

Fair Rents (Scotland) Bill

Introduction

A proposal for a Bill to protect private sector tenants by introducing measures to limit rent increases and to increase the availability of information about rent levels. The consultation runs from 15 May 2019 to 8 August 2019 (extended from 6 August). All those wishing to respond to the consultation are strongly encouraged to enter their responses electronically through this survey. This makes collation of responses much simpler and quicker. However, the option also exists of sending in a separate response (in hard copy or by other electronic means such as e-mail), and details of how to do so are included in the member's consultation document. Questions marked with an asterisk (*) require an answer. All responses must include a name and contact details. Names will only be published if you give us permission, and contact details are never published – but we may use them to contact you if there is a query about your response. If you do not include a name and/or contact details, we may have to disregard your response. Please note that you must complete the survey in order for your response to be accepted. If you don't wish to complete the survey in a single session, you can choose "Save and Continue later" at any point. Whilst you have the option to skip particular questions, you must continue to the end of the survey and press "Submit" to have your response fully recorded. Please ensure you have read the consultation document before responding to any of the questions that follow. In particular, you should read the information contained in the document about how your response will be handled. The consultation document is available here: [Consultation document Privacy Notice](#)

I confirm that I have read and understood the Privacy Notice attached to this consultation which explains how my personal data will be used

About you

Please choose whether you are responding as an individual or on behalf of an organisation. Note: If you choose "individual" and consent to have the response published, it will appear under your own name. If you choose "on behalf of an organisation" and consent to have the response published, it will be published under the organisation's name.

an individual

Which of the following best describes you? (If you are a professional or academic, but not in a subject relevant to the consultation, please choose "Member of the public".)

Professional with experience in a relevant subject

Optional: You may wish to explain briefly what expertise or experience you have that is relevant to the subject-matter of the consultation:

I am a Chartered Surveyor with experience in housing and the PRS.

Please select the category which best describes your organisation

No Response

Please choose one of the following:

I am content for this response to be published and attributed to me or my organisation

Please provide your name or the name of your organisation. (Note: the name will not be published if you have asked for the response to be anonymous or "not for publication". Otherwise this is the name that will be published with your response).

James Mason

Please provide details of a way in which we can contact you if there are queries regarding your response. Email is preferred but you can also provide a postal address or phone number. We will not publish these details.

Aim and approach - rent cap

Q1. Which of the following best expresses your view of capping private sector rent increases annually across Scotland at one percentage point above inflation (measured according to the Consumer Price Index (CPI))?

Fully opposed

Please explain the reasons for your response.

I feel this is gross interference with an open market transaction that will lead to a decline in the numbers of properties available to rent. Properties may be sold back into the market (probably for owner occupation) or used as holiday homes or other short term lets to avoid the rent controls.

Rent level appeals

Q2. Which of the following best expresses your view of providing that, when tenants appeal their rent, rent officers and the First-tier Tribunal would be able to either lower or maintain the rent but not increase the rent?

Partially opposed

Please explain the reasons for your response.

To be a truly fair process, the rent should reflect the evidence supporting the decision, whichever way the rent moves. A unilateral "no-increase" could lead to every rent increase being challenged, as there would be nothing to lose from the tenant's perspective.

Landlord registration scheme

Q3. Which of the following best expresses your view of expanding the landlord registration scheme so that landlords must input the rent that they charge when they register, and update the system when the rent changes?

Fully opposed

Please explain the reasons for your response.

There would be a cost involved in setting up/maintaining this register. There would be a time cost in inputting, monitoring and enforcing the data base, a further cost. These costs in all likelihood, would be borne by the Landlord, a further incentive to withdraw from the market. In my view, the matter of rent agreed between two individuals is a private matter. All of these factors are likely to lead to Landlords withdrawing from the market and exacerbating the difficulties facing those who choose to rent. In practice, there is sufficient evidence available to those parties to a Tribunal who make the effort to obtain it. Every prospective tenant viewing a flat knows whether or not it is value for money simply by looking at other properties currently available, either in person or online. Certainly, in Aberdeen, plenty of tenants are aware that rents have come down! There is no database of prices paid for cars, yet it is easy to assess what price to pay based on online advertising. One could argue that it is easier than ever to assess value, with the internet showing location, layout, type of heating, epc rating, photos illustrating standard of finish. In my experience, the rent agreed is never too far from the asking rent (in fact, usually below in Aberdeen).

Other options - Rent Pressure Zones

Q4. Which of the following best expresses your view of tackling the problem of rents rising significantly faster than inflation by making it easier for a local authority to apply to create a Rent Pressure Zone (RPZ)?

Partially supportive

Please explain the reasons for this response.

I agree that the existing RPZ workings are unworkable. I strongly feel that interference with market rent at initial letting would have an adverse effect on supply of housing for rent, as it has in the past. I believe control over in tenancy increases would be more palatable to existing landlords.

Financial implications

Q5. Taking account of both costs and potential savings, what financial impact would you expect the proposed Bill to have on:

	Significant increase in cost	Some increase in cost	Broadly cost-neutral	Some reduction in cost	Significant reduction in cost	Unsure
Government and the public sector		X				
Businesses (including landlords)		X				

Q5. Taking account of both costs and potential savings, what financial impact would you expect the proposed Bill to have on:

Individuals (including tenants)			X			
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Please explain the reasons for your response.

It is not the cost that is the main issue, but the restriction on income and perceived interference that will be the driver when landlords are deciding on decreasing or increasing their stock.

Q6. Are there ways in which the Bill could achieve its aim more cost-effectively (e.g. by reducing costs or increasing savings)?

I believe the Bill is fundamentally flawed and the most likely result will be a contraction of the PRS. This will have a negative impact on the price/choice available to those who wish to rent. This could also have an adverse effect on property values as investment properties are sold back into the owner occupied market with low demand from new landlords; this is certainly evident in Aberdeen already, with the current low oil price and the effect on all demand - owner occupation and investment. Whilst lower house prices may be a desirable aim of this and other anti-landlord measures, thousands of property owners may find that they have negative equity - no consolation when this prevents them from changing to a more suitable property or moving for work. There's nothing like falling house prices to encourage renting.

Equalities

Q7. What overall impact is the proposed Bill likely to have on equality, taking account of the following protected characteristics (under the Equality Act 2010): age, disability, gender re-assignment, maternity and pregnancy, marriage and civil partnership, race, religion or belief, sex, sexual orientation?

Negative

Please explain the reasons for your response.

As explained previously, in my view the Bill will lead to contraction of the PRS. This will limit the availability of accommodation for rent. Faced with a choice of tenants, (albeit at a restricted rent) the average landlord will choose the single working tenant over the single mum with child/disabled person requiring modifications to property/person on benefits with the attendant delay in receiving rent due to it being paid in arrears/delayed because the form hasn't been returned on time.

Q8. In what ways could any negative impact of the Bill on equality be minimised or avoided?

By removing the rent cap on new tenancies.

Sustainability

Q9. Do you consider that the proposed Bill can be delivered sustainably, i.e. without having likely future disproportionate economic, social and/or environmental impacts?

No

Please explain the reasons for your response.

Many individuals have chosen property as a vehicle for their pension. In my view, this Bill will have a significant adverse effect on the capital value and return they hoped to achieve from what is effectively, their pension. Existing owner occupiers are likely to see the value of their property fall, as investors rush to exit the PRS.

General

Q10. Do you have any other comments or suggestions on the proposal?

I feel that there has been insufficient time elapsed since the introduction of the new PRS tenancy to assess how it will affect the market in the medium term. The new PRS introduces strong security of tenure and restrictions on rent increases, which require proper notice and have an appeals procedure. These measures effectively eliminate eviction by rent increase. In actual fact, there has always been a procedure for rent determination under the '88 Act, but perhaps it was not as well known among tenants.

Evidence has shown that too much interference with rent leads to decline within the PRS in the UK and abroad - as noted in An Evaluation of Rent Regulation Measures within Scotland's Private Rented Sector - page 10, page 12. Whilst some of the recent changes to the PRS are moving standards in the right direction, I feel that the burden of these will ultimately lead to a contraction of the PRS. Here's a short list - new tenancy regime with more uncertainty around gaining vacant possession, 4% LBTT, withdrawal of wear and tear allowance, removal of offset of mortgage interest against income, robust Repairing Standard procedures, Tenancy Deposit legislation, EICR requirements, CO/smoke alarm upgrading, restrictions on mortgage finance. And there are more forthcoming - further measures to be taken within the repairing standard, minimum energy ratings (with no indication of financial support). And there is also the growing attraction of short term and holiday lets, with less regulation and better treatment for income and capital gains tax.