

7<sup>th</sup> November 2019

Housing and Infrastructure Scrutiny Panel  
C/O States Greffe  
Morier House  
St Helier  
JE1 1DD

Dear Sirs

**Minimum Standards For Rented accommodation**

Firstly thank you for giving us the opportunity to make this submission.

In order for the panel to appreciate our background the Panel should be aware that we have one unit, a 2 Bedroom flat which has already achieved a 4 star rating under the existing Rent Safe Scheme.

The flat was purchased by us in order to provide an income in our retirement. This decision to invest in rental property was bought about not by a desire to make exorbitant profits from tenants, (as sometimes alluded to by certain politicians) but by the appalling returns offered by Banks and other investments since the financial crash in 2008.

Our intention was always to be a considerate landlord in return for a reasonable return on what is a substantial investment. Owning a rental unit is not all sunshine and roses but is an activity that requires both time, effort and committent.

I will now take the opportunity to comment on the terms of reference paragraph by paragraph:-

1) This is not a yes or no answer. In fact answering yes to this question effectively would answer 'yes' to all the other questions that you raise. The rent Safe Scheme has our full support, however whether raising standards requires further legislation (and Jersey always legislates for everything at the drop of a hat) is questionable. My observations will become apparent as I proceed through the other questions.

2) Having just re-read the proposals (P106/2019) I perceive no material changes over my recollection of the original proposals despite a public consultation exercise having taken place. I am therefore bound to conclude that no effort has been made to address the concerns of Landlords especially those in the Private Housing as opposed to the Social Housing portions of the market.

3) For ourselves the primary and immediate impact will be the imposition of a Licence fee.

However I have concerns that the legislation, (amended perhaps by Ministerial Orders as the States seem to have a habit of doing) has the potential to creep to a point where the Investment demanded to

keep up with ever increasing demands outweighs the return to the property owner. The relatively low returns that we as owners see (about 4% or so in our case) will only support so much improvement. Indeed some improvements of the type that may be demanded will be impossible to attain on single units. For example energy conservation measures are easy when you own the whole block. It's a different proposition when your flat is one in a block of 6 owner occupier properties all perhaps reluctant to join in with an external cladding project.

4) The rent safe scheme is being managed in a soft handed way, the staff that I have met are pragmatic and I genuinely believe them to have both sides interests at heart. I fear that Legislation may change this effective approach, and not necessarily for the best. The stated good intentions to continue the softly softly approach may count for nothing once you have placed a new Law and Ministerial orders at your disposal. In addition the level of bureaucracy may deter new entrants into the markets. Over wieldy Legislation will be costly and as it is presently proposed the burden will fall a full 100% on private landlords.

5) Licence fees may well be necessary if the Legislation is to be self funded, but a lack of trust makes me fear that they could easily become a Tax by another name. We already have 'Long Term Care Charges' that are allegedly not taxes. I can see Licence fees being a stealth tax on private landlords and can see no safeguards to prevent this happening. In fact the exclusion of Social Housing providers from paying Licence fees signals an attempt to penalise private sector providers at some point.

Excluding Social Housing providers from paying into the Scheme is by far the biggest issue for us. Andium will not pay Licence fees despite being a Trading body of the States, expected to make the States own residential property holdings work for a living. Other such Trading bodies are not excluded from charges, for example JT pays Licence fees to the States for its Licence to operate a Telecoms Service, pays rent for GSM sites to the States, funds the largely ineffective CICRA and has a Tax liability all before declaring a dividend once again paid to the States. So why should Andium side step any States charges apart from a desire to place the burden on private landlords and maximise the States income?

The concept is especially annoying given that the rent we charge our tenant is not dissimilar to Social housing Levels and they are a young family who might otherwise fall into the Andium net costing the Island even more. We are effectively providing a Social need for this family but are unable to brand ourselves a social housing provider..

Excluding Andium, Parishes and Housing Associations ensures that the entire burden of implementing and running this Legislation falls on Private Landlords, I assume on the misguided basis that none of us are to be trusted to provide good accommodation or are profiteering. Legislation and charging should be fair for all and not favour organisations merely because they are 100% owned by the States. Indeed if recent past history is taken into account the States are surely one of the worst offenders for not looking after and upgrading property, needing to spend £250 million to retrospectively do so and by implication need to be managed.

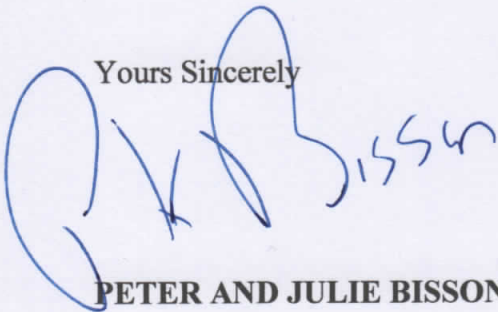
Finally any one who argues that the Licence fee wont affect rents is deluded. In our case our rental escalator is RPI. This seems fair as our flat is not a charity enterprise and RPI is a number that is arbitrated by the States Statistics team. Alternatives such as market reviews as applied to Commercial property rents leaves tenants in a weak position as reviews are based on market evidence, which is difficult to access. A tenant is hardly likely to employ a professional to argue their case in the case of a Landlord arguing a market adjustment. However I as a Landlord would be remiss if I totally ignored market trends and the process of re-letting which occurs when a Tenant changes or a Lease expires al-

lows a market level to periodically assessed. By implication a few landlords adding in the cost of Licence fees (as some will) at review will eventually push the market up. Maybe not by a lot or not immediately but up will be the only direction.

6) This requires the correct political will to provide adequate resourcing. Whether the States will do so under the current regime is very questionable. I have my doubts.

Finally the States should be reminded that this Island needs private rental accomodation, that most private Landlord are fair and reasonable and that the burden of any Licencing scheme and the raising of standards should be evenly apportioned over all Rental providers. Private landlords need to be encouraged not discouraged from entering the Market and any Legislation should also have this a a prime aim.

Yours Sincerely



JTBisson

**PETER AND JULIE BISSON**