

10th August 2020

## Response from the Jersey Landlords Association Committee to JEP's article on Friday 7th August "Extend the rent freeze to help protect Islanders".

Senator Mezéc seems keen to make emotive statements concerning the private rental sector. The latest one appeared on Twitter and made the front page of the JEP on Friday, 7<sup>th</sup> August 2020. It concerns a proposed 16% increase in rent by a private landlord, once the COVID-19 rent freeze restrictions end, on 1<sup>st</sup> October 2020 (16% claim was made on Twitter, then 15% in the JEP). He uses this headline to call for the COVID-19 rent freeze to be extended until he can bring in rent control legislation.

Senator Mezéc feeds these types of headline "facts", via various media sources, to forward his own political agenda, and does so without giving any context or explanation from which the reader can form their own view.

In the case of the "16%" rent increase, the landlord concerned defended their stance in the Bailiwick Express and we are glad to see that they are entering into communication with their tenants in relation to this rent increase. The JLA offers no comment as to the right or wrong of the proposed rent increase but we do like to look at both sides of the story, and the context appears as follows:

1. The rent increase appears to relate to 1 bed flats.
2. When the former landlord rented the flats, it would appear the rent was around £830pcm (exact figure is not given).
3. The new landlord has put up the rent to £910pcm.
4. The landlord says this is approximately a 10% increase.
5. There is a further 5% increase for services, if cleaning and an emergency call system is continued.
6. Senator Mezéc said it was a 16% rent increase.
7. The rent has increased to the same amount that the States of Jersey Social Security rent contribution pays for 1 bed flats - £910pcm. This means low income tenants will still be able to rent their flat, with help from Social Security.
8. The new landlord states that the new tenancy agreements were to bring arrangements up-to-date and in line with the latest requirements from the Government's housing regulations and rent increased to align to what could be received from housing support and to enable investment in the quality of the accommodation.

9. The average price for a 1 bed flat from Andium Homes, the States social housing provider, shown on their website, is £826pcm.
10. According to their website, Andium Homes rents are capped at 90% of market rent.
11. So, using Andium Homes average figure of £826, a private landlord charging market rent would be charging on average £908.60 for a 1 bed flat. Which is basically what the new landlord is proposing to increase the rents to.
12. On the 7<sup>th</sup> August, Andium Homes had advertised an over 55s, 1 bed flat on its website for £909.02 (that is 90% of market rent, so the market rent, for that flat would be c£1000), in other words, more than what the new landlord is charging.
13. Andium Homes rents “no frills” accommodation. When the tenants move in there are no carpets/flooring (other than in the kitchen and bathroom), no curtains/window dressings and no white goods (oven, hob, fridge/freezer etc), causing large upfront costs for the tenants to buy these items. Most private landlords do provide these things and some also provide fully furnished accommodation.

So, some may surmise that the new landlord’s rent increase was because the old landlord was charging rent at below market value. The new landlord’s increase in rent is to average market value for a 1 bed flat using Andium’s figures or, in the case of the specific Andium over 55s flat, only to Andium’s actual rent level (90% of market rent).

The new landlord may have approached things differently. Perhaps they could have taken a smaller above inflation rent increase over a number of years or waited until a flat became free and then put up the rent for the new tenant, or considered waiting until we all see the economic outcome of the Covid-19 pandemic – everyone will have their own view.

However, many a landlord who perhaps hasn’t put up their rents in a long time, may be reassessing their strategy in the light of Senator Mezéc’s calls for rent control.

There are landlords who perfectly happily rent under market value, to long-term tenants, having not put up rent to keep up with the market over a number of years. However, they perhaps don’t want to find themselves in a position where they cannot “catch up” the rent to market value when, say, the tenant leaves or costs rise, because rent controls have been brought in. This may be causing landlords to put up their rents now and, if this is happening, Senator Mezéc has done a great disservice to tenants.

The relentless negative rhetoric towards private landlords, together with the increase in bureaucratic regulation, has meant landlords have sold up and the new landlords will reassess the rents, in the light of their capital investment and the current rental legislation. Sadly, as in this case, this is likely to mean rents increase. The JLA maintain that this will only get worse if the proposed landlords licensing scheme becomes law. The JLA have proposed a simpler and cheaper scheme, which we believe will fulfill the aims of the landlord licensing without so much bureaucratic and resultant cost. Our proposals continue to fall on deaf ears.

Senator Mezéc has stated he does not want to set up rent controls but then talks about rent freezes, rent stabilization, and European-style regulation. Rent freezes, rent stabilization, European- style regulation, first, second and third generation rent controls, **all** encompass or, are, “rent controls”.

Rent controls will only mean more landlords leave the market, reducing availability and choice and causing standards to fall and, at worst, cause a black market to develop – one only has to read the States of Jersey Economic Unit report on rent control dated November 2014 to realise this.

<https://statesassembly.labtest.gov.je/assemblyreports/2015/r.87-2015.pdf> (see the Appendix).

The rent freeze was put in place in Jersey, to reduce/stop people having to move home during the pandemic, in order to reduce transmission of COVID-19. Now the reason for the rent freeze has currently passed, it should not be continued without research into its likely implications.

Senator Mezéc may, however, have another political agenda as to why he wishes to continue the freeze at least beyond 1<sup>st</sup> January 2021. This is the date that Andium tenants have their rents increased by RPI +0.75% (yes, every year an above inflation rise) subject to a minimum of 2.5% and a maximum of 4%. The rent policy for Andium Homes of RPI+ 0.75% was put in place in 2014. Once Housing Minister, in 2018, Senator Mezéc amended the policy by ministerial decision maintaining the RPI+0.75% increase, and putting in a maximum of 4% (RPI was running high at the time) and putting in a floor or MINIMUM rent increase of 2.5%. The latest RPI figure is 0.5%, and if this is maintained this quarter, then Andium tenants will suffer a rent increase 5 times higher than inflation.

Senator Mezéc is Housing Minister, not “Tenants’ Minister”. His remit must surely cover all aspects of the housing market, from owner/occupiers, first time buyers, rental properties, tenants and landlords, types and quantity of units available and proposed etc. There is so much positive work he could be attending to, and we would suggest he starts with the States’ own portfolio of residential properties and rents paid/increases, rather than continuing his headline grabbing emotive statements, which are only serving to alienate the private rental sector and make the housing issue in Jersey worse rather than better.

Jersey Landlords Association Committee