

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

**Submission: Bull & Company**

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### **Draft Residential Tenancy (Jersey) Amendment Law**

Thank you for giving me the opportunity to comment on the Draft Law.

May I preface my comments by pointing out that this is one more law on top of Fire Certification, Environmental Health, deposit protection, residential dwelling licensing and so on which significantly change the risk and cost of leasing out property in the private sector. If one has some money to invest, the safest place is probably on deposit in a clearing bank, which also generally speaking gives the lowest return. To improve the return the money can be invested in an investment bank, bond market or the stock market, each of which offers higher yields but with higher risks. What is happening in the local property market follows the same investment pattern so increasing the risk to the landlord leads directly to higher rents. Because residential property is not seen to be the secure investment it once was, many investors may leave the sector because they can match the return in another form of investment that carries no more risk and if the number of dwelling units in the private rental sector diminishes then the Law of Supply and Demand tells us that rents will rise.

The basis of a good residential investment is to find a satisfactory tenant and keep him for as long as possible. A void between tenants is lost money and a change of tenant invariably means expenditure to bring the property up to a level to meet the expectation of an incoming tenant. Evicting tenants without a very good reason is financial nonsense. Sadly, a tenant who is evicted for having built up large arrears of rent, say, paints themselves to a third party as a model tenant and seems to forget the true reason for their eviction. We have never met anyone who was subject of a “revenge eviction” although we have heard of a “friend’s brother-in-law whose aunt was told by her hairdresser that another customer’s friend.....” and so on.

I am not sure the change from leases to periodic tenancies achieves much. Tenants seem to like the certainty of a fixed term lease and we often see tenants buying a new sofa or kitchen “white goods” or whatever as soon as a new lease is signed because of the security they feel.

When the Rent Control Tribunal ceased being used, the then President of the Housing Committee asked the simple question “has the existence of the Rent Control Tribunal added one single unit of accommodation to the Island’s total?” Evidence at the time pointed in the opposite direction suggesting the Tribunal had contributed to a reduction in available private sector flats and houses. I suspect history will repeat itself.

The proposal to “cap” rent increases at 5% will only work if the Minister can apply a similar cap to insurance premiums, Jersey Electricity plc price rises, building

material price hikes, the cost of scaffolding and the hourly charge out rates of all tradespeople. If he cannot do this then it is totally unacceptable and grossly unreasonable to penalise landlords in this way.

I think this Draft misses the point about insurance. Basically, you cannot insure the property of a third party so the landlord cannot insure his tenant's armchair. If a tenant's washing machine leaks and floods the flat below, this is not the landlord's fault. The consequence could easily be that the two flats involved are uninhabitable with water damage to the electrical systems apart from anything else. It may be that a housing provider as large as Andium has vacant flats to rehouse tenants in this situation but this will not be true of the average investor in the private rental sector. If the tenants have contents cover then the insurers will cover alternative accommodation and argue amongst themselves over liability so that the tenants will be compensated for lost or damaged belongings. If the building insurer is satisfied that the cause of the loss is accidental, the landlord's 'loss of rent' clause is triggered and of course the tenant's rent paid in advance can be refunded to a similar amount. In our leases we require tenants to have contents cover and ask to see proof that the cover is in place. All too often we see the certificate of insurance but when some subsequent incident occurs it transpires the tenant has then gone straight around to the insurance broker, cancelled the policy and obtained a refund of premium. Tenants are not always the angels the Housing Minister would like us to believe!

Much of the rest of the Draft relates to things already done by responsible landlords such as transparency over repairs, charges, fees, etc., and I have no issue with these.

I do question, though, whether the housing market is actually 'broken' and in need of this Law or whether it is just broken in the Housing Minister's imagination. Parts of the present Law should be clarified and "tightened up" but wholesale replacement seems extreme. It is a fact, though, if you ask tenants for their experiences in the letting market you will hear from those with a grievance whilst the vast majority of tenants stay silent.