

STATES OF JERSEY



Jersey

DRAFT PUBLIC HEALTH AND SAFETY (RENTED DWELLINGS) (LICENSING) (JERSEY) REGULATIONS 201- (P.106/2019): THIRD AMENDMENT

**Lodged au Greffe on 12th March 2020
by the Minister for the Environment**

STATES GREFFE

DRAFT PUBLIC HEALTH AND SAFETY (RENTED DWELLINGS)
(LICENSING) (JERSEY) REGULATIONS 201- (P.106/2019): THIRD
AMENDMENT

1 PAGE 18, REGULATION 3 (licences) –

In Regulation 3(2) –

- (a) for “1st January” substitute “1st July”;
- (b) for “anniversary” substitute “2nd anniversary”.

2 PAGE 18, REGULATION 6 (transitional provisions) –

In Regulation 6(1) for “31st March 2020” substitute “31st December 2020”.

3 PAGE 19, REGULATION 7 (citation and commencement) –

In Regulation 7 for “1st December 2019” substitute “30th June 2020”.

MINISTER FOR THE ENVIRONMENT

REPORT

Background

Following the vote to refer the proposition back, the Minister proposes a number of changes to [P.106/2019](#) and seeks to provide evidence as to the inflationary effect and efforts to mitigate this by reducing the fee substantially.

Detail

- If approved, the Regulations will come into force on 30th June 2020.
- The licence will commence from 1st July 2020.
- Change to a 2-year licensing scheme.
- Extend the ‘grandfathering’ rights period to 6 months, within which a landlord will automatically be issued a licence. The ‘grandfathering’ period will be from 1st July to 31st December 2020.
- Any licence issued under the ‘grandfathering’ rights provision (issued under Regulation 6 – transitional provisions) will be granted ‘free of charge’.
- The proposed licence fee will be £100 for a 2-year licence and this will be a flat rate to ensure administrative simplicity – previously the fee was £200 annually, with a possible reduction based on ‘Rent Safe’ rating.
- Staff and hostel type accommodation will be charged on a ‘total maximum occupancy’* rate –

Up to 10 persons	£100
11–20 persons	£150
21 persons and over	£200

*The ‘total maximum occupancy’ is determined by the sum of the maximum occupancy of any number of rented dwellings owned by the licence holder used to accommodate their employees or workers within their same industry. Each person over 10 years of age = 1 person.

Inflationary impact

Following a request for information regarding the inflationary impact of the proposition, the Minister has received the following advice from the Chief Economic Adviser based on the new fee proposed:

Inflation is the increase in the typical basket of goods and services purchased and consumed by households. In this case, the licensing fee would be paid by business and not households directly.

For firms facing an increase in costs, they can broadly choose to –

1. Pass the increase on in prices
2. Absorb the increase in lower profits
3. Purchase less of the factor rising in cost.

The annual fee for each landlord is proportionate and set appropriately and it is not a revenue measure, nor is it designed to discourage landlords. The fee is very small compared with the rents received by most landlords.

It should be noted that as a fixed cost the fee will be relatively smaller as the number of properties increases. For professional landlords with more than one property the cost will be negligible.

We expect the cost of the fee to be largely borne by landlords and not tenants. In the scenario that the cost was passed on in full, the effect on rents would be limited, and the effect on inflation would be negligible.

Period	£
Fee (2-year licence)	£100.00
Fee per year over 2 years	£50.00
Fee per month over 24 months	£4.17
Fee per week over 104 weeks	£0.96

Financial and manpower implications

There are no manpower implications arising from this proposed amendment.

There are financial implications arising: with the current estimated income based on the new fee structure, the service will not fully recover costs in the first 5 years of the scheme. However, it should be noted that, as more data becomes available and as financial forecasts become clearer, this will need to be reviewed.