### Minister for Housing



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Deputy Hilary Jeune, Chair, Environment, Housing & Infrastructure Scrutiny Panel

6 June 2025

Dear Chair,

## Re: Written submissions for the Panel's review of the Draft Residential Tenancy Amendment Law 202-

Firstly, I would like to thank the Panel for its efforts to undertake a full and proper scrutiny assessment of my proposed <u>Draft Residential Tenancy Amendment Law 202-</u> (the "Draft Amendment Law"), which has included engagement with both tenants and landlords. I believe it essential that the scrutiny process functions to inspire confidence in the quality of States Assembly decision-making.

I have paid close attention to submissions made to the Panel, keeping an open mind to adjust or make refinements to the Draft Amendment Law, where I believe it to be justified. As a result of this, I am pleased to confirm that I intend to soon make some small amendments to the draft legislation, arising directly from some of the submissions received. These amendments will relate to eligibility to become a member of the Rent Tribunal, and some minor editorial changes.

Whilst I am grateful for those who have taken the time to make carefully considered submissions, I equally have some concern about the number of submissions which appear to misrepresent my proposals, evidently not informed by any proper reading of the material that has been made available to support this.

Appreciating that draft legislative proposals are not always easy to understand, the Panel will be aware that I published a <u>Guide to the Draft Residential Tenancy (Jersey) Amendment Law</u> <u>202-</u> (the "Draft Amendment Law Guide") when the Draft Amendment Law was lodged. Notwithstanding this document clearly setting out my proposals and how they will affect a landlord or tenant, I believe there is need for me to clarify some of the common misunderstandings that have arisen during your consultation.

The following statements in bold and italics summarise common themes:

#### The proposed changes do not apply to lodging houses and staff-accommodation.

The Draft Amendment Law continues to apply to self-contained accommodation. This
means the accommodation must comprise a shower or bath, a washbasin, a kitchen,
a sleeping space and a lavatory for the exclusive use of the occupants. If lodging or
staff accommodation is self-contained and the residential tenancy agreement currently
falls under the existing <u>Residential Tenancy (Jersey) Law 2011</u> (the "2011 Law"), then
the changes will apply. See 'How this Draft Amendment Law applies' section on page
6 of the Draft Amendment Law Guide.



#### Fixed-term tenancies will be abolished.

• It will still be possible to enter into fixed-term agreements which can be up to 3 years in length. However, consecutive fixed terms will not be possible. Instead, when an initial fixed term comes to an end, the parties must decide to either end the agreement or for the agreement to roll into a periodic tenancy. See 'Tenancy types' section on page 6 of the Draft Amendment Law Guide.

## Landlords will not be able to regain possession of their property during a periodic tenancy.

• Landlords will be able to regain possession of their properties during both the initial fixed term and periodic tenancies. See Table 1 – reasons a landlord could end a tenancy, page 4 of the Draft Amendment Law Guide.

#### Tenants only need to give 1 months' notice whilst landlords need to give 3- or 6months' notice.

- In terms of giving notice, the 2011 Law provides that for periodic tenancies, landlords can give 3 months' notice without a reason and tenants can give 1 months' notice without a reason<sup>1</sup>. This Draft Amendment Law generally retains this rule, in terms of the duration, and applies it to initial terms also (subject to the term coming to an end or a break being issued). The policy objective here was to maintain what was already in statute, noting that tenants often need more flexibility to leave an agreement with shorter notice to secure new accommodation. See 'Tenancy Types' section on page 6 of the Draft Amendment Law Guide.
- If a landlord needs to give notice for specific reasons (such as moving in or intending to sell), for periodic tenancies only, 6 months' notice must be given to longstanding tenants (of 5 years or more). Otherwise, the standard 3 months' notice applies. But landlords will have the benefit of being able to serve shorter periods of notice, regardless of tenancy type, if they were to need their property back in unexpected circumstances or if they were dealing with a 'bad' tenant. These shorter notice periods range from 7 days to 1 month. See Table 1 reasons a landlord could end a tenancy, page 4 of the Draft Amendment Law Guide.

#### There is no such thing as a "revenge eviction".

- Under the existing 2011 Law, landlords can repossess their properties from tenants without having to establish fault on the part of the tenant or offer a reason for doing so, i.e., giving 'no fault notice'. This freedom of action creates the permissive conditions that enable so-called 'revenge evictions', where a landlord serves notice on a tenant who might have, for example, asked for repairs or complained about bad housing conditions<sup>2</sup>.
- This undermines tenants' security of tenure and can significantly impact their mental health and wellbeing, which the Draft Amendment Law seeks to allay by setting out specific and justifiable reasons for ending a tenancy. See 'New residential tenancy agreement', page 8 of the Draft Amendment Law.

<sup>&</sup>lt;sup>1</sup> See <u>Residential Tenancy (Jersey) Law 2011</u> Articles 6 and 7.

<sup>&</sup>lt;sup>2</sup> Improving Residential Tenancies in Jersey, Residential Tenancy Law Reform proposals.pdf p.30



#### The proposals introduce a 5% hard cap on rent increases.

- The statutory rent increase limit of RPI capped at 5% is not an absolute ceiling. Rents between tenancies are not affected. Within tenancies, rents will generally be subject to the statutory rent increase limit, but landlords can raise rents above this limit if they explain to their tenants that the rent has fallen significantly below market value, or they have improved the property to the tenant's benefit. At this point tenants can choose if they wish to contest a rent increase at the independent Rent Tribunal, which would allow the Tribunal to decide if the landlord's proposal is lawful. Whilst the Rent Tribunal might, for example, require a landlord to increase the rent by no more than the statutory limit it could not set the rent increase at less than this limit.
- During rare periods of high inflation, the States Assembly may choose to activate the regulation-making power to amend the 5% cap. Additionally, during periods of high inflation, it is possible that market rates would increase, which in turn would allow landlords to justify increasing rents above the cap if the rent level had fallen significantly below market value.
- See 'Rent increases' section on page 9 of the Draft Amendment Law Guide.

## Landlords' costs are increasing in other areas, therefore rent increases should not be limited.

- Whilst it is noted that landlords' costs may increase in other areas (e.g., cost of materials, labour, mortgage interest rates etc.), it is not necessarily appropriate that all landlord costs should be passed on to a tenant. For example, liability to changes in mortgage interest rates is a risk that should be the exclusive responsibility of the landlord and not the tenant.
- The Draft Amendment Law provides two reasonable statutory exceptions that allow landlords to recoup outlay on beneficial investment or protects them from losing out from significant changes in the market rent.

#### The proposed changes criminalise good landlords with excessive fines.

- No law criminalises those who comply with it. The Draft Amendment Law aims to set the minimum standard.
- As with offences in all laws, the new offences and penalties proposed in addition to the ones already set out in the existing 2011 Law – are put forward to act as a disincentive for non-compliance or malpractice. These offences have been reviewed by the Attorney General.

# *If the proposed changes are passed, landlords will sell up and tenants will be worse off as a result – evidenced by unintended consequences of other jurisdictions (such as Scotland) introducing similar reforms.*

- Officers have reviewed the modernisation of residential tenancy legislation in other jurisdictions – including those in Scotland and the Renters Rights Bill which is soon to be enacted in England. The risks around unintended consequences have been heeded, and therefore a more measured approach has been taken which carefully balances the rights of tenants and landlords and does not imitate other jurisdictions but rather puts forward solutions that meet the unique needs of Jersey's rental market.
- It is noted, however, that whilst the number of properties on the Scottish Landlord Register decreased from 361,884 in January 2017 to 341,505 properties in March 2020



(a 6% decrease), the number of properties has since increased 3% to 350,703 as of April 2025.<sup>3</sup> Given temporary restrictions on rent increases began in 2022, this suggests that landlords did not exit the market when rent stabilisation measures were introduced, despite the measures introduced in Scotland being more restrictive than those proposed in the Draft Amendment Law<sup>4</sup>.

- Before the Rented Dwellings Licensing Scheme (the "licensing scheme") was introduced, there were similar calls that landlords would sell up as a result. However, since its introduction, the licensing scheme has registered over 18,000 dwellings, which aligns with assumptions about the size of the rental sector based on the 2021 census. There has clearly been no mass exodus.
- The proposals are designed to mitigate any potential 'shocks' on the rental market, with transitional provisions that allow for a natural phasing into the Draft Amendment Law, assurance that landlords can obtain vacant possession when they need to, and exceptions to the rent stabilisation limit to allow rents to be raised to market value or to reflect improvements to the tenant's benefit to discourage disinvestment in the rental sector.

#### There is no data to support the proposed changes.

- Opponents of this package of measures to update and improve the Residential Tenancy Law assert that there is no data to justify changes and therefore, in the absence of data, no change can be possible.
- As an example, this line of reasoning has been applied to the rent stabilisation measures, often from respondents who believe there should be no intervention in the rental market regardless of the circumstances.
- But the rent stabilisation proposals have not been put forward without good reason. As far back as 2021, the Housing Policy Development Board Final Report (R.63/2021) recommended the introduction of rent stabilisation measures in legislation together with a body able to regulate rent increases. Anecdotally, for years, we have all been hearing from Islanders that rising rents are a big problem. And there is data to support this in my report accompanying the Draft Amendment Law (see under Rent Stabilisation, pages 10-11), I cite reports and surveys<sup>5</sup> to show that rents in Jersey have been rising faster than earnings and that tenants are worried by high and unjustified rent hikes. I have shared a paper with the Panel which I hope inspires confidence that I have undertaken a thorough process, including the evaluation of data, to arrive at the proposed rent stabilisation measures.

<sup>&</sup>lt;sup>3</sup> <u>FOI+202300373592+-+Information+Released+-+Data.xlsx</u> – 2013 to 2023 data (noting there was a data quality error that requires data from 2018 and 2019 to be omitted); <u>Housing statistics: Scottish Landlord Register data - gov.scot</u> for most recent data.

<sup>&</sup>lt;sup>4</sup> Between 6 September 2022 and 31 March 2024, the emergency cap was first set at 0% and then 3%. From April 1 2024, the rent adjudication mechanism was modified until 31 March 2025 to transition out of the rent cap and protect tenants from rent increases hikes if there was a sudden move to open market rent. If market rent was 6% or less above current rent, the landlord could increase to market rent. If the gap is more than 6%, rent can be increased to market rent, but only to a maximum of 12% of the existing rent. <u>Rent Control - Rented sector reform:</u> Housing (Scotland) Bill: business and regulatory impact assessment - gov.scot provides some further information on the business and regulatory impact assessment of the Housing (Scotland) Bill.

<sup>&</sup>lt;sup>5</sup> Housing Market Review (2024), Findings Report (2023), JOLS 2024



• In summary, there is justification to take action to stabilise rents, and I contend that my measures deliver on this objective proportionately.

The Jersey Landlords Association (JLA) made a lengthy submission to the Panel, largely comprised of points opposing the Draft Amendment Law. The JLA likely represent a relatively small proportion of total landlords in Jersey and its membership is likely to be comprised of those who hold strong views about the rental sector and/or have portfolio interests. This may mean that the views expressed by this membership do not align neatly with the views of most landlords on the Island who are not affiliated with the JLA.

I am conscious that there is no equivalent body to represent tenants' interests in Jersey. I am supportive of the Panel's decision to gauge tenants' views through surveys in both English and Portuguese, to which I understand there has been a good response rate.

Finally, I would like to take the opportunity to assure the Panel that I recognise the significance of good and clear communication with Islanders regarding this Draft Amendment Law. You'll appreciate I have made no secret of my intentions and made adequate material available to support Islanders in their understanding of my draft proposals, consciously supported by your own consultation. I intend to invest considerably in preparations for a transition to the Draft Amendment Law, should it be adopted, and after any States Assembly amendments have been determined. Clear and consistent messaging will be key, which I intend to supplement with additional tools such as updated model tenancy agreements and topic-specific guidance.

Yours sincerely,

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