

What is grant funding?

The States, as the island's strategic housing authority, supports the delivery of new affordable homes (as previously defined) through Affordable Housing Development Grant. When we submit a Board-approved proposal to the States to deliver more new affordable homes, the relevant Committees must assess that proposal against their desired outcomes, as they need to make sure that grant is targeted at the right things.

The reason that a grant is needed is to make sure that the costs of building affordable homes can be met – it fills the gap created by having to pay the same development costs as commercial developers – and meeting the same legislative standards and requirements – but with a reduced rental income stream to cover the costs and repay borrowings. We can't just increase the rents when costs go up – otherwise we would breach our obligations to keep rents below private rented sector levels.

So, the provision of a capital grant by the States is essentially a lever for the Government to provide a public good for its citizens – it is a way to enable non-profit provision of below private market rents. The level of grant required to make schemes stack up will depend on the scheme – land price, infrastructure, density, any remediation works

for the site – and GHA's Board assesses early on if a site is or isn't viable. As we're all taxpayers too, we're mindful of the need to make the best use of limited capital grant funding.

The receipt of grant funding to make the provision of new affordable homes viable means that GHA is regulated by the States. Regulation is not ownership or shareholding, it is usual practice for the provision of social housing, and effective regulation essentially gives comfort to lenders.

Regulation of GHA

Like other jurisdictions, as a housing association in receipt of capital funding, GHA is regulated by the Government. Regulation is not an ability to direct the work of an organisation – it is to ensure that an organisation is meeting certain standards. This is important for tenants as well as other stakeholders, such as banks and commercial lenders. We must borrow on commercial terms to finance capital investment, for example, to provide new homes, and lenders need assurance that the organisation is operating effectively and is financially sustainable.

GHA regulation is set out in the Framework Agreement. This is currently being reviewed as it dates back to 2012 – the world has changed a lot since then!

Read more about current misconceptions here:
www.gha.gg/facts-not-fiction



SCAN QR CODE



For more information email
ghaenquiries@gha.gg

Or visit our website
www.gha.gg



Guernsey Housing Association Explained

Welcome

Thanks for taking the time to read 'GHA Explained'.

We think it's really important for people to understand who we are and what we do – and why. So we've explained aspects about our organisation based on common questions that we've seen and heard, which we hope you'll find useful.

There is also a link and QR code at the end which will take you to #GHAFactsNotFiction. This is based on what we've actually seen on social media, or heard in debates and conversations, which we believe need to be laid to rest as myths. Left unchallenged, myths soon become accepted as truths.

You might read this and have other questions – please ask us directly, we're happy to help – our biggest ask is that there should be nothing about us without us.

Vic Slade, Chief Executive of GHA

Who we are

Guernsey Housing Association (GHA) was set up in 2002 as an independent, not-for-profit housing association with charitable aims and objectives. We are limited by guarantee. Our governing documents are registered with Guernsey Registry and they set out what we do and why. These documents also set out our governance arrangements, that is, the rules we must operate by.

We are not part of the States of Guernsey (States), either as a housing department (which is States Housing), or as an arms-length management organisation – like Andium Homes is for the States of Jersey. We are a traditional, independent housing association. Other housing associations with a presence on the island include Housing 21 and Sarnia Housing Association.

The States manages its own housing¹ portfolio – social rented, key worker and specialist housing – managed by various teams and overseen by the relevant Committees. The States portfolio and the teams that manage it are entirely separate and distinct from our organisation. The States is the largest social landlord on the island.

The States is also the island's strategic housing authority. The role of a strategic housing authority is to understand and plan long-term for the housing needs of the island's citizens, usually through delivery of a housing strategy. Guernsey has a housing

strategy called the 'Guernsey Housing Plan'. Our role is to help deliver actions in that plan that relate specifically to us – the strategy is much wider than just an 'affordable housing' workstream, or 'new supply' – it is about all of the work needed to rebalance the island's housing market as a whole.

What is a housing association?

Housing associations are essentially landlords who provide homes for people in housing need who can't afford to rent or purchase in the private market. We own and manage 1,035 homes, with 763 for social rent and 272 for partial ownership in Guernsey.

As a housing association, our rents must remain lower than private sector rents, which is why our homes are described as 'affordable homes.' As landlords, housing associations have a range of functions, including managing tenancies, repairs and maintenance, and investment in existing homes – as well as having a development programme for new homes.

We're not a building, development or construction company – we have wider responsibilities as a landlord for the homes that we provide.



¹Affordable Housing comprises 'Social Housing' (units owned and controlled by the States of Guernsey or a registered housing association that is reserved for households on low incomes or with other needs identified by the Committee for Employment & Social Security. It includes social rental, key worker and specialised housing such as extra care) and 'Intermediate Housing' (units owned or controlled by the States of Guernsey or a registered housing association that are offered on a basis that includes part ownership or shared equity).



How we are run

Our Board is made up of voluntary, non-executive directors. They are recruited by application and interview for the skills and expertise that they can offer – we try to make sure we have the right mix of skills for what we need as a housing association. The Chief Executive and Chief Financial Officer support the Board as Executive Directors.

The States does not have seats on our Board and is not a shareholder. Whilst we are regulated by the States, the Government does not have a vote or share in our organisation and cannot direct what we do – only our Board can do that.

We employ 29 colleagues across five teams who do everything we need across all frontline and back-office services. We have appointed some additional external help for specialist back-office services like Treasury Management and HR, and whilst we have a small maintenance team, we also place work with local contractors for specialist and general services.

We rely on having access to competitive, high-quality developers and contractors for building new homes and helping us to look after existing ones.

How we fund our business

Our revenue income comes from below private market, affordable rents. This income must pay for everything we do as a landlord and an employer – managing

tenancies, collecting rent, day to day repairs and maintenance, long term investment programmes to keep homes in good condition, and so on. It must also repay long term loans that we take out to provide new homes, or fund capital investment programmes in existing homes.

Like other businesses, we have benefited from low-cost long-term money for some time, but the world has changed, and both interest rates and inflation are putting pressure on how far we can make our income go.

We model our business over a 30-year period and stress test our business plan annually to make sure that rental income covers our existing obligations, plus future requirements.

Any surplus we make is re-invested directly back into the business as required by our governing documents. We must manage the level of debt we carry to rental income we receive, focusing on financial sustainability, our ongoing commitments to existing tenants and the quality of their homes, as well as investing in new homes.

The key financial pressure for our organisation is keeping rents affordable for tenants, while costs have increased, with more work now needed on existing homes, whilst still trying to provide new ones.

