

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

**Submission: Anon 11**

**Dated: 27 April 2025**

I write to submit my views on the proposed residential law.

As a note, your website; Having a survey for tenants, which is obvious to find and then an email submission for landlords which is much less obvious, is not a balanced approach and will lead to less landlord views due to this visual discrimination of choice of section.

Firstly, it must be understood that properties are let for many reasons, but the majority are let for financial profit.

I understand that profit is not a liked term in the States Assembly, but it is a fact that businesses and investors require profit. In the most basic terms, letting properties is to generate a return on an investment and that is a pure and simple fact.

If the States make or create an environment that does not allow for a return on a rental investment, most investors will simply invest in something with a better and easier return.

The rental income generated by properties is still acceptable if not marginal when viewed without the expenses required for a rental (noting that rents have fallen in price over recent years). But unfortunately the cost of letting, particularly when a property becomes vacant and is re-let, is very expensive. Also from my experience the majority of tenants want short term tenancies. Therefore with a higher frequency of turnovers and the expense of re-letting has become disproportionate.

Therefore when you factor in a short-term tenancy set against the cost of turning around a property to re-let at the end of a lease, the return on the property investment is poor.

At the end of and/or at the beginning of a tenancy a landlord needs to have an electrical test and gas test ensuring that the property meets the ever-changing requirements together with a check-in and check-out survey and letting agents fees, not to mention the upcoming energy audit. These expenses need to be considered together with property insurance, general repairs and the fact that the income is taxed. Also the cost of non-occupancy has to be factored in as the property will be empty for a least a month at the changeover. Yet another factor is that most tenants do not look after properties and there are always costs associated with repairs due to damage. One might say that the deposit would cover these costs but unfortunately the Jersey Deposit Scheme is tenant biased, and the landlord very rarely gets back the full cost. Also any money that is returned through the JDS is taxed.

So in short, the costs of letting and the return is not great, and this is if things go well and the tenant pays their rent.

So for simple maths.

3-bedroom semidetached house with one bathroom and garage market price =  
£650,000.00

Rent monthly = £2,250

Lease 2 years or 24 months if you are lucky.

2 months not occupied for turnaround = £4500

One month agent fees per year = £2250

For surveys, gas, electric, repairs say = £2500

Annual income less expenses = £22,375

Less tax at say 15% = c £19,020

Therefore the Return = 2.92 %

One could factor in capital appreciation, but current house prices are flat or falling.

Therefore inflation could be added but in truth it would not affect the return by much

So...one should understand that there are investments in the marketplace where one can obtain 5 to 6% returns for doing no work at all and that many of these investments do not attract tax.

So the long and short of it is, that unless the Government of Jersey makes the rental market viable for investors, the investors will simply invest elsewhere. This will create a gap in the market which will need to be met by someone else, which would be, in a small community such as Jersey, the Government or a government quango.

So the current proposals to the residential law in my opinion will only add more expense which will make a marginal business not worth doing. I believe the proposed law will lead to problems that cannot be met by the public sector and will add to the housing problems.