

## **2.2 Senator F. du H. Le Gresley of the Minister for Housing regarding access to the Rent Control Tribunal:**

Further to my raising the matter of high rents charged in the private sector during the debate on 20th July 2010 on P.77/2010, and my subsequent exchange of emails with the Minister concerning the inability of many private sector tenants to use the Rent Control Tribunal due to restrictive clauses in their leases, could he advise what action, if any, he proposes to take to remedy this situation?

### **Deputy S. Power of St. Brelade (The Minister for Housing):**

I do acknowledge an exchange of emails between myself and the Senator at the end of July. There are some issues with a small number of landlords in the private rental sector, however I would point out to the Assembly that the Dwelling Houses (Rent Control) (Jersey) Law, which practises best tenancy agreement, has the important 6 points to underwrite the agreement between the landlord and the tenant and these are: a cap on rent increases to no more than the retail price index; a cap on the level of deposit to no more than the rental payment period; that no rent be payable if the premises are unfit for purpose or unfit; that premiums cannot be levied legally including as to services, including the sell-on of utility charges and as to notice periods, giving 6 months' notice in writing to longstanding tenants. However, as the Senator will know from his current career and his previous career, we do not live in an ideal world. We do not live in an ideal world and there are a number of small problems out there.

### **2.2.1 Senator F. du H. Le Gresley:**

The Minister has referred to cap on rents, no more than R.P.I. (Retail Price Index). Could I ask him if he is concerned that average rents in the private sector increased by 24.6 per cent during the 3-year period January 2007 to December 2009 while rents in the public sector increased by 8.7 per cent, and during that same period the R.P.I. only increased by 7.44 per cent? If he is concerned, what does he propose to do to help private tenants who, on this evidence, are being exploited by landlords?

### **Deputy S. Power:**

I am aware that the Senator is quoting an accumulative figure over 3 years, some of it in the boom times before we went into recession. However I will say this to the Senator, there are a lot of factors out in the private rental sector, including the unqualified sector that are fuelling increases which may relate to his question, and I would say that there is a direct correlation between the lack of affordable housing on the Island and the provision for social rented housing in the Island which will have to be increased. I do, however, acknowledge the Senator's question and I do acknowledge that there is a problem which may have to be dealt with, but it can only be dealt with over a longer period of time.

### **2.2.2 Deputy G.P. Southern:**

Will the Minister please kindly answer the question, what action, if any, does he propose to take to improve the situation? He acknowledges the problem, there is a problem. What action does he intend to take to improve the situation and by when?

### **Deputy S. Power:**

The Minister for Housing does not do miracles but I would answer his question by saying the following. The inflationary portion of part of the private rental housing

sector is caused by demand exceeding supply. That can only be addressed by us increasing... or this Assembly, through the Minister for Housing or the Minister for Planning and Environment and the Minister for Treasury and Resources, improving the provision of affordable housing and increasing the provision for social rented housing. I cannot give Deputy Southern a timescale at the moment as to when that is likely to happen because the draft Island Plan is a draft. We are all making submissions on the draft Island Plan next month and I will be very forcefully expressing my views as to how we need to increase the provision for affordable housing, social rented housing and, indeed, my Assistant Minister is leading on this.

### **2.2.3 Deputy G.P. Southern:**

The Minister has very kindly pointed out there is a problem, that he has a clause in the relevant regulations to deal with it and yet it is not being dealt with and he acknowledges that. When, if at all, will he act to tighten-up this particular regulation on which he already has powers and if not, why not?

### **Deputy S. Power:**

Deputy Southern will be well aware, as most Members of the Assembly are aware, that the increase in rents in part of the rental sector is an area outside the (a) to (h) sector and those are the very people we need to protect that the law does not protect. So the answer to the Deputy's question is that they will be protected in a number of ways next year when the Residential Tenancy (Jersey) Law comes back from the Privy Council and is rolled-out under a new regulation to what is now the unqualified sector. So I will try and do something about it. I am as unhappy about it as are many people in this Assembly, but at the moment I do not have the legal power to enforce.

### **2.2.4 Deputy M. Tadier of St. Brelade:**

This may already be in the pipeline, so excuse the question if that is the case, but concerning specifically the case of 'unfit for purpose' accommodation in either sector, would the Minister be supportive of having an inspection system prior to being able to rent a property out so that one does not have to go through the process after a property becomes discovered to be unsatisfactory for dwelling?

### **Deputy S. Power:**

That is a difficult one to answer in a minute or 2. There are premises out there, particularly in the (a) to (h) sector and in the unqualified sector, that are unfit for purpose and would not meet modern decent home living standards. I recently moved a lady from an unfit for purpose (a) to (h) into one of our units. The problem is a lot of people do not complain. There is such a demand. The demand is so much greater over the supply situation that people will take units that are not fit for purpose. I have also had meetings with the Minister for Planning and Environment with regard to being able to retrospectively change units of accommodation under planning law that we know to be not fit for purpose, and that is something that the Minister for Planning and Environment is considering, but there are units of accommodation out on this Island - both in the qualified sector and in the unqualified sector - that in my opinion are not fit for purpose.

### **2.2.5 Deputy M. Tadier:**

If I can add then, I think it is exactly because people do not complain because they do not necessarily have the choice, that is a reason why we should have inspections. Does the Minister agree that the same principle should apply, for example, to those

that might apply to hotels, guest houses, but you cannot rent a room out until it has been inspected until you have a licence to let that room or to let that property out so that we know it is fit for purpose?

**Deputy S. Power:**

I apologise to the Deputy. We do inspections in both the (a) to (h) sector and in the unqualified sector. We recently have prosecuted some people for having premises and units of accommodation that were unfit for purpose. We do have an inspector out there that does about 20 to 25 hours a week. It is up to the Minister for Planning and Environment then to change the standard of accommodation that we report, but I am unhappy. We do inspect and the ones that we find to be unfit we do what we can to them.

**2.2.6 Senator S.C. Ferguson:**

I have noticed a considerable number of properties to let in estate agents' windows and in the *J.E.P. (Jersey Evening Post)*. What recent work has been done by the department looking at the rental market?

**Deputy S. Power:**

The Minister for Housing has certain powers but he does not have the powers to interfere in the market to set rent controls or to set, say for instance, the valuation of a premises. That was withdrawn from the Minister by the Assembly some years ago. There is a very buoyant rental market out there both in the qualified sector and in the unqualified sector and people have bought to rent, people have converted to rent, and as to whether it is a good thing or a bad thing I do not have the information to hand, so my answer to the Senator is it is something I am aware of. I have not had sufficient data come to the department that says that it is a problem more than a market condition, but on studying the rest of the rental market at the moment, I hope to have a better idea as to what is going on in the next 3 months.

**Senator S.C. Ferguson:**

So what the Minister is saying presumably is that you have not got a piece of work, the evidence, on the state of the rental market really to be able to talk in an informed manner on the overall rental market?

**Deputy S. Power:**

Yes, that is correct.

**2.2.7 Deputy D.J. De Sousa of St. Helier:**

The Minister mentioned in a previous supplementary question about affordable housing and the lack of. Does the Minister not consider that the Island is a small Island, 9 miles by 5 miles, we cannot continuously build? Does he not consider that the buy-to-let market is part of the issue and the fact that most properties, i.e. Castle Quay, when they are being started they go off-Island and people can purchase from elsewhere and charge extortionate rents?

[15:00]

**Deputy S. Power:**

The Minister is addressing 2 issues there - those are people from outside the Island who purchase and the buy-to-let market. My understanding at the moment on affordable housing which is the first part of the Deputy's question, on the first scheme

we did on Home-Buy the eligibility in gateway was between £40,000 and £60,000, which gave a mean figure of £250,000 on which to get a mortgage, and that is why the success and delivery of La Providence was successful. We would like to have more of that but we would also like to widen the gateway. Instead of it being just available to a couple with 2.4 children, it would be available to couples without children and to various variations in the eligibility. Unfortunately, as I said earlier, we do not live in an ideal world. I have absolutely no information on Castle Quay. I am not in a position to understand the marketing of that development. I have answered this question previously when it came up on the Spectrum development where I was asked whether there were landlords from outside the Island who were buying. I believe there is a limited number of that on the Island, but my information is that it is not disproportionate to the local activity in the local market place.

**2.2.8 Senator F. du H. Le Gresley:**

I would just like to ask the Minister if he appreciates the concern that I am trying to express about this excessive rise in private sector rent during the 3-year period. The figures which I have quoted earlier have been confirmed by the Statistics Office and also that the recent *Jersey House Price Index* second quarter report confirms that rents have risen by a further 3 per cent in the first 6 months of this calendar year, so I really feel that the Minister needs to address these issues and I am not quite satisfied with his response today.

**The Deputy Bailiff:**

Is there a question? You must ask a question.

**Senator F. du H. Le Gresley:**

Would he respond to those comments, thank you?

**Deputy S. Power:**

I am very happy to respond to Senator Le Gresley. He quotes accumulative inflationary rent increase of 24 per cent in the private sector and 8 per cent in the public sector. The difference is about 16 per cent. I will give the Senator an undertaking and I will instruct the Population Office, who is responsible for this area, to have a look at it. I remind Members that the Population Office is part of the Chief Minister's office but the Minister for Housing is still responsible for housing law. I thank the Senator for his question.