

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

Submission: Columbia Group

Dated: 6 April 2025

1 Executive Summary

The Draft Law seeks greater security of tenure and rent stability, yet in its present form it risks repeating outcomes seen elsewhere where strict rent caps, open-ended tenancies and heavier fiscal loads led to falling supply and faster rent growth for movers.

We invite the Panel to reconsider three pillars of the Bill:

- a. **Hard rent rise cap** — RPI subject to an absolute ceiling of **5 per cent** [Draft Law §8](#) , a level already below the March 2024 Jersey RPI of 5.7 per cent [Statistics Jersey](#) and well under recent construction cost and financing inflation.
- b. **Prohibition on consecutive fixed terms** — after one fixed term all tenancies become periodic, removing the chief tool lenders and accidental landlords use to manage vacancy risk.
- c. **Procedural asymmetry in the Rent Tribunal** — Ireland, even after reform, still takes **16 weeks** on average to determine a case [RTB end-year update 2024](#) ; similar timelines would challenge Jersey’s smaller bench.

These regulatory shocks land on top of a fiscal stack unique to property: rental profits face **20 per cent income tax** while most corporate sectors pay 0 per cent, and every buy-to-let or second home pays the **higher-rate Land Transaction Tax supplement of +3 percentage points**, proposed to rise to **+5 pp from January 2026** [Government LTT rates](#) ; [Proposition P.16/2025](#) .

Cross-jurisdiction evidence shows that tight rent controls suppress supply and push costs on to new entrants:

Jurisdiction	Intervention	Observable outcome	Source
Ireland	Rent pressure zones, 2 per cent cap, eviction moratorium	Listings fell to 1,096 homes nationwide on 1 Feb 2023, under 30 per cent of the 2015-19 average	Irish Times
England and Wales	Section 24 finance-cost disallowance; forthcoming	18 per cent of homes for sale in 2024 were ex-rentals	Rightmove

Jurisdiction	Intervention	Observable outcome	Source
	EPC-C mandate; end of section 21 proposed	31 per cent of landlords plan to shrink portfolios	EPLS 2024
Scotland	Temporary 3 per cent rent cap (2023-24)	Private rented households down 6 per cent 2019-22; new-let rents up 11.6 per cent, fastest in UK despite the cap	Zoopla Q1 2024

2 About Columbia Group

- Jersey-headquartered developer, constructor and investor delivering **300 – 400 dwellings per year** (2021-24).
- Manages residential assets through subsidiary Columbia Estates.
- Employs over 150 staff and apprentices across Jersey, the UK, Ireland and Portugal.

3 Comparative Market Evidence

The empirical trend is clear: strict rent caps curb supply, shift costs to movers and ultimately accelerate rent growth for new tenancies.

4 Compatibility with the European Convention on Human Rights

4.1 Legal Framework

The Human Rights (Jersey) Law 2000 requires primary legislation to comply with the European Convention. Article 1 of Protocol 1 safeguards peaceful enjoyment of possessions; disproportionate or unpredictable rent control may breach this right. *James v UK* (1986) affirmed the principle but demanded proportionality and predictability.

4.2 Interference by the Draft Law

- **Rent rise cap** — A permanent ceiling below market returns, with no sunset or link to financing costs, restricts landlords' income.

- **Abolition of successive fixed terms** — Compels indefinite occupation absent fault, altering existing contracts and inhibiting realisation of capital.

4.3 Proportionality Assessment

Limb	Test	Draft Law position
Legitimate aim	Housing stability and affordability	Accepted
Rational connection	Will the measures achieve the aim?	Overseas data show the opposite: controls shrink supply and raise open-market rents
Necessity	Are less intrusive means available?	Index-linked caps, targeted tax credits and supply-side incentives are available
Fair balance	Excessive individual burden?	5 per cent cap plus 20 per cent income tax and 3 pp (rising to 5 pp) LTT supplement tilts the balance

5 Responses to the Panel's Specific Questions

Q1 – Is the Draft Law fit for purpose?

No. Experience in Ireland and Scotland shows supply falls and rents for movers rise, defeating affordability goals.

Q2 – Do the rent cap and end of fixed terms improve arrangements?

Short-term benefit for sitting tenants, but long-term harm for future renters through reduced investment and higher entry rents.

Q3 – Unintended consequences

- **Capital flight** — Columbia has halted UK acquisitions and decided against scaling up of its Irish rental portfolio; Jersey exposure will follow if unamended.
- **Quality stagnation** — Government modelling puts the average cost of upgrading to EPC C at **£4,700 per dwelling** [UK consultation](#) ; below-cost rent caps erode that case.
- **Tribunal backlog** — Ireland's reformed system still averages 16 weeks; without a service-level agreement Jersey could take longer.

Q4 – Alignment with Government Plan / CSP

Constricting supply conflicts with the Cost of Living priority by pushing up market rents.

Q5 – Impact of longer notice periods

Vacant-possession risk raises borrowing costs; lenders typically insist on notice periods no longer than three months.

Q6 – Adequacy of notice-ground exceptions

Add redevelopment, safety works or owner occupation following charitable bequest to avoid stranding capital.

Q7-10 – Rent Tribunal remit, access, resources and appeals

Introduce a permission-to-appeal filter and a 12-week statutory deadline to avoid procedural expropriation.

Q11 – Time-lag in rent data

One-year-old data in the cap formula depress allowable rents during cost spikes; recommend quarterly licence reporting.

Q12 – Communication

Guidance must set out economic-impact modelling so that stakeholders understand supply-side risks.

Q13 – Proportionality of offences and penalties

£10 k fines, 20 per cent tax and the higher-rate LTT supplement together risk failing the Article 1 Protocol 1 fair-balance test.

6 Recommendations

1. **Replace the 5 per cent hard cap with CPI + 2 per cent**, subject to a 3 – 9 per cent collar and annual review by Ministerial Order.
2. **Permit one additional fixed term** of up to three years where disclosed to tenant and lender.
3. **Automatic market-stability trigger** — suspend the cap if licensed PRS units fall more than 3 per cent year on year or advertised supply drops below available accommodation threshold.
4. **Ring-fenced Tribunal budget and 12-week SLA**, funded by a licence-fee split between landlords and tenants.
5. **50 per cent tax credit** against qualifying capital-improvement spend for landlords retaining units five years.

6. **Ex-ante Regulatory Impact Assessment** and sunset review two years after assent.
-

7 Conclusion

Columbia Group does not oppose fair treatment for tenants, indeed, we actively spearheaded hardship tenant protections during the Covid-19 lockdown period and worked with our most vulnerable commercial and residential tenants to ensure that they felt protected during the peak of uncertainty. Cross-jurisdiction evidence and Convention jurisprudence, however, show that rigid caps, open-ended tenancies and rising fiscal burdens can harm those they intend to protect by driving out supply. The Panel can refine the draft law amendment to secure both tenant protection and the property rights recognised by Article 1, Protocol 1.

We stand ready to give oral evidence to assist the Panel.

8 Bibliography / Evidence Pack

- [Draft Residential Tenancy \(Jersey\) Amendment Law 202-](#)
- [Government of Jersey – Land Transaction Tax rates](#)
- [Proposition P.16/2025 – Increase to higher-rate LTT](#)
- [Statistics Jersey – Retail Prices Index March 2024](#)
- [RTB Director’s End-of-Year Update 2024](#)
- [Irish Times – 1,096 homes available to rent \(13 Feb 2023\)](#)
- [Rightmove – Record number of former rentals for sale \(2024\)](#)
- [English Private Landlord Survey 2024](#)
- [Zoopla UK Rental Market Report Q1 2024](#)
- [UK Government consultation – EPC upgrade costs](#)

David Kennedy / Group CEO