put a rental growth figure in year on year. Initially we used to model 3.5 per cent per annum rental growth. I would now prefer to model at, say, 2.5 per cent per annum rental growth, because we are in a recessionary period and you are not getting the rental growth at the moment. Also, the States have signed, through the Housing President, as it was, and also the Treasury have signed letters of comfort to banks, basically putting the States behind the whole funding arrangement and committing to the interest rate subsidy as well. The banks attach quite a lot of importance to these letters. They do not constitute guarantees. So technically, if the trust failed financially and we were in a dire situation, it could not be said that the States have to step in and guarantee the loans. But the banks nevertheless feel that those letters go a long way towards being a guarantee and attach a lot of importance to them. It is also important to the banks that we own the freehold of all of the properties they lend against, because, there again, if all failed the banks could take over the properties themselves in satisfaction of the loan.

**Deputy G.P. Southern:**

In return for the guarantees and the subsidies on the interest rate, the Housing Department has nomination rights in your particular set up. Could you say what that is and how that is working?

**Chairman - Jersey Homes Trust:**

Yes. As you know, we do not have formal regulation of housing trusts yet, although, I have been pleading for it year on year in my Chairman's Annual Report. But what we do have is we entered into a legal agreement with the States many years ago which provides for probably many of the things that will be provided for by regulation. This was to bridge the gap, if you like, between a situation where there was no regulation and the eventual putting in place of a regulator. This agreement provides various things; for example, that housing that is supported by the States must remain as social rented housing and various other safeguards. One of the safeguards gives these actual nomination rights to the Housing Department. So the Housing Department nominate 80 per cent of tenancies in new developments and then on re-lets they nominate 50 per cent. It is important to understand they nominate, they do not allocate. The Jersey Homes Trust has a certain level of freedom as a separate body. But I would like to reassure you that the number of nominations that have not been allocated over the last 16 years is probably no more than 5.

[12:00]

So it is a very rare occurrence that we would say that a Housing Department nomination is rejected. There have been a few more on the basis that, say, the person concerned was saying they wanted ground floor flat because of disability and we did not have a ground floor flat; a few technical issues such as that. But then that nominated person would go to the top of our own waiting list anyway for allocation as soon as we could achieve it. So the fact of the matter is that the vast majority of our tenants have come straight off Housing's waiting list. We did a recent exercise with the Social Security Department. I wanted to know how many of our tenants were on Income Support, because it was being said that only about one-third of our tenants were on Income Support. The actual figure was 64 per cent of our tenants are on Income Support. I do not think that is a million miles away from Housing's own proportion of tenants on Income Support. So we do house the needy in exactly the same way as the Housing Department do, although our own waiting list is compiled in a different way and our own allocations procedure is a little different as well. But I would expect you would like me to tell you about that.

**Deputy G.P. Southern:**

You have just invited yourself to and I will not stop you.

**Chairman - Jersey Homes Trust:**

We do not have restrictive criteria on our waiting list. Currently our waiting list is 614 applicants, but it has to be said that I would estimate (and it is only an estimation) that half of those would not be allocated housing, because of the need of the remainder and because there is not enough housing. In an ideal world we would be able to allocate to anyone that applied to us for housing, provided they satisfied a very wide criteria. But we are not in that situation. There is not enough

housing. We do not restrict names on to our list, but what we do have is a very strict allocations procedure based on the need of the applicants. We do not use a point system. What we do have is a system whereby property managers in our management company - I would emphasise I do not have any hand in this; I do not believe it is the role of trustees to get involved in this on a day-to-day basis - have at least 3 members of staff who, when an allocation is being made, would go through the waiting lists and each one independently would come up with a short list of names. Then they would conference between them and eliminate one by one and eventually agree on which is the most needy applicant. The need would arise financially and also on the adequacy of their existing accommodation. Obviously, if you have someone who is homeless, we do not need to say that is 100 points. They go to the top of the list, because they are homeless. So it works the same way really as the Housing system. It is a way of identifying needs and allocating on that basis.

**Deputy G.P. Southern:**

You would say that the overall mix you have is very similar to Housing?

**Chairman - Jersey Homes Trust:**

Absolutely, yes; it has really come from the same applications process. Although, as I say, our procedures are a little different, the vast majority of our tenants have been nominated by Housing.

**The Connétable of St. Lawrence:**

Mr. Van Neste, I think you were here for the time when we were questioning the Minister for Housing and we started by asking him for his definition of social housing.

**Chairman - Jersey Homes Trust:**

Yes.

**The Connétable of St. Lawrence:**

I would like to ask you for your definition, please?

**Chairman - Jersey Homes Trust:**

Yes. I had time to think about this, thank you, so I wrote out a definition and it is this. I would say social housing is homes in which the States, Parishes or States-sponsored not-for-profit bodies are stakeholders, with the objective of providing affordable accommodation to persons in need. When I say a stakeholder, I do not think first-time buyer houses are social houses. I applaud the States intervening in the market to help make those homes affordable; we need more. But I think the distinction with social housing is that the States have some ownership or entire ownership. So maybe it is on the Homebuy Scheme the States have some ownership or on social rented housing they own the accommodation with a view to renting it out at affordable rents.

**The Connétable of St. Martin:**

I would like to run the same train of questions past you, Mr. Van Neste, but having seen you have answered most of my questions already, I will do a bit of picking. First of all, the agreement of the cap of 4 per cent on borrowing, which I understand, but then you proceeded on to say that you were now working on 6 per cent. Will you explain that little comment, please; 4 per cent is the cap, but you are working on 6 per cent?

**Chairman - Jersey Homes Trust:**

The 4 per cent cap arrangement holds good on all the schemes in which that was put in place. Some of the more recent schemes have taken place on green-field sites and 45 per cent of the homes that have been reserved for social rented purposes. When Senator Ozouf was on the Finance Committee he raised this and he pointed out that if the 4 per cent arrangement remained in place the landowner just simply got a higher price for his land and he felt that was inappropriate. So the rules were changed and the 6 per cent figure was imposed, which we can live with because we just simply adjusted our financial model to what we could afford to pay. The price of our units that we provide went down and the only way for that to happen is the landowner had to have a lower price for land, which was all well and good so long as it happened. I think some sites probably did not happen as a result, but others did. We were, as you know, in discussions with Dandara on the Goose Green. We were going to have 45 per cent of those units, but then this 6 per cent figure was imposed and that scheme was no longer viable for Dandara for rental housing. So another solution was ...

**The Connétable of St. Martin:**

Can I ask you, just following on and with a certain amount of ignorance about the future possibilities, that in the, at present, sort of financial straits, if such as an occasion happened that States were becoming involved with you again about a project and with the pressures on the States' finances at the moment, how would you expect to deal with that which was 4 per cent and is now working on 6 per cent? Do you foresee the situation to go ahead?

**Chairman - Jersey Homes Trust:**

Yes. I understand the financial constraints of the States and I do not anticipate that the States in the foreseeable future is going to enter into the subsidy arrangement paying our interest or capital as it had in the past. I do not expect them to do that. It is a worry, because the States somehow have to ensure that there is further development for social rented housing. I think probably we all agree with that. One of my problems or issues, if you like, with the Whitehead Review was I do not think it addressed that particular problem. I think Whitehead is more about reconstituting the Housing Department and making good existing housing stock. It did not have very much to say about future development. Presumably, if the Housing Department achieves ownership at arm's

length with its own stock, it might be able to use that as collateral to borrow. But even then, you have to devise a business model that works and it is not easy. If you are seeking 100 per cent funding and your interest rate exposure is open-ended, it is not easy to construct a financial model that you feel totally secure in.

**The Connétable of St. Martin:**

Thank you. If I can carry on, again, just to rapidly go through a train of thought. You have told us about how you chose your tenants with a, sort of, committee of 3.

**Chairman - Jersey Homes Trust:**

Yes.

**The Connétable of St. Martin:**

I understand that exactly, because in our Parish rental there is a committee of 3, basically, and I know it is difficult sometimes to come to a consensus.

**Chairman - Jersey Homes Trust:**

Yes. Can I just interrupt?

**The Connétable of St. Martin:**

Yes.

**Chairman - Jersey Homes Trust:**

Normally there is one or 2 outstanding needy applicants and the process is not very difficult. As I pointed out, and I gave a written submission about our waiting list, we only do about 25 a year and we have a waiting list of over 600. There is always one or 2 names that would come to the mind of this little committee. They know who is really in need and it is not really a very difficult process. I am sorry.

**The Connétable of St. Martin:**

That is okay. The next question is your application form to get on to your waiting list; you have not put one in your bundle, have you?

**Chairman - Jersey Homes Trust:**

Yes, I have.

**The Connétable of St. Martin:**

You have? It is in the bundle?

**Chairman - Jersey Homes Trust:**

I brought one along with me and I thought you might like to see it. Also, I brought along the *Jersey Homes Trust Allocations Criteria*, dated 2004. I thought you might like to see that as well. So I will submit that to you.

**The Connétable of St. Martin:**

Thank you very much. We have learnt today that 80 per cent allocation rights on new build and 50 per cent on re-lets.

**Chairman - Jersey Homes Trust:**

Yes.

**The Connétable of St. Martin:**

It has always been an anecdotal sort of backchat among the various Housing Sub-Panels that I have sat on that it is all right for the housing trusts because they can pick and choose; they cherry pick and they take all the best tenants. Is that true or not true?

**Chairman - Jersey Homes Trust:**

I would absolutely dispute that. I know there has been that view. A few years ago there was a public inquiry into the allocation procedures of the Jersey Homes Trust. Some very flawed evidence was given to that inquiry, but I was able to appear before the inquiry and put the record straight and to describe what our allocation procedures were. We allocate solely on an assessment of the need of the applicant. I cannot speak for the other trusts. When I say that, I do not want to imply that necessarily their procedures are at fault. I do not know. I do not know how they allocate. All I can tell you is how we have consistently allocated over the years and, no, we do not even look at an applicant's ability to pay the rent. We assume they have that ability because we have a very good benefit system in the Island; so, theoretically, everybody should be able to afford the rent. So we do not ask them to prove that they can afford to pay. We do not do that. It is incorrect to say we do not house people who have come out of prison. We do house people who have come out of prison. As I say, we take the Housing's nominations and we rarely would have a problem with their nominations.

**The Connétable of St. Martin:**

I must say, going back about 5 years, one of my, in those days, welfare situation small families was very happily allocated by your trust and they are presumably still there and happy. So that was obviously from St. Martin.

**Chairman - Jersey Homes Trust:**

Sorry, I did not hear that, Constable.



**The Connétable of St. Martin:**

I just say, by-the-by that one of my old Parish's welfare clients, going back to about 2006-2007, was in difficulties and they were very happily allocated a flat in one of your homes.

**Chairman - Jersey Homes Trust:**

They happily?

**The Connétable of St. Martin:**

Yes.

**Chairman - Jersey Homes Trust:**

Oh, happily. I thought you said ...

**Deputy G.P. Southern:**

Happily, yes. It was positive.

**The Connétable of St. Martin:**

Yes, positive.

**Chairman - Jersey Homes Trust:**

Oh, good.

**The Connétable of St. Martin:**

Thank you very much for that.

**Chairman - Jersey Homes Trust:**

It is anecdotal, but good. Thank you.

**The Connétable of St. Martin:**

So we have covered the discretion of your choice. I have to ask you about the antisocial behaviour. What happens?

[12:15]

**Chairman - Jersey Homes Trust:**

Okay. We just did a satisfaction survey of all our tenants on all of the estates and one of the questions we asked them this time was are they or have they been troubled by antisocial behaviour. I was very pleased to read that it was an almost nil response on that particular

question. So I do not see antisocial behaviour as a particular problem, although it happens and when it happens it requires active intervention. I think our managers are very good on how they deal with antisocial behaviour. Every case is different. You have to be very careful, because sometimes one family can be victimised by one or 2 other families and you will have to be alive to that possibility. But also people's lives could be made an utter misery by antisocial behaviour and you have to try to deal with it. I think the point was made as well that sometimes you have to involve the police because there is criminality involved and we are not a police force and I totally agree with that. I think it is wrong always to blame the landlord when antisocial behaviour is a problem, because it is not an easy problem to deal with. We could evict as a last resort. I do not recall that we have ever done that but, having said that, I do not really feel we have a very big problem. Sometimes you can resolve a problem by moving somebody that is causing a problem. Yes, there was one case where we started proceedings; a really bad case and the lady, in the end, left of her own accord before eviction proceedings took place. I think there is a problem because Housing has said, under Terry Le Main, that they will not take on tenants that have been evicted by another landlord for antisocial behaviour. I do not know whether that has necessarily always been the case. It is a shot across the bows probably for families who are behaving in a bad way.

**Deputy G.P. Southern:**

Or indeed whether it is still policy. Nonetheless, expanding on that, there is a policy in the Housing Department that once a tenant is accepted on a trust property they will not take that particular family back on to Housing, in principle. They do not do transfers.

**Chairman - Jersey Homes Trust:**

That is not correct. No, I am sure that is not correct. Although it is sometimes said, and I know sometimes it is said by Housing officers to applicants, "You are housed by a trust; therefore, you cannot come back to Housing." I have had assurances over the years with the chief officers that that is not the case; that if one of our tenants is inadequately housed they should be able to apply to Housing - just like anybody else in the Island, just like Housing's own tenants - who have 4,500 units, for accommodation that they need and that we may not be able to supply them. If you do not allow transfers back, you are prejudicing the rights of Jersey residents. So I have had agreement over and over again with chief housing officers that transfers either way are permissible.

**The Connétable of St. Martin:**

Just one more question to finish off my train of thought. I asked the question to the Minister for Housing about responsibilities in regard to tenancies. We all think, I believe, that the Housing Department is very closely linked to Social Security and the other agencies in the States. I know for a fact that the Housing Department will call upon Social Services - is that correct - and other agencies that might help when a tenant is in States-supported housing. Can you tell me, do you

have a sort of parallel mind-set about your responsibility to the welfare of your tenants? Is that a question I can ask you? I mean, this is basically difficult because I know you are a housing trust, but you are sort of outside the States' ambit, as it were.

**Chairman - Jersey Homes Trust:**

Well, first of all, I do this work because I believe in the necessity of helping vulnerable people really. I do understand that the role of a good housing trust extends beyond just providing the accommodation, although obviously that eclipses everything else. I believe that our managers, in fact, are very sensitive to the particular needs of some of our tenants who are vulnerable or have particular needs. They have a good working relationship with various agencies in the States: the Children's Service, Social Security and also other agencies in the States that you speak of. So it is not a formal relationship, but I know for a fact that managers frequently help residents who are in need. One case in point would be residents who get behind in their rentals. Very often they need help more than actions taken against them in the Petty Debts Court. They need assistance and help and they get it from us. I think that is very important, because if you allow people to get into arrears they face an enormous task and probably never get out of them. So we do have a good working relationship with tenants.

**The Connétable of St. Martin:**

Thank you for that.

**Deputy G.P. Southern:**

Now, if we can focus on our topic, which is the waiting list. First of all, question one, have you noticed that your waiting list is going up?

**Chairman - Jersey Homes Trust:**

Yes, because there has been no new supply. We have not been able to deliver any new accommodation. A moratorium was placed, under Terry Le Main, on any further States' support for social rented housing until the Whitehead Review came out. That took 3 years. We are a year on now since that came out, so it is 4 years of no new development. So of course our waiting lists have been climbing steadily.

**Deputy G.P. Southern:**

You seem to have defined social housing as social rental housing also; you are not keen on firstly our subsidy. That has not been your job, you said.

**Chairman - Jersey Homes Trust:**

Well, I say that Category A housing is ... I think it is all laudable and necessary, but my interest is social rented housing and, yes, I would restrict the definition to social rented housing. I think in an

ideal world you will have enough housing that people could exercise a choice between rental accommodation they can afford or to buy if they can afford it. But we are not ...

**Deputy G.P. Southern:**

In terms of rental, you are saying supply and demand has not been met over those 4 years?

**Chairman - Jersey Homes Trust**

No, absolutely not.

**The Connétable of St. Lawrence:**

Mr. Van Neste, I have been looking at the report that you have given as Chairman, the 15th Annual Report, and you alluded to it a moment ago. You talk about stock transfers in the U.K. which have helped to regenerate the sector and you have referred also to Professor Whitehead. We have now got her report, but you quote from her report saying that she takes the view that large scale transfers would provide a more flexible approach to ensuring both adequate investment and effective management of the existing assets.

**Chairman - Jersey Homes Trust**

Yes.

**The Connétable of St. Lawrence:**

I would like to start by asking you, following on from that - you have picked that out from the report - how do you see yourself or your trust working with the Minister and the Department to provide social housing?

**Chairman - Jersey Homes Trust**

I think politically, in Jersey at the moment, stock transfers are not on the agenda and I accept that. We have never had the benefit of stock transfers, although when we were set up the intention was that if we ever achieved 700 units, a third of them might come from stock transfers. It never happened but we got there anyway. It is the case that in the U.K. stock transfers has been the whole basis really or the whole regeneration of U.K.'s housing and now most U.K. homes meet the Decent Homes Standard. We are not in that position in Jersey. We fall short of U.K. standards. Amazingly, on this affluent Island, we fall fairly well short of U.K. standards.

**Deputy G.P. Southern:**

But your housing trust properties, by and large, would meet them, I presume?

**Chairman - Jersey Homes Trust**

Well, we have had the benefit of developing new accommodation and, yes, I do not wish to disparage what the Housing Committee have achieved and the Whitehead Report, for instance, emphasised the fact that the Jersey Housing Department manage with about half the staffing levels it takes in the U.K. and so it is not their fault that their stock is in this situation. How do I work with the Minister for Housing? I have worked with 7 now; with Presidents and Ministers for Housing. I can reel them off if you like. I have always had good relations except in one case where, under one President, the Committee was voted out of office by the States because of the way they conducted their affairs with housing trusts; but all the others have been very supportive and, of course we need that. We cannot do anything without the support of the States and, in particular, the Housing Department. I think we work very well and it is not for us to set policy. It is for us to implement policies of the States and the Minister for Housing and that is what we try and do. If we are not working in partnership with the Minister and his department, we are failing. We should have common objectives. We should have an understanding of each other's requirements and needs and we should work on that basis and I think that is what is happening.

**The Connétable of St. Lawrence:**

I am grateful for you giving us the background to the formation of this trust and it is interesting that you were approached by the Housing Department to set this up. What I am trying to understand is, apart from the 80 per cent and 50 per cent allocations that we have heard about, how else do you work with the Minister? Do you meet to discuss?

**Chairman - Jersey Homes Trust**

Yes.

**The Connétable of St. Lawrence:**

Are you planning on providing homes together? How do you work?

**Chairman - Jersey Homes Trust**

Can I say that for many years Eric Le Ruez was the Chief Officer, although we had several housing presidents, and I used to meet with him about every month or 6 weeks. He would come to my office and I would go to his and we would work through our own agendas so each had a good understanding and working knowledge of where we were going. May I say that the developments that we have done - and we have done 19 developments - were all agreed with Housing and we did not just think: "Oh, we think it would be a good idea to build a block of 2-bedroom flats, or 1-bedroom flats, or whatever." The components of the flats were all agreed with Housing. For example, when we did Berkshire Court, there are 113 1-bed units there because the need, as explained to us by Housing, was: "We need 1-bed units. We need retirement homes." So it is not that we work off our own waiting lists and use our own criteria. We work with

Housing and partnership with them. It just would not work otherwise. It would be crazy, would it not, if we did not do that?

**The Connétable of St. Lawrence:**

Do you have any projected developments in the future?

**Chairman - Jersey Homes Trust**

As intimated by the Minister, I am in discussion with him at the moment. Also, incidentally, I have been in discussion with Mark Grant, the Deputy Director of Jersey Property Holdings (it is not Property Services anymore) and I have stressed the need to him that it is all very well trying to obtain the highest price for States land, but it makes little sense to obtain a high price for States land and then have to pay the housing trusts millions of pounds of up-front subsidy in order to achieve further housing. You should be able to short-cut the process and at least use some of the States land for such an urgent need. We are supposed to be in an era of joined-up Government and I am not convinced that at the moment we have it in this particular area and it worries me.

[12:30]

**The Connétable of St. Lawrence:**

I was just going to ask you, if you are working with the Minister for Housing, do you know how the Minister is working with Property Holdings to acquire this public land for the future provision of social housing?

**Chairman - Jersey Homes Trust**

Yes, I wish I knew the answer to that. I think it is a dark art probably.

**Deputy G.P. Southern:**

I think the Minister wants to know the answer to that as well.

**The Connétable of St. Lawrence:**

That is something we will address with the Minister in future questions.

**Chairman - Jersey Homes Trust**

Yes, but incidentally I am discussing with the Minister a possible very large housing scheme which we are in a position to fund at the moment because we have accumulated surpluses. We are a not-for-profit body but, yes, we do accumulate surpluses and we need to in order to have a viable business model or the banks would not be very happy. Because of the low interest rates at the moment, not only is it costing the States nothing but we are achieving lower than the projected interest rates in our models, which is either 4 per cent or 6 per cent. Because the margins on our

loans are low, we are paying much less interest on the model. We are accumulating fairly substantial sums and we would like to invest those sums back into further housing. We could utilise them to pay off some of our borrowing and I think we have to obtain guidance and agreement with Treasury and with Housing before we take any major decisions. We would not simply, as a trust, just say: "We think this," and do it. Such a major decision would have to be taken with consultation. We would like to invest.

**Deputy G.P. Southern:**

Nonetheless, this model was set up to deliver social housing for the past 17 years. Some of those loans, presumably, are coming towards their end and, therefore, there is a need to recycle the income to regenerate into providing further social housing.

**Chairman - Jersey Homes Trust**

Yes, there is. Can I just say that in the agreement with the States that I referred to, one of provisions of that agreement is, in the event there were uncommitted cash surpluses in the hands of the Trust, they would be paid back to the States; so then the Trust is not in a position to indefinitely accumulate cash. It cannot do that. So uncommitted cash surpluses would be paid back to the States for the States then to choose to do with whatever they ... no, under the agreement it is that those surpluses are to be used for further investment in housing. It just came to me; that is right. That was one of the provisions I suggested in that particular agreement because there were people saying: "What is going to happen when you have paid off all your loans?" So I thought: "Well, we can cover that." We are not there to achieve huge surpluses; we are there to achieve housing so if ever we had surpluses and were not interested in further development then the States could use those surpluses for that purpose. We would like to do it. My trustees are still very ambitious and four of them have been with me right through from those early days. They believe in what we do and they still think we have something to offer and would like to do further development.

**The Connétable of St. Martin:**

Could I just ask a question, because I see one here which I do not think has been answered: "The Minister for Housing is currently developing a housing transformation programme, including plans for an affordable housing gateway that will effectively act as a single waiting list." What input have you had in the development of these proposals?

**Chairman - Jersey Homes Trust**

The consultation has been excellent and, in fact, very reassuring. I see great possibilities for the gateway, so long as it is not there as an allocator. I think the trusts have got to have some freedom in their own allocation procedures. If it is a nominator, just like the Housing Department is, it would not matter if all our tenants in the future came from that process. So it would be 100

per cent nomination process rather than 80 per cent or 50 per cent and we could work perfectly well with that, but we would still need to have some control over our own allocation.

**The Connétable of St. Martin:**

The next question was: “What impact will the affordable housing gateway have on your work,” and you have half answered that already?

**Chairman - Jersey Homes Trust**

Yes, and in fact if it worked, set up properly, it would help our processes.

**Deputy G.P. Southern:**

Good, thank you very much.

**The Connétable of St. Lawrence:**

I asked the Minister earlier (and the Assistant Minister answered) about how we are able to get this one-stop shop so that we know there are 500 people waiting for social housing. We are told that the transformation, the gateway, is going to be the panacea. That is going to solve every problem. How is it working at the moment?

**Chairman - Jersey Homes Trust**

Do you mean how do you assess the housing need?

**The Connétable of St. Lawrence:**

How do we assess the housing need, because you have got your list ...

**Chairman - Jersey Homes Trust**

I think the current lack of clear information is ... well, maybe “deplorable” is a strong word but we are not a big Island. We really should have better information and I know Planning has its own processes to assess the need and Housing has. Incidentally, the housing waiting list over the years was a fairly good barometer of the extent of the need - simply how urgent it is - because if you have got 400 names on it and they all satisfy your strict criteria you have got a lot of need and if you are down to 50 you have not got so much need. But, of course, if your criteria are too strict you are masking need and the criteria set in Jersey is much stricter than would apply in the U.K. I think we should be able to help young, childless couples achieve decent, affordable accommodation; otherwise their only choice is to live with their parents or leave the Island. It is not good enough.



**The Connétable of St. Lawrence:**

I am still trying to establish, really, Mr. Van Neste, projected developments must surely be based on need?

**Chairman - Jersey Homes Trust**

Yes, we are guided then by Housing. In the past sites have been offered to us and Housing have said basically: "This site will accommodate 60 units and we would like half 1-bed, half 2-bed, and a few 3-bed." So we are guided by that. We have known that the need has always been unsatisfied, so we are not likely to build something that is not needed and we have been guided very much by Housing's own information and guidance as to what we should develop. Now we are bringing forward proposals for a very large development and I am very hopeful that it might happen but I will not be telling Housing: "Well, we are going to do 3-beds, 2-beds and townhouses," whatever. I shall want them to tell me what they would like us to put on that site.

**The Connétable of St. Lawrence:**

Just to follow up, the Constable of St. Martin asked you about the input that you have had into the proposed gateway and possibly the White Paper. How do you see the gateway, if it is approved, and the transformation programme being effective? How do you see that benefitting the Island in terms of identifying need and then being able to provide for it?

**Chairman - Jersey Homes Trust**

Yes. As I understand it, I have been told that the criteria that would apply for access to the gateway will not be anything like as strict as they are for Housing's waiting list. So you are not artificially keeping the need out of sight. The need will be expressed by the weight of applications and so you will be able to count the number of people who should be helped by the system who are not being helped, and I suspect it is a lot more than people imagine.

**Deputy G.P. Southern:**

Can I just develop one of your answers that you gave previously? You said you welcomed the gateway concept, it seems that it is more like the way you operate anyway but that you did not want it to be an allocation process. It should be a nomination process that, sort of, still has an element for you, and yet you still only rejected 5 people in the last 15 years.

**Chairman - Jersey Homes Trust**

Absolutely.

**Deputy G.P. Southern:**

It seems to me there is an anomaly there in a sense. The Department seems to be coming closer to the way you do things. Why could it not be an allocations policy, because presumably you should be able to sign up to it?

**Chairman - Jersey Homes Trust**

I would say that the Trust has to have, as a last resort, some independence in its ability to select its tenants. Even though in practice we will carry on and if the gateway comes into existence - I am sure it is going to happen - we will accept, almost as with allocations, the nominations that we get. Nevertheless, I think the banks might be reassured to know that we can, for example, refuse to accommodate somebody with, say, a dozen Petty Debts Court judgments against them. If someone has that number of judgments against them, it does not necessarily imply that they are in hardship. It implies that they do not meet their commitments and honour their obligations and that particular person would not be, in the bank's eyes, a suitable tenant of the Jersey Homes Trust. So we would wish to continue with that right and when I say about the 5 that we have not accepted, that would have been the reason for those rejections.

**Deputy G.P. Southern:**

Also, in your earlier remarks you were saying you have been pressing for the need for regulation. In what way do you think a regulator, regulating your trust, would improve things?

**Chairman - Jersey Homes Trust**

I would hope that the regulator is not seen as somebody we need to put things right that are wrong because, quite frankly, I do not think there is anything wrong. We are 17 years down the line now, and I think Jersey Homes Trust, for example, is something the Island should be very proud of. It has been very successful. It has done exactly what it was set up to do and it has done it in the way that everybody at the outset said: "Do not do it that way," and it was all laid out and we have done it that way. I think it has been very good for Jersey's housing, but we have been the recipients of substantial subsidies from the States, millions of pounds of subsidies from the States. Berkshire Court: over £6 million alone on that one development of States' money. We are not seen to be regulated and I think it is important for everyone's reassurance, for openness and transparency, that we are held to account; that there is somebody in authority who can scrutinise what we do, ask all the questions, set goals and regulate us. I am all for it.

**Deputy G.P. Southern:**

This is the final from me but it may not be altogether. You say that you have built up a surplus at the moment, thanks largely to low interest rates. I think that is what you said. Can you tell me what percentage of your income you delegate to the management and maintenance of your properties, just a ballpark figure.

**Chairman - Jersey Homes Trust**

Yes, the model has always been consistent in that. Eighteen per cent of rentals goes to maintenance, management, administration and other running expenses of the trust. Roughly speaking, 12 per cent would be maintenance.

**Deputy G.P. Southern:**

To an amateur, my mind, that would seem to be rather a large figure, especially since most of your properties are fairly new.

[12:45]

**Chairman - Jersey Homes Trust**

We are accumulating some reserves because our properties were new and so we model a level of maintenance. So the maintenance that we do not expend that we modelled, we reserve because in the years to come - and I am talking about the repayment period which is typically 25 years - we have to anticipate much higher maintenance costs in the second half of the model and these are beginning to bite now. So I think we have got about £3 million set aside that we consistently modelled that we have not had to use, but in the future years our maintenance is going to go way over the 12 per cent but we will have those reserves to cover it. So hopefully over the 25 years it will just about run out.

**Deputy G.P. Southern:**

I am tempted, by comparison, to call you the wise virgins rather than the foolish virgins like the Housing Department which has not managed to put this money aside for its maintenance.

**Chairman - Jersey Homes Trust**

I would not argue with that; yes, thank you.

**The Connétable of St. Lawrence:**

Just finally, coming back to the regulatory system - and I know you have had discussions with Housing - who do you think should be responsible for regulating the Housing Department and the housing trusts?

**Chairman - Jersey Homes Trust**

Personally, I would like to see an individual appointed to carry out this role. I do not see that he needs, particularly, an office and staff and all the associated costs. I would have thought perhaps a retired civil servant, say like a retired States treasurer or even a retired chief housing officer - someone of that calibre - could take on the role, maybe as a part-time role. I would have thought,

given that background, that he could carry out the duties of a regulator so long as the regulation process that is set up is not too bureaucratic. That is the way I would like to see it. I would hate to see something imposed that was costly and bureaucratic because, after all, my trustees do this without remuneration and then to be regulated by a department that has salaried individuals would go against the grain a bit. I have been reassured by what the Minister for Housing has said about the nature of the regulation that is being considered.

**The Connétable of St. Lawrence:**

All right, thank you.

**The Connétable of St. Martin:**

Just one tidy-up little question. I rapidly wrote down 80 per cent of rentals to maintenance, management, et cetera, and then I wrote ...

**Chairman - Jersey Homes Trust**

Eighteen.

**The Connétable of St. Martin:**

Eighteen?

**Chairman - Jersey Homes Trust**

Yes.

**The Connétable of St. Martin:**

Then 12 per cent maintenance; so one assumes that management is 6 per cent?

**Chairman - Jersey Homes Trust**

No, management is 4.5 per cent.

**The Connétable of St. Martin:**

Right.

**Chairman - Jersey Homes Trust**

Sorry, 4.75 per cent is the cost of management and that includes administration as well. The original model that the Housing Committee proposed was 5 per cent management fees, but we put it a bit lower than that.

**The Connétable of St. Martin:**

All right, thank you very much.

**Deputy G.P. Southern:**

At which point it only remains to thank you very much for your time and we shall be producing our reports some time towards the end of June. Any questions that we have left unasked, which we should have asked, we will be in touch.

**Chairman - Jersey Homes Trust**

It has been my pleasure. By all means, yes, I will be most willing to help.

**Deputy G.P. Southern:**

Thank you.

[12:48]