

23.03.21

4 Deputy S.Y. Mézec of the Minister for Housing and Communities regarding his policy in relation to landlords (OQ.54/2023)

Following the States Assembly's rejection of a rent freeze in favour of asking landlords to refrain from increasing their rents, does the Minister regard this policy as having been a success?

Deputy D. Warr of St. Helier South (The Minister for Housing and Communities):

I thank the Deputy for his question. I do believe that most landlords did show restraint in rent increases. Many landlords will have voluntarily frozen rent increases as a result of this measure. Obviously one example just recently has been the delay of an increase of Jersey Homes Trust by 4 weeks at our request. Nevertheless, I do think that we need to review rent stabilisation and doing some work in that area. I would also say that next month we are publishing a White Paper that sets out how to achieve comprehensive legislative changes to the rental sector. The White Paper will highlight how legislation could cap rent increases as well as how frequently a rise should be implemented. The Deputy sent me a letter setting out some of his ideas and I will be inviting the Deputy to discuss his ideas with me so I can take them on board as part of the developing of these policies.

3.4.1 Deputy S.Y. Mézec:

I am very pleased to hear that rent control is very firmly back on the table where it ought to be. I asked the Minister if he regards the policy as having been a success, and he referred to one instance of a very significant rent increase of 9 per cent which, albeit, has been delayed by a month. Does he think that situation could have been handled better to prevent a 9 per cent rent increase being imposed on so many tenants? Is he aware of other instances either in social housing or the wider private sector where very difficult increases are being imposed on tenants who have no agency to oppose them during a cost-of-living crisis and does he regret the way that this has been handled up until this point?

Deputy D. Warr:

I thank the Deputy for his question. I think it has become very apparent from the discussions at last night's meeting was the issue around our social housing providers, that is outside of Andium Homes, and the lack of a definition. We must recognise that there is a law in place which caps rents at 80 per cent of private sector rent levels which is currently acknowledged; however, given the discussions that took place last night, I have to say my eyes were opened as to some of the - I am trying to think of the right word - excesses - maybe that is not quite the right word - my impression of what a social housing provider's commitment should be and what they deliver. There is some gap. That is why I think it is very healthy that we are bringing in a White Paper, why we are looking to update the Residential Tenancy Law by the end of this year, and why we will be engaging with this Assembly.

3.4.2 Deputy R.J. Ward:

Can I ask the Minister what his view is of the reasons for constant rental increases? There seems to be a yearly habit, and it seems to be taken as necessary, when there was nothing being provided other than the home. So does he agree that perhaps we should look at freezing rents and stopping increases for a time in order that people can catch up a little in terms of their incomes?

Deputy D. Warr:

I thank the Deputy for his question. It sounds very plausible and very reasonable; what we have to say is there are 2 sides to that coin. There is the cost of the landlord in maintaining property, as well as obviously the tenant having to make some contribution towards that cost. My concern with rent freezing, as has been seen in other jurisdictions, is that the quality of accommodation falls because properties are not kept up to date because landlords can no longer afford to maintain properties, so this is why. Obviously we are currently living in a high-inflation time and so those increases appear to be greater now than they have been in the past.

3.4.3 Deputy R.J. Ward:

It was clear from last night that many of these so-called repairs and upkeeps are not being undertaken. Would the Minister look into a system whereby when these are not undertaken then there is a freeze in rent because it is clear that that is not the reason for increases in rents. The reason for increases in rent is simply because many people can increase their rents and make more.

Deputy D. Warr:

I thank the Deputy for his comments. My colleague here is going to be bringing in some legislation which is going to be - I would just like him to clarify for me the exact title of the piece of legislation, Licensing and Private Rental; I do not want to get that wrong in this Assembly - which will endeavour to make sure that we do monitor the standard of accommodation. I appreciate that last night, as I said to you before, was an eye opener. It highlights that outside of Andium, where we do not have control in the social housing sector, there appear to be things going on which we were not aware of, or I was certainly not aware of, which is why it is so important that the White Paper which is coming up for discussion - I am also looking to have an in-committee debate within the Assembly as well - is such an important bit of legislation coming forward and bringing the Residential Tenancy Law up to date and fit for purpose.

3.4.4 Deputy G.P. Southern:

What evidence does the Minister have for any restraint on rises in the private sector of the rental market?

Deputy D. Warr:

I thank the Deputy for his question. Can I come back to you on that one when I have some more information for you and I will answer your question directly?

The Bailiff:

“Can I come back to the Deputy on that matter.”

Deputy D. Warr:

Deputy, sorry. I will come back to the Deputy.

Deputy G.P. Southern:

Can he come back to that today or some other time? Because the question is about evidence now. I think he said ...

The Bailiff:

Deputy, there should not be an exchange. The question related the Deputy to evidence. If you have available evidence now the answer is obviously available evidence. If you do not have it now the answer is: "I do not have it now", presumably, "and I will come back to you with it." Or come back to the Deputy with it, I should say.

Deputy D. Warr:

I will come back to the Deputy later.

3.4.5 Deputy C.S. Alves of St. Helier Central:

Following on from Deputy Southern's question there, I can inform the Minister that just in the last week I have received and seen with my own eyes somebody who has been given a 12.7 per cent rent increase in the private sector by an estate agent obviously following the R.P.I. (retail price index) figures. Now, obviously this person is not getting a 12.7 per cent increase in their wages, so what advice would the Minister give for somebody facing something like this who will probably have to look at moving or other sources of funding to fund this massive increase in rent?

Deputy D. Warr:

I thank the Deputy for her question. I would suggest that that individual gets in touch with us directly, in touch with me directly, and we establish whether there is any support that can be given to this individual. Please can you request this particular individual to get in touch with me directly?

The Bailiff:

"Please could the Deputy."

3.4.6 Deputy C.S. Alves:

Obviously this individual I have been able to advise and they would not fall under any kind of support from the Government due to their earnings. However, this is obviously being driven by the R.P.I. increases which estate agents seem to follow and build into contracts. So, what discussions, if any, is the Minister having with estate agents to maybe deter them from putting these increases in place, especially given that the R.P.I. figures are way above where they would normally be?

Deputy D. Warr:

I thank the Deputy for her question. I am not currently in discussion with any estate agents. Obviously it is a private sector market, they determine the increases that they are going to apply, and I do not think the Government could step in in those situations. But I just come back to the Deputy and say, please, we are always interested where extremes occur, or appear to be occurring, and I would very much like to hear the evidence of that because clearly this kind of activity will help us inform the law and get us a better law at the end of the day, which is what I think this Assembly wants.

Deputy S.Y. Mézec:

Am I not offered a final supplementary?

The Bailiff:

I beg your pardon. You are quite right, yes. Deputy Mézec, a final supplementary.

3.4.7 Deputy S.Y. Mézec:

It sounds like from the Minister's answers that we are slowly, slowly, slowly getting there, so will the Minister take the opportunity, having heard from some of the examples like what Deputy Alves has just put to him, to say that it would be an appropriate measure to pass law that places a cap on how much rents can be increased in the private sector when there is no justification for rents going up to protect tenants from predatory behaviours when they are stuck in homes that they cannot leave and have no choice but to cough up when there is not support available for them through the income support system?

Deputy D. Warr:

I thank the Deputy for his question. I am afraid the answer is no, I am not going to step into the private sector and tell them what rents to charge.

[11:15]

This is why as a strategy we are, as a Government, building significant numbers of homes at the moment, despite some of the recent Planning Committee decisions, and that is about trying to get more homes out there to give more choice. I think by giving more choice, individuals will be able to get better offers and find themselves in better situations but, as I say, I am not about to go around capping private sector landlords.