

## **Review: P.24/2025 - Draft Residential Tenancy (Jersey) Amendment Law 202-**

**Submission: Richard Buchanan**

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I should firstly like to make the point that whilst the draft legislation states that lodging Houses are not affected by the proposed changes this is not the case and indeed was not the case on the last change to rented accommodation in 2011 was made when the Residential Tenancy (Jersey) law was passed - where the accommodation is self-contained.

This is the case for my lodging house where bar two units all our accommodation is self-contained.

None of the self-contained units within the property have any exemptions for boarders, lodgers or other licensee and are therefore caught. I therefore believe that all the provisions of the new law will apply.

My first concern about the new legislation is around the 5 % cap to rent increases being proposed which applies even if RPI exceeds this figure.

The following illustration may assist

By way of background, and as per the Lodging House Law, as part of the rent we are obliged to supply hot water and winter heating. The heating is electric storage heating and the hot water is heated by electricity.

Water is also provided as part of the rent.

The cost of providing these services represents 18% of our gross rental takings

This year as normal after the usual notice period we increased our rents by RPI which was 2.5% at the time of the increase.

Since then electricity costs have again increased by an inflation busting 7.5 % and water rates by 5.7%. Other costs such as insurance and maintenance costs have increased by well over the rate of inflation once again.

Jersey is not a cheap place to live and every year we have been running our business we have seen costs increase often by more than RPI.

However we can accept, if not agree with, that being permitted to increase rents by RPI will work.

What is not acceptable is capping that permitted increase at 5% which in my view will harm the attractiveness of rental property in the island.

Investing in rental property is just that, an “investment”. As such it has to compete with other investment types if the island wants to continue to have a healthy private rental sector, retaining existing investors and attracting newcomers to the market.

To cap the income return from property in times of higher inflation is to ensure that the real value of that return will be devalued by the effects of that inflation. Whilst the guidance notes suggest that future States assemblies can increase the cap they can also decline to do so. In short there is no certainty that a landlord can maintain the real value of their rental income stream in the face of higher inflation.

If this comes to pass it will do little to help retain existing investors in the rental market or indeed attract new ones.

My second concern is in relation to period tenancies becoming compulsory at the end of an initial fixed term. Were as I accept the need to give good tenants some security of tenure this in my view is a step too far. It shifts the control of the property from the owner i.e. the landlord firmly towards the tenant. Whilst a number of circumstances are cited where a tenancy can be ended nevertheless the perception is that of a shift of emphasis from the landlord to the tenant. This is starkly illustrated by the fact that during the initial period of a tenancy a landlord cannot recover his or her property for the purpose of sale. Given that the landlord paid for the property in the first instance this seems to be a serious breach of his or her rights.

I also have concerns that introducing an initial term of three years which then becomes open ended will result in 3 years and only one term will become the maximum extent that will be offered in future in the market. Many landlords will not want to be saddled with a long term tenant and some will simply move them on at the end of the initial period.

I am not sure this is what the Housing minister intended

My preference would be at the end of the initial period, the requirement is to offer at least a further 3 year term or a periodic tenancy if both the landlord and the tenant agree.

Forcing landlords to offer something they are unwilling to do freely is not conducive to the long term health of the rental market.

My final comments relate to the lodging house market.

Whilst I accept that with certain clauses in their leases lodging houses might not be caught, this is not the advice we have been offered when we have been inspected.

The lodging house market is a short term market with most lodgers only staying a year or so

Lodging house landlords also pay a higher proportion of costs than longer term tenants so the proposed rental cap is more damaging to this sector

In short I would like to see a separate review of this sector of the market which provides valuable accommodation to those who come to the island on a seasonal or short term basis.

Whilst the proposed legislation would seem to improve the rights of tenants it would be good to see hard statistical facts that highlight the size of the ills that it seeks to address. I.e. number of “revenge evictions” as a percentage of the overall market, number of multiple rent rises in a year as an overall percentage, percentage of tenants who had above inflation rent rises, again as a percentage of the overall market etc. etc.

With these facts it would then be possible to see the depth and breadth of the problems this legislation seeks to address.

The housing minister has the resources as a government minister at his disposal and to try to implement fundamental changes to Jersey’s rental market without hard evidence would seem to be rash at best.