

STATES OF JERSEY



MINI-BUDGET (P.80/2022): SECOND AMENDMENT (P.80/2022 AMD.(2)) – COMMENTS

**Presented to the States on 13th September 2022
by the Council of Ministers**

STATES GREFFE

COMMENTS

States members are strongly urged to reject this amendment.

- The amendment proposes very significant legal changes to be developed in a matter of weeks.
- Implementation of the amendment is likely to lead to significant disruption in the rental market which will have a negative impact on tenants.

Legal changes

There is no existing legislation in Jersey to provide for a general rent freeze. Likewise there is no existing legislation to provide for the transfer of fixed term tenancies to open-ended tenancies.

The Deputy's report refers to emergency legislation that was approved at the beginning of the Covid pandemic. This relied on the powers provided under the over-arching [Covid-19 \(Enabling Provisions\) \(Jersey\) Law 2020](#). This emergency law was introduced to allow the government to make rapid changes across many laws to support the public health actions required to control a pandemic. These covid powers are no longer available and the mini budget has been designed to provide a suite of measures that can be implemented quickly and within the existing legislative framework.

A law to provide for a rent freeze for two years would need to be very carefully written to allow for exceptions in a range of appropriate circumstances - for example, a rent review following the significant refurbishment of a property.

A law to convert all fixed term tenancies to open-ended tenancies would also need to allow for significant exemptions. For example, a property may be rented out for a one year period while a family member is away, and will need to be returned to the family member at the end of that time.

As the Deputy explains in his report, it is important to introduce these two measures at the same time. The covid emergency powers did not face this challenge because a ban on evictions was included with the rent freeze, to ensure that no-one was put in the position of needing to find new accommodation during a pandemic when commercial activities and freedom of movement was severely restricted.

The covid restrictions on rent were lifted after less than 6 months. Legislation to provide wider restrictions for 2 years would need very careful development which cannot be achieved in the proposed timetable.

Impact

The impact of a rent freeze and the inability to provide a fixed term tenancy is likely to have a significant negative impact on the availability of rental accommodation.

- some landlords may seek to raise rents in advance of the rent freeze, adding unnecessarily to normal market forces.
- some landlords may choose to sell their property rather than rent.
- some landlords may choose to exit the rental market completely.
- some tenants may find it difficult to find new accommodation, if the landlord does not have the option of giving them a short lease to cover an initial trial period.

There will also be negative impacts on landlords:

- Andium is the single largest landlord in Jersey. A rent freeze on Andium properties for two years will have a negative impact on Andium's income and will reduce the funds available to develop new affordable housing units to support local families.
- A considerable number of local pensioners own a single rental property which they rely on for income. An income freeze for 2 years may create hardship for these pensioners.

A blanket two year rent freeze is also likely to lead to a deterioration in the quality of rental accommodation, impacting both landlords and tenants. Properties are less likely to be maintained to a high standard and improvements are less likely to be initiated.

Government actions

Government actions are already underway to address all of the areas covered by the amendment.

Rent Control Tribunal

The Minister for Housing and Communities has put forward nominations to re-establish the Rent Control Tribunal under existing legislation. This Tribunal has not sat for many years yet it has existing powers to control rents that are out of line with the overall market. In addition to the four nominees identified in the recruitment process initiated prior to the recent general election, the Minister is also seeking a fifth member for the Tribunal. Subject to States approval of the nominations, the Tribunal will be up and running before the end of the year.

The current powers of the Tribunal need updating and the Tribunal members will be considering a modern approach to rent control issues as one of their first priorities.

Residential Tenancy Law

A move to provide greater security of tenure for tenants is included in the proposed changes to the Residential Tenancy Law. This work is already underway and will examine the role of open ended tenancies among a range of other improvements to the law.

Mini budget

As acknowledged by the Deputy in his report, Ministers are pleased that the Jersey Landlords Association has publicly encouraged landlords to exercise constraint at this difficult time.

For the reasons set out above, this voluntary and collaborative approach is the only route available to the government in respect of a short term response to address cost of living concerns.