

# 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 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.

on behalf of an organisation

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".)

*No Response*

Please select the category which best describes your organisation

Commercial organisation (company, business)

**Optional: You may wish to explain briefly what the organisation does, its experience and expertise in the subject-matter of the consultation, and how the view expressed in the response was arrived at (e.g. whether it is the view of particular office-holders or has been approved by the membership as a whole).**

I have been involved in the Build to Rent industry since 2012 when the sector was in the early stages of emerging as a new asset class in the UK. I was on the first Urban Land Institute (ULI) 'Multi Family' study tour to the USA in 2013 and subsequently was a contributor in the industry design guide, the ULI's "Build

Please select the category which best describes your organisation

To Rent: A Best Practice Guide", ensuring a Scottish perspective was considered. I led Grosvenor's Springside scheme at Fountainbridge, Edinburgh, which initially tested the Private Rented Sector (PRS) concept through 48 units let privately with a professional approach, through to leading the design and planning process of a 400+ unit BtR scheme. This included significant stakeholder engagement through local and national government, the local community, and the management of a design team with a largely untested concept. The complex process successful achieved a planning consent in 2016 and was subsequently sold to Moda / Apache in 2017. In recent years, I have worked closely with the Scottish Futures Trust on the Rental Income Guarantee Scheme and helped in their early stages of industry engagement, and also assisting in raising industry profile through industry tours for the public sector. I am currently the vice-chair of the Scottish Property Federation (SPF) and will assume the role of chair in November this year; in addition to this, I have been involved in the SPF's Residential Investment and Management committee for a number of years, most recently as chair. Through this I was involved in the parliamentary process relating to tenancy reform. I am currently working with a number of investor / developer / operators in the Build to Rent and PRS sectors, and have advised a number of organisations on this sector including PlaceFirst, QMile Group, Ediston and Aberdeen Standard Investments. Through these various roles I have built considerable industry knowledge and have a comprehensive understanding of the interests of all stakeholders involved in the professionally invested residential rental market.

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).

Dowbrae Property Consultancy

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.**

Using this method of rent control to alleviate Scotland's housing problems is akin to trying to control a forest fire with a set of bellows. All sides of this debate are agreed that we need more homes to house Scotland's population, and we need better homes and greater choice for the residents. This proposed bill will do nothing to achieve this and will only create greater problems around housing supply. Rent Pressure Zones exist to allow Local Authorities the ability to introduce appropriate barriers to significant in-tenancy rent increases. Scottish Government's focus at this time should be to introduce the appropriate measurement of all rents (new and in-tenancy uplifts) to enable this legislation to be properly introduced

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))?

where it is necessary. The more heavy-handed and brutal approach as outlined in this Bill will do nothing but halt much-needed investment into the sector and simultaneously drive existing landlords away, thus further reducing the supply of rental homes whilst having the unintended consequence of increasing rents across the board.

## 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.**

The policy name - "Fair Rents" - suggests that all aspects of renting should be fair. A regime where there is no risk to one party and all the risk to the other is not fair. In the rental appeals as described, the tenant would have the benefit of being able to appeal any rent increase without risk, but with the reward of knowing that they may be able to defer for a period of time any increase. The onus (and therefore cost) is on the landlord to prove any uplift - or at least the maintenance of the current level. What would happen in practice is that the First-tier tribunal would be inundated with appeals and would struggle to cope. Meanwhile, all tenants would have rents held at current levels while the landlord's investment suffers. This will lead to landlords exiting the market, and the supply of rented accommodation diminishing further. There needs to be some balance to the system to ensure it is fair to all, and the recently introduced Private Housing (Tenancies) (Scotland) Act 2016 introduced a number of controls - bringing greater security of tenure to tenants, and a fairer approach to excessive in-tenancy rent increases (through the RPZ framework) - which should be given the time and resource to become established. This regime offers a fair system.

## 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?

Neutral (neither agree nor oppose)

**Please explain the reasons for your response.**

I could support this process if the Landlord Registration Scheme was appropriately funded and properly resourced to be able to administer this. As it stands at present, the Landlord Registration Scheme shows no evidence of being anything other than a tick-box exercise for both industry and government, and a huge missed opportunity to properly manage and administer those who provide the 20%+ of homes in Scotland currently let in the Private Rented Sector.

## 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 is a lazy shortcut. It's not even a sticky plaster. The issue that we have here is that this Bill is trying to control something for which there is little or no reliable statistical base. All the studies and reports on rising rents are based largely on advertised rents and anecdotal evidence of in-tenancy rent increases. We need to build a solid and dependable base of real and robust statistical rental evidence. Once we have this, then we can properly assess rental trends, hot spots, and areas where tenants are subject to rental increases which significantly outstrip inflation. This will then allow the local authorities to be able to apply the fair and appropriate controls which exist. We can't afford to take shortcuts with this and it must be built on a solid foundation. Once that is in place, then the RPZ regime as set out will be able to depend upon irrefutable evidence to bring in the appropriate rental controls to protect tenants from unmanageable in-tenancy rental increases.

## 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
<b>Government and the public sector</b>	X					
<b>Businesses (including landlords)</b>	X					
<b>Individuals (including tenants)</b>		X				

**Please explain the reasons for your response.**

A blanket rent control as suggested will lead to significantly less investment into the sector and therefore significantly less homes delivered. As a result local and national government will have the increased burden of both trying to increase housing supply whilst also having to deal with the potential consequences of housing those evicted due to landlords selling their properties. Landlords will suffer significantly through constrained returns and also the negative impact on value. The value of their homes will reduce through (a) the inability to sell to another investor due to disinvestment from the sector and (b) property valuations being revised downwards to take account of the constrained income growth. Tenants will suffer through landlords looking to (a) maximise any opportunity for rental increases (such as setting rents as high as possible ahead of this legislation) and (b) landlords not spending or upgrading properties due to the lack of any available return to reflect the investment. Both will lead to actual cost implications and poorer living standards for tenants.

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

The aims of this bill could be better achieved in two ways: (1) to incentivise and facilitate increases in the supply of properties in the marketplace bringing price stability and significantly reducing the potential for jumps in rental costs; and (2) by putting the necessary time, effort and resource into building the infrastructure required to support the RPZ regime that is already available... thus negating the need for this bill.

## 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?

Unsure

**Please explain the reasons for your response.**

no comment

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

no comment

## 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 current provision of housing in Scotland is not sustainable - we're not building enough homes - so anything which further restricts housing delivery is certainly not sustainable - against any form of social or financial measurement. There could be an argument that less homes may have a better environmental impact overall, but that's missing the point.

## General

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

We need more homes more quickly. A focus on the delivery of homes across all tenures aimed at all sectors of the market and in all areas where required is the only true way to ensure that house price growth and rental growth is maintained at sustainable and at no more than inflationary levels. Trying to manage the price of the product without properly addressing the supply isn't a sustainable way

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

to manage the issues, and will only exacerbate the problem.

We already have in place the legislation which offers protection to tenants from unmanageable in-tenancy rent increases, and it has largely been accepted by investors and the industry.

Proper investment into the establishment of a functioning RPZ regime, together with a focus on increasing supply, should be the focus of Scottish Government.