



Jersey Landlords' Association - Press Release - 17 December 2021

Reform Party Announcement on Housing - 1 December 2021

The Reform Party have recently announced several election pledges relating to housing in Jersey, including the following:

- introducing European-style 'rent stabilisation' by banning inflationary rent increases;
- making tenancies open-ended by default;
- introducing a landlord licensing scheme; and
- taxing homes which are left empty for too long.

Rent Stabilisation

Rent Stabilisation (otherwise known as rent control) is a policy which is discredited by many economists and governments for a number of reasons, including that it can actually lead to a reduction in the quality (because landlords are less willing to invest in rented dwellings if improvements will not be covered by increased rent) and even the quantity (because landlords will sell rented dwellings with lower rents to owner occupiers) of rented dwellings. Both of these factors are contrary to Jersey's need to increase the standard and number of rented accommodation.

The States of Jersey Economics Unit reported in November 2014¹ that:

"economic theory, supported by evidence from actual experience, suggests that rent controls: reduces the availability of rental housing; reduces the quality of rental housing; causes misallocations of housing; are difficult to administer; [and] do not achieve the distributional goals they are advocated as the solution for."

and

"Rent controls create substantial inefficiencies in housing markets without any redeeming contributions in terms of redistribution or fairness objectives."

Open-ended tenancies

Open-ended tenancies make terminating a lease a lot less flexible for landlords and tenants. They would mean that both parties would need a special reason for terminating a lease and that a simple 'no-fault' notice period (currently three months from a landlord and one month from a tenant) would no longer be enough.

This policy would also decrease the availability of housing in Jersey, as when short let opportunities come up (e.g. where someone is working abroad for a year or moving into a care home or where a property is temporarily empty on the death of owner) the owner would be unwilling to put the property on the rental market for fear that they would be unable to get it back.

¹ 'Rental Sector in Jersey: Proposed Policy Direction' - report by the Minister of Housing – 29 July 2015

Landlord Licensing Scheme

A landlord licensing scheme would be costly to administer, inflationary and could be used to unfairly punish landlords who do not meet nebulous licensing conditions. Such a scheme has now been defeated 3 times in the States Assembly, due to lack of costings and detail relating to the operation of the scheme. This proposal could easily be replaced by a much cheaper and easy to administer register of Jersey property ownership.

The Public Health and Safety (Rented Dwellings) (Jersey) Law 2018 already provides sweeping powers to the Environmental Health Department to investigate rented dwellings and make landlords bring those that do not reach minimum standards up to scratch.

Tax on Empty Homes

No landlord wants a good, rented dwelling to be without a tenant if they can avoid it.

There could be many good reasons that a home is empty: the owner has died (and the property is subject to a complicated inheritance) or is temporarily living in a care home; the house is being sold, built or demolished, or even being repaired; or the property is between tenants. The 2011 Census indicates that most properties that were vacant at that time were vacant for one of these main reasons. Given this, such a tax may cost more to administer than it would bring in.

Waiting for planning permission to be granted for new build properties or for repairs to a rented dwelling can take months. At the moment, it can also take many months to find a builder who has time to do building work at a rented dwelling. It would be unfair to tax such properties.

General

The Reform Party seem to make no mention in their most recent election pledges about building more homes.

The main problem with Jersey's housing market is a serious lack of supply and a very large demand. This pushes up house prices and rents. If Jersey's population is to increase then this and the next government's focus must be about making it easy for an adequate number of houses that are suitable for all of Jersey's residents to be built, rather than disrupting the workings of the free market, with many potential unintended consequences.

The JLA are always willing to be consulted on and discuss ways to work with all interested parties on policies relating to rented dwellings in Jersey.

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Note to editors: The Jersey Landlords Association is a private association with over 200 members. Its goal is to promote an environment in which relationships between Jersey's landlords and their tenants can thrive. By working with Government to achieve a positive and fair industry, the Jersey Landlords Association aid and assist our members in driving up standards, achieving a high level of legal and regulatory compliance and promoting industry best practice.

For further information please contact admin@jla.je.