

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 and also a private residential landlord

Please select the category which best describes your organisation

No Response

Please choose one of the following:

I would like this response to be published anonymously

If you have requested anonymity or asked for your response not to be published, please give a reason (Note: your reason will not be published):

I don't want anyone reading my responses to confuse my personal opinions with the work role I have.

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).

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.

The proposal to put capped increases is treating a system not a cause so is therefore doomed to fail. The consultation should be looking at the factors that are causing rents to increase and to try and resolve these rather than apply a painkiller approach. There are a number of reasons why rents are rising and these need to be reviewed, for example: 1. The new Scottish Residential Tenancy has created greater risk and costs to landlords as savvy tenants can play the system to their benefit, stop paying rents and continually be behind in payments. 2. SDLT increase on second homes catches private landlords causing a greater day one entry cost that will be passed onto tenants. 3. Landlord Registration scheme costs a landlord money, but provides them no benefit, again a costs, small but a cost, that will be passed onto tenants. 4. Erosion of interest payments being a tax deductible expense. Managing residential property must be the only business where interest payments are not classed as an operating expense. This is a big cost to landlords who rely on borrowing. For a very basic example if a landlord charges £500 per month and pays £400 per month in interest, the change in the taxation rules mean that for a landlord paying 20% tax they will need to increase rents over the five year period by 20%, this rises to 53% for a landlord paying 40% tax. This is not profiteering this is just to get the same post tax return 5. In Edinburgh landlords used to do 10 month lettings and then have two months to provide accommodation during the Festival period. The new tenancy agreement has prevented this resulting in landlords losing valuable tourist income thus having to increase monthly rents accordingly. 6. Not enough houses are being built so supply is lagging behind demand so natural economic inflationary pressures arise. 7. Costs of repairs and maintenance are rising much faster than inflation so extra costs on landlords. These are a few examples of the pressures on rents that are inevitably resulting in an increase in rental levels, these causes are what should be focussed on, not one of the symptoms.

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?

Fully opposed

Please explain the reasons for your response.

As per my reasons in the previous question rent capping is doomed to failure.

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.

The cost of renting is a function of supply and demand and thus you should be investigating why supply is reducing and costs going up at the same time demand is increasing.

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)?

Fully opposed

Please explain the reasons for this response.

This will create significantly increased rents in zones that sit immediately outside of the rent pressure zones creating inflation in house prices and rentals in these areas.

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			

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

Businesses (including landlords)	X					
Individuals (including tenants)	X					

Please explain the reasons for your response.

The application of rent increase restrictions will just redistribute the issues and result in costs rising elsewhere, you need to get the supply and demand into a sustainable equilibrium so increases in costs of rentals more reflect the wider economic position.

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

The Bill is doomed to fail so should be scrapped and time should be spent investigating the causes of the imbalance between supply and demand. The tone of the literature is that people only rent as a matter of last resort, society is changing and we live within a subscription culture that many people apply to their living arrangements as well. You need to design a system that meets the various needs of society not prevent supply at an affordable price for both sides of an arrangement.

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.

I suspect landlords would take an even greater interest in a tenants ability to pay their rents long term as recovering bad debts has been made much more difficult so suspect anyone out of the "mainstream" would be classed as a higher risk in terms of rental payments, especially if these were artificially deflated, so think you proposals would have a negative effect.

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

Any attempt at rent capping will not work so needs to be scrapped before any more time and money is wasted and efforts should be directed to look at the factors that impact supply and demand. A better balance of supply and demand will increase the opportunities for everyone who wants to rent property having that opportunity.

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.

The bill will have long term negative impact on the housing sector depriving tenants of accommodation and landlords a fair return on their investment.

General

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

It is a proposal to treat a symptom, not a cause, so should be scrapped in favour of a long term viable solution that considers the factors from both sides of the equation and provides a long term solution to our lack of housing supply in Scotland. It should be withdrawn now before more damage is caused to the residential letting market.