

Key aspects of renting out Jersey property

Insights - 30/05/2018

This year has seen a welcome surge in activity in the Jersey property market, supported by media reporting at the end of February 2018 of an across-the board 3% rise in the prices of *all* types of flats and houses in the Island. However the increase in property values and the upswing in activity does not herald a return to the ultimately unsustainable price booms of 2007/8 but rather indicates measured, sustainable growth suggestive of a perfect opportunity to seek an investment opportunity.

Alongside this growth, Jersey has seen an increase in regulation of the rental sector in recent years - mandatory written leases, condition reports and protection of rent deposits have been introduced, and laws regarding minimum acceptable standards are slowly working their way through the regulatory process.

So what does an investor looking to rent out a Jersey property need to know?

There are two main tenures of apartments in Jersey - flying freehold and share transfer. The latter is based on a purchase of the shares in the underlying corporate owning vehicle, making it accessible for both qualified and non-qualified investors alike. It is essential that the occupier i.e. the tenant, holds the appropriate housing qualifications but the owner/landlord need not. Flying freehold apartments can only be purchased by those with housing qualifications (save for those rare non-qualified units).

The Residential Tenancy (Jersey) Law 2011 ("the Law") which has been in force since 1st May 2013 made important changes to the law governing residential tenancies in Jersey requiring leases to be in writing, signed by or on behalf of the parties, and the tenant must be given at least one working day to read the lease before having to sign it.

Where the term is a rolling one or a fixed term has come to an end yet the tenant remains, the Law now says that a landlord must give not less than 3 months' written notice yet a tenant must give not less than 1 months' notice. If both parties agree to end the tenancy there is no need to serve notice, but the decision is best covered in writing.

Termination on the basis of the tenant's breach can be ordered by the Petty Debts Court, but the landlord must serve notice of the breach on the tenant and give an opportunity to remedy that breach. The Court may not order termination if the breach is not sufficiently serious and must give consideration to a list of criteria in deciding the period for which the tenant may remain before vacating.

Anything in a lease which is inconsistent with the 2011 Law will be void and it is an offence to attempt to defeat, evade or prevent the operation of the Law punishable by a fine of up to £2,000.

All landlords must also procure from each prospective tenant:-

- Their registration card (which needs to be in date and appropriate to the qualification status of the property) and
- photo ID.

We'd recommend that you take a photocopy of both for your records.

All landlords must also complete a change of address notification within three months of a new tenant moving in and both the landlord and tenant must sign the form which must then be sent to the Population Office.

Since 31 October 2014 all leases must be accompanied by a condition report recording the physical condition and state of repair of the premises, to be signed by both parties. Again a defaulting landlord may be fined £2000.

Where deposits are paid, landlords must provide receipts as soon as possible after payment is received. Since 2 November 2015, the Residential Tenancy (Deposit Scheme) (Jersey) Regulations 2014 means that any landlord taking a rent deposit must place the deposit monies into the mydeposits.je scheme within 30 days of the date of the lease.

Additionally Privy Council approval is presently awaited for the Public Health and Safety (Rented Dwellings) (Jersey) Law which will introduce minimum standards for all rented properties, equivalent to those already applicable to the Social Housing sector. That law also paves the way for a potential system to licence landlords, for a fee, albeit this will need a further vote of the States Assembly.

The Jersey residential property market, which prior to the 2011 law had been virtually unregulated, is now subject to a number of legal obligations with which a landlord must comply. Jersey with its thriving professional community will always have a demand for good quality rental properties and investment in a buy-to-let remains a good income stream for many - landlords should just be mindful of the framework of standards which do now apply in the Island.

Katharine Marshall is a managing associate in Ogier's market-leading Jersey property team. She specialises in acting for clients in the residential and commercial development sector and has acted for a number of listed and unlisted developers and house builders on multi-million pound acquisitions and sales. Ogier's property law team has been the only one ranked in the top tier by leading independent legal directory Chambers and Partners for the last two years.

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Meet the Author



Katharine Marshall

Partner

Jersey

E: katharine.marshall@ogier.com

T: [+44 1534 514304](tel:+441534514304)

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