

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

Public sector body (Scottish/UK Government/Government agency, local authority, NDPB)

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).

Aberdeenshire Council

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))?

Partially supportive

Please explain the reasons for your response.

This is not affecting the Aberdeenshire area as much as the central belt meantime. The impact of the oil and gas industry downturn has caused a reduction in the demand for properties in the private rented sector. This has resulted in the market force finding a fairer rent level as landlords have steadily decreased rent levels to stimulate interest and sustain demand. Also, the current climate in the housing market and the reduction in tax incentives for landlords has made buying to let less attractive and our feeling is that if the housing market picks up many landlords may choose to exit the private rented sector and sell. However, in the past and when the oil industry was at its peak we did witness landlords commanding much higher rent levels which were well above the local housing allowance making the private rented sector unaffordable to many. The cap does not allow for flexibility and if imposed we may see landlords who are charging lower rents meantime, hiking these up to ensure that they do not lose out if the market picks up. The Aberdeen Housing Market Area sees less predictable trends than the rest of Scotland as a result of the influence of the oil and gas sector. A cap may help to protect tenants from higher-than-inflation rises in the future.

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 supportive

Please explain the reasons for your response.

Fully supportive as quite often landlords require to upgrade kitchens, bathrooms and re-wire properties because of age / wear and tear or faults. Our experience is that these are not voluntary improvements but rather because of age or fair wear and tear and this often results in an unfair increase for tenants who may not have wanted or requested this upgrade.

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?

Partially supportive

Please explain the reasons for your response.

In an ideal world this would be the perfect platform for gathering this data. However, in our experience it is very difficult to rely on landlords to update their registration with any change of circumstances so it is unlikely that they will do this for rent. At the point of initial registration landlords will not know what they will get for rent, we will then be reliant on them updating the system at tenancy start/change date. Landlords may choose to not to declare the real rent that they are charging. It is also very unlikely that the Local Authority would have the resource to enforce this so the information would need to be provided on a voluntary basis and we do not foresee that landlords would be happy to disclose this. This may create gaps in the data. It should also be noted that the landlord registration database does not currently record the size of property so it will still be difficult to determine if this is a fair rent is being applied. Nevertheless, there is scope to resolve many of these concerns through making changes to the Landlord Registration Database and the expectations placed on landlords. In addition, there is potential to pull together different sources of information on rent data, such as Rent Deposit Schemes, local authority data gathering and online rental portals.

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.

Gathering the current level of evidence to support an application for a RPZ would be very resource intensive and would require a dedicated resource over a long period of time. In Aberdeenshire we are currently finding that rents are being self-regulated by supply and demand and landlords are generally having to be competitive with their rent levels. However, given the influence of the oil and gas sector on supply and demand, the ability to apply for a RPZ may be a useful tool to protect tenants in the future. It may be worth reviewing the RPZ criteria to make it easier to apply a RPZ. Rent Service Scotland database or Rent Deposit Schemes may be able to provide better evidence to make the application process easier.

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				
Individuals (including tenants)			X			

Please explain the reasons for your response.

Our view is that it could be a significant increase in cost for local authorities to monitor data or check for completeness and accuracy. It would be important that gathering the data is embedded within the system so that compliance is system-led to minimise the impact on local authority staff. We believe that it would also be a significant increase in cost for owners / businesses because the inability to increase rents will have an impact on their income from properties. This could potentially put landlords off investing in the PRS and affect supply and choice. It also has potential to affect the quality or readiness to repair and maintain properties. It could be broadly cost neutral for tenants in Aberdeenshire but there is potential for a spike in rent rises as landlords see that the new rent rate will be set.

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

No – the costs are all around gathering data and evidence. Any enforcement measures will always increase costs. Making it mandatory for landlords to provide rental data to secure their registration may help to reduce the impact on local authority staff.

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?

Neutral (neither positive nor negative)

Please explain the reasons for your response.

In terms of equality, our view is that it should have the same effect for everyone living in the Private Sector especially in areas in Scotland that have seen a significant increase in rent as it will ensure fairness, stability and security for all. However, it could also have a negative impact on people's living environment – for example we could see landlords becoming less willing to repair or maintain properties because they are making less profit.

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

As above.

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?

Unsure

Please explain the reasons for your response.

Without having factual data it is difficult to say but it may have a disproportional result because it would be delivered nationally. The process could potentially become too onerous for landlords and may reverse the good intentions that the registration process had in the first place. It could also result in more empty homes and more disrepair in the PRS etc. Locally based solutions similar to the idea of an RPZ are less likely to have a disproportional affect.

General

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

There does not appear to have any ability to re-assess other than if improvements are made. It seems to be set in stone so if a landlords agrees to a certain rent the only way to re-assess is improvements or inflation + 1%.