

22.09.20

9 Deputy S.Y. Mézec of the Minister for Housing and Communities regarding inflation(OQ.83/2022)

Will the Minister bring forward legislation to ban inflationary rent increases and to introduce open-ended tenancies, and if so, when?

Deputy D. Warr (The Minister for Housing and Communities):

Thank you for your question, Deputy. In the short time I have been Minister, I hope I have made it clear that I have no intention to impose authoritarian powers to ban normal market activity. That said, I am fully aware of the difficulties faced by some private sector tenants at present, and I have acted quickly to re-establish the Rent Control Tribunal under existing legislation. The tribunal will have the power to intervene in respect of unreasonable rent levels in respect of tenancies that fall under its remit. The new tribunal members will also work with my officers to review their powers and establish a more modern framework for regulating rental levels. This is likely to result in new legislation from 2024. I would hope, therefore, that the Deputy will support the appointment of the new panel members at the next States sitting. I have also already taken steps to update the laws relating to the duration of tenancies. This will include the right to an open-ended tenancy. This is covered under the updated Residential Tenancy Law. A law drafting brief has already been prepared and detailed work is due to commence early next year. I hope to publish a new legal framework during 2023 for a full public consultation.

9.9.1 Deputy S.Y. Mézec:

The start of that answer sounded like the answer was no and towards the end it sounded like we were getting slightly closer to a yes, so I guess I could ask him if he could give a comprehensible version of that answer. But could I instead ask him whether the position that was outlined in the answer to Written Question 56/2022 by his predecessor, which did confirm that in the new Residential Tenancy Law there would be provisions put in place to have open-ended tenancies with security of tenure for tenants and to limit rent increases by some sort of matrix such as R.P.I. (retail price index) remains the plan and that tenants who are suffering in this housing crisis can look forward to a time, hopefully soon, where the law will protect them from excessive rent increases as a matter of law and not just hopefully the market will sort it all out?

Deputy D. Warr:

I do not know that the Deputy was listening to my answer here. We are trying to build a new law which is based on a 1946 original law. Obviously there is an amendment to the mini-Budget which is due for debate later in this session, so there is going to be much more information on that. I do not want to be drawn into debates about the rights and wrongs of where the market is at the moment. I think the most important thing is we get this Rent Control Tribunal, we get the panel set up. That will enable us to update the rules and laws and establish a far better protection for both landlord and tenant.

9.9.2 Deputy S.Y. Mézec:

My question referred to the new Residential Tenancy Law for which work is already going on to establish; I was not referring to the 1946 Rent Control Tribunal Law. So I am wondering if it is possible that the Deputy could give an answer that was relevant to my question on the Residential Tenancy Law and not the law that I did not mention.

Deputy D. Warr:

As the Deputy knows, the new Residential Tenancy Law is updating the 1946 law and in the process of being done, and it is obviously under discussion and it is under development right now. I do not quite understand ... I cannot say anything because until we have the policy fully developed, then there will be a full consultation, and then the Deputy is entitled to ask more deep and meaningful questions.

9.9.3 Deputy R.J. Ward:

May I ask the Minister, if his rent tribunal is successful and a tenant brings a rent increase and the tribunal says: "No, that cannot happen", what reassurance can he give to tenants that they will not just simply be told: "You are leaving in 3 months because we can get another tenant"?

Deputy D. Warr:

Thank you, Deputy Ward, for your question. I do not know how I am able to pre-empt what tribunal panel members are going to suggest in terms of rent freeze or what is appropriate. I do not have a crystal ball, unfortunately.

The Greffier of the States (in the Chair):

Do you have a supplementary, Deputy Ward?

9.9.4 Deputy R.J. Ward:

Well, the first question was not answered, Ma'am. It was about what will happen if the rent tribunal ... I gave him the outcome of the rent tribunal, they would say: "You cannot put the rent up." What is the next stage to stop landlords simply asking tenants to leave, which is the reason why rent tribunals are not used because tenants are fearful of just simply being asked to leave their homes?

Deputy D. Warr:

Surely, Deputy, that is the idea of setting up a new rent tribunal and updating the law and getting the regulations updated. We want to establish protection for both landlord and tenants; that is really, really important. But until we have this updated law in place, what he is asking cannot be achieved.

9.9.5 Deputy S.Y. Mézec:

I guess the question has to be based on that very last sentence. Has he just admitted that the setting up of the Rent Control Tribunal under the 1946 law is a complete waste of time, since it sounds like he has just admitted that tenants do not currently have security of tenure until the changes to the Residential Tenancy Law come through. Is he therefore admitting to tenants out there that if they go and avail themselves of the service of this Rent Control Tribunal he is supposed to be due to re-establish shortly, that they come home after their hearing and find their notice to vacate their properties on their doorsteps and there is nothing they can do about it?

Deputy D. Warr:

Once again, I am not quite sure where we are drawing all these conclusions from until we update the law. I mean, let us have the law updated, let us have it debated, let us get it out there in the open, and then we can draw some conclusions after that.