

# STATES OF JERSEY



## **DRAFT RESIDENTIAL TENANCY (JERSEY) LAW 200- (P.74/2009): COMMENTS**

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**Presented to the States on 13th July 2009  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## COMMENTS

Indications from the Judicial Greffe are that they would require at least an additional 0.5 FTE at a cost of £20,000 to £25,000 as a result of this draft law. The Judicial Greffe have notified that that the additional cost could not be absorbed within the Judicial Greffe's current cash limit.

The report indicates that one third of residential properties are rentals and that 5 per cent of persons in such accommodation had difficulty with deposits in the previous 5 years. If one assumes a conservative figure of 45,000 residential units of which one third (15,000) are rental, then the likely number of cases on these figures would be 150 each year (5 per cent complaints over five years would equate to 1 per cent per annum of 15,000 units). On this basis alone, there would be a need for additional mediation sessions each week and at least a half day per week advising applicants.

The new Law will provide an opportunity for landlords and tenants to pursue matters in their own right without necessarily having to involve lawyers. Whilst there are some benefits to this in terms of keeping their costs down as mentioned above, it is likely to have an impact on resourcing in that Judicial Greffe staff are likely to become more involved in providing procedural advice. However, there is an intention to provide guidance notes on the Law, and it is envisaged that the Citizens Advice Bureau will continue to provide advice.

There may well be an increase in matters listed within the Tenancy Division of the Petty Debts Court. Last year saw an increase in the number of evictions tabled in the Petty Debts Court - a total of 30 cases which is just over double the number tabled during the previous year. Additionally, approximately 20 claims relating to rental deposits were referred to mediation. Given the current financial situation a further increase is likely. With good practice provided by the Law and mediation services available fewer cases could be brought to the Court.

Whilst the new Law provides tenants with a longer notice to quit period (3 months rather than the present 1 month) it also appears to provide landlords with a much quicker remedy in instances where tenants do not pay their rent. Under the proposed Law, where a tenant is in arrears for rent, neglecting the property or causing a nuisance, the landlord can serve a seven day notice on the tenant requesting them to rectify the breach. Failure to rectify the breach within 7 days will enable the landlord to bring proceedings before the Petty Debts Court with a view to the Court ordering the tenant to rectify the breach, cancel the lease or even order the tenant's eviction. Landlords may pursue this option in order to minimise their loss when tenants fall into arrears with rent. This may result in an increase in the number of cases in the Tenancy Division.

It is accurate to say that there are no further direct financial or manpower implications of this projet. However it should be pointed out that Article 24 includes the ability for the Minister for Housing to bring forward to the States Regulations to introduce a Tenants' Deposit Scheme. The report states that that the present intention is that any such scheme would be funded through interest received on deposits retained in the scheme, although this funding proposal may need to be reconsidered in the current economic climate. It needs to be borne in mind that interest rates will need to recover significantly if the Scheme as currently proposed is to be financially viable.