

27th April 2025

To Environment, Housing and Infrastructure Scrutiny Panel,

Re: Consultation Response – Proposed Amendments to Residential Tenancy Law

Thank you for the opportunity to provide feedback on the proposed Draft Residential Tenancy (Jersey) Amendment Law 202-. We write to express our views on the outlined Terms of Reference and specific elements of the draft legislation, with reference to Propertymark's 2023 report *"Rent Controls Distort the Market and Lead to Discrimination."*

1. Whether the proposed law is fit for purpose

While the intent behind the legislation—improving security and affordability for tenants—is commendable, the proposed law requires more careful consideration to avoid counterproductive outcomes. As highlighted by Propertymark, blanket rent controls often fail to deliver intended benefits and instead reduce rental supply, stifle investment, and limit tenant choice. Any new law must strike a delicate balance between protecting tenants and maintaining a viable, professional rental market.

2. Capping rent increases and removal of fixed-term tenancies

Capping rent increases in principle offers predictability for tenants, yet without a robust mechanism that ties rent caps to market indicators (such as CPI or average wage growth), there is a real risk of distorting natural market function. As Propertymark warns, such controls may discourage landlords from maintaining or entering the market, particularly if the return on investment becomes uncertain or uncompetitive.

Rent control measures, while intended to alleviate housing affordability issues, often lead to adverse outcomes that counteract their objectives. The Institute of Economic Affairs' comprehensive analysis of 196 studies across nearly 100 countries reveals that rent controls can result in reduced housing supply, diminished construction activity, and lower housing quality. These controls may also lead to increased rents in uncontrolled sectors and decreased tenant mobility.

The report, produced by the Institute of Economic Affairs, acknowledges that the implementation of rent controls can protect existing tenants from sudden rent hikes. However, it also highlights that such policies often lead to unintended consequences, including housing shortages and increased discrimination against prospective tenants.

For instance, landlords may become more selective, favouring tenants who appear less risky, which can disadvantage vulnerable groups.

Propertymark's review echoes these concerns, emphasizing that rent controls can distort the rental market and lead to discrimination. They argue that such measures may discourage investment in the rental sector, leading to a decline in the availability and quality of rental housing. This, in turn, can exacerbate the very issues rent controls aim to address.

In light of these findings, policymakers must consider alternative approaches that address housing affordability without the negative side effects associated with rent controls. Strategies such as increasing housing supply, offering targeted subsidies, and implementing measures to encourage responsible landlord behaviour may prove more effective in creating a fair and functional rental market.

Moreover, the removal of fixed-term tenancies after an initial period may undermine clarity for both parties. While more security for tenants is desirable, this change could diminish landlords' confidence in their ability to plan, especially in cases where tenancies are linked to personal or business cycles.

3. Unintended consequences of the amendments

Several unintended consequences are foreseeable. First, as Propertymark outlines, rent controls frequently lead to a two-tiered market where new tenants bear higher rents, while sitting tenants benefit from artificial suppression. This often results in landlords becoming selective in tenant choice, leading to discrimination and reduced access for those with lower incomes or non-traditional employment.

Second, landlords may respond to capped income by cutting maintenance budgets or exiting the sector altogether, compounding existing supply shortages and reducing housing standards.

4. Alignment with Government Plan strategic priorities

While the Government Plan and the Common Strategic Policy (2024–2026) commit to addressing housing affordability and tenant security, it is vital that any policy is based on sound economic evidence and does not unintentionally reduce rental stock. An effective housing strategy must support both tenants and landlords, encouraging responsible investment while ensuring fair and transparent regulation. If the unintended consequences noted above materialise, the proposed law may diverge from these stated priorities.

5. Impact on landlords' notice rights and list of exceptions

Limiting a landlord's ability to serve notice significantly affects property rights and risk management. The narrowing of exceptions must be evaluated carefully. Excluding

legitimate grounds such as a landlord needing to house a family member, or carry out substantial refurbishment, may deter participation in the rental market. This could particularly impact smaller landlords who rely on flexibility to adapt to personal or economic changes.

6. Rent Tribunal scope, consistency, and resources

The proposed Rent Tribunal can play a constructive role, provided its remit is clearly defined and underpinned by transparent, evidence-based decision-making.

Consistency will depend on clear, published guidelines for assessing rent levels and tenancy disputes. However, as Propertymark notes, the success of any tribunal model depends heavily on resourcing and operational independence. Without appropriate funding, training, and support mechanisms (especially for tenants unfamiliar with legal procedures), the Tribunal may fail to provide timely or fair resolutions.

Additionally, the appeals process must be streamlined to avoid protracted uncertainty, and legal aid or tenant advisory services should be expanded to ensure equitable access to justice.

7. Delays in rent data affecting tribunal decisions

The time lag in collecting “actual rents charged” presents a significant challenge to ensuring accurate tribunal outcomes. Market rents fluctuate, and relying on outdated data risks unfair judgments and inconsistencies. A possible solution could be a live rent reporting register, allowing real-time insights into current market trends.

8. Communication of changes

The proposed changes must be clearly and widely communicated. Tenants and landlords alike must understand their rights, obligations, and the practical implications of the reforms. Misunderstandings could result in accidental non-compliance or exploitation. Information campaigns should be multi-lingual, accessible, and promoted through community groups, property professionals, and social media channels.

9. Offences and penalties

Penalties must be proportionate and allow for rectification where errors are made in good faith. Overly punitive measures may push smaller landlords out of the market, consolidating control among larger corporate entities and further reducing rental options. Penalties should be tiered and apply equally to all parties—landlords and tenants—who fail to comply with legal obligations.

10. Professional Property Managers View

There are an estimated 2.66 million landlords in the UK, the vast majority of whom are individuals owning just one or two properties. Notably, around 45% are classified as “accidental landlords”—those who did not set out to become landlords but did so due

to personal or financial circumstances, such as inheriting a property or moving for work while retaining ownership of a previous home. These small-scale landlords often rely on rental income to supplement retirement savings or support their own households.

However, the profitability of renting out property is frequently overstated. Average rental yields in the UK range from 3.5% to 5%, but once mortgage payments, property maintenance, insurance, letting agency fees, and tax obligations are deducted, many landlords report slim net profit margins—especially in areas with lower rents or higher property costs. The financial sustainability of letting property becomes even more fragile in this context.

If rent controls were introduced, as proposed in some regions, landlord associations warn that up to 45% of landlords might choose to exit the rental market entirely. Such a move would have far-reaching consequences, potentially leading to a significant drop in the number of available rental properties, further intensifying pressures in areas already struggling with housing supply shortages. This scenario could inadvertently reduce housing choice and drive-up rents in the uncontrolled sector, disproportionately affecting tenants in need of affordable housing.

We believe that instances of wrongful rents and poor property maintenance in Jersey are more commonly the result of private landlords who are not fully informed about their legal obligations, rather than properties managed by professional letting agents.

Managing agents are typically required to adhere to professional standards and codes of practice, which help ensure compliance with relevant housing laws. In contrast, many private landlords may unintentionally breach regulations due to a lack of awareness or guidance.

Rather than imposing rent caps, which risk distorting the market and reducing housing supply, the government should focus on legislative reforms that require landlords to register with redress schemes or mandate that rental properties be managed through licensed property agencies.

This approach is supported by Propertymark's ongoing advocacy, which emphasises the role of professional regulation in raising standards and protecting tenants. Additionally, a 2023 review by the UK's Department for Levelling Up, Housing and Communities noted that jurisdictions with landlord registration and licensing schemes tend to see better housing outcomes and higher compliance rates. By encouraging professionalism and accountability, Jersey can better safeguard tenant rights without undermining investment in the rental sector.

Conclusion

In summary, while the proposals aim to create a fairer rental sector, they risk undermining the very outcomes they seek if not implemented with precision and market understanding. As Propertymark's research shows, poorly calibrated rent control measures can lead to supply reduction, discrimination, and reduced property standards.

A collaborative approach that includes fair regulation, strong enforcement, and active support for both landlords and tenants will be key to achieving long-term sustainability in the rental market.

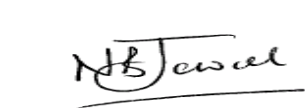
Thank you for considering these views.

Yours Sincerely,

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