

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

Third sector (charitable, campaigning, social enterprise, voluntary, non-profit)

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).

Joseph Rowntree Foundation

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.

It is not right that in Scotland in 2019, high quality, affordable housing is still not available to all. High housing costs are directly contributing to poverty levels in Scotland: an extra 40,000 children are pulled into poverty, once housing costs are considered .

JRF are supportive of exploring bold approaches to stabilise housing costs and using better data to design, implement, and evaluate appropriate controls, within a clear system wide strategy.

The impact of high housing costs is not felt equally. In 2017, we estimated that more than 1 in 3 people with the lowest incomes were spending more than 30% on housing costs (increasing from 24% to 37% between 1994-7 and 2013-16) . While definitions of affordability vary, the threshold of approximately 30% income is widely used as a valuable proxy .

Households in the private rented sector are more likely to spend more than a third of their income on housing than those in any other sector and the most likely to be living in sub-standard accommodation, itself a driver of higher costs (51% of those PRS households in the poorest fifth live in sub-standard accommodation, compared with 32% of the most affluent) .

Increasing housing costs over the last decade have fallen hardest on those on lower incomes in the PRS, relative to other tenures . A key test of success for successful rent control in our view must be its ability to target support at those at the bottom of the income distribution in the PRS: this chimes with the principles Shelter has set out, in supporting the London Mayor's office as they explore rent control in London.

As the consultation paper notes, high housing costs in the PRS are not equally distributed across Scotland geographically either, with significant rises since 2010 in both Glasgow and Edinburgh. There are also significant variations in the proportions of local populations who rent privately in cities like Dundee and Edinburgh, and their profile, meaning the impact of controls is likely to operate differently in some places. Affordability in the PRS is experienced differently by the different groups who live there, with growing numbers of young people, families with children, single adults and those on very low incomes facing serious affordability pressures. There are also distinct challenges facing rural areas, and for groups seeking accessible accommodation and evidence that rents can come down, as well as rise in response to changing demand (as Aberdeen City and Shire have shown).

JRF are committed to ensuring that the housing market works better for low income households and agree that we must find ways to control the costs of essentials and achieve more systemic change in the wider market.

The current evidence base on the effectiveness and impact of international rent controls suggest that effective interventions are highly context dependent (including what is happening in other tenures). While there appears to be strong evidence for the positive impact rent stabilisation could bring in key localities, we think further work would be needed before we could conclude a national cap was the next best step for Scotland.

Work is underway by the UK Collaborative Centre for Housing Evidence, (CACHE) to update the evidence base: their research is due next year (2020) and could help inform effective approaches in Scotland's housing system.

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))?

However, we share the frustration at the lack of progress so far in tackling rent increases within the PRS and believe that we can best learn how rent regulation might support Scotland's specific context by actually trialling it and committing to comprehensive evaluation. Currently, responsibility lies with individual tenants to challenge individual rent increases and with individual local authorities to gather new data and make the business case for a Rent Pressure Zone (RPZ): the lack of appropriate data and capacity to gather it reinforcing a lack of action.

On balance, we believe that a 'test and learn' approach might be helpful in unlocking this situation, as well as mitigating concerns about unintended consequences (impact on supply, quality, investment attractiveness, etc) and building capacity at local level.

It may be worth re-considering if we can do more to achieve the ambition of this bill through the existing legislation, by undertaking work to improve the deliverability of it: supporting the generation of appropriate data and sharing consents, in a pilot – valuable learning which could be shared and developed into a comprehensive, national approach.

This is partly to reflect the time it will take to progress any new legislation and build a new consensus; in part to explore more closely the evidence to support proposals to apply a national 'cap' and understand what the market responses might be; and in part because all options require improved rental data (including to guide monitoring and enforcement). This data should be progressed first, giving more time to design any further interventions that might be required, with key stakeholders, as well as considering how to resource effective enforcement.

We also need to retain a 'whole system' focus - a) commit to sustain an evidence-based affordable housing supply post 2021 (that works to reduce demand over time on the PRS from lower income households); b) improve the data we hold about the PRS as a whole and commit to sharing and using it and; c) trial applying local controls and evaluate it rigorously.

We agree that action is needed now, for those facing unaffordable housing today – for the lowest income households, improved access to social rented homes and increasing the adequacy of support for housing costs is likely to have a greater impact longer term.

The role of social security for low income households is therefore critical. We have the power in Scotland to top up housing costs support to ensure that no-one is in poverty owing to high rents (particularly the 40,000 children and their families who fall below the poverty line after housing costs) and to boost take up or increase eligibility and generosity of existing support (such as Council Tax reduction).

JRF along with many others are campaigning to have Local Housing Allowance unfrozen, uprated in line within inflation and re-set to ensure that those renting privately can access at least the lowest 30% of market rents and have some choice. For example, Homes for Good have demonstrated that it is possible to supply good quality, affordable housing in the PRS to those in receipt of housing benefits and/or low wages, a model we could do more to support.

Improved PRS rental data would also feed through into improved Rent Service Scotland intelligence (including the setting of LHA) and if made available, enable improved distributional analysis to ensure that key groups were able to access housing in practice.

Longer term, we would want to see a steady reduction in the proportion of public subsidy going to private landlords, through Housing Benefit/Universal Credit and instead being invested in high quality affordable, housing supply .

Given the need to ensure that housing is playing its full part in achieving Scotland's child poverty targets, the Scottish Government has a role to play in enabling progress here. They should work together with local government, Registers of Scotland, landlords, tenants and academic partners in order to generate the data necessary for trialling rent stabilisation of CPI+1% in a suitable locality and monitor and evaluate its impact (working alongside those with direct experience of poverty and high rents).

JRF Associate Director for Scotland Jim McCormick chairs the independent Edinburgh Poverty Commission which has highlighted the challenging, sustained rental increases in the PRS as a key driver of poverty in the city: this might be an excellent case study area.

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.

We are not aware of how frequently an increase is applied or called for, but would consider this to be a sensible precaution, particularly in view of the partial evidence that rent service staff and tribunal members are able to draw on currently. Landlords would still be able to apply a reasonable increase to the rent once a year, with appropriate notice. It would be useful to explore any further ways to incentivise landlords to carry out improvement works on their properties (perhaps through zero-interest loans and/or tax relief), and to reduce the pressure to recoup costs only through rental increases.

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 supportive

Please explain the reasons for your response.

There is widespread support for improving the rental data we hold, and enhancing access to it, as fully evidenced in your consultation paper and this will be key to designing a more systematic intervention, particularly in the private rented sector. It could (as discussed above) also be critical in helping ensure that Local Housing Allowance is set at a level that enables low income households to access quality, affordable housing in the private sector as well as feeding through to improved decision making in any rent assessment cases by Rent Officers and at tribunal. There is widespread support for improving the rental data we hold, and enhancing access to it, as fully evidenced in your consultation paper and this will be key to designing a more systematic intervention, particularly in the private rented sector. It could (as discussed above) also be critical in helping ensure that Local Housing Allowance is set at a level that enables low income households to access quality, affordable housing in the private sector as well as feeding through to improved decision making in any rent assessment cases by Rent Officers and at tribunal.

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 supportive

Please explain the reasons for this response.

The legislation currently exists for Rent Pressure Zones to be applied for but, as you have set out in your consultation and other analysts have agreed, to be workable requires first the development of the appropriate datasets : this should then be the priority. As discussed above, we believe there is merit in Scottish, Local Government and partners working together to develop that local data and intelligence on private rents in order to collate a Rent Pressure Zone application, at CPI+1%, to be tested and fully evaluated, alongside people with direct experience (investors, landlords, tenants and support agencies). It will be important to assess the impact not only on rental increases and wider affordability, but on enforcement, PRS housing supply and tenure changes, on the different experiences of diverse

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)?

households, how to balance landlord, investor and tenant interests and on quality. The aim would be to enhance our understanding of when and where best to use rent controls and what their wider impacts might be.

Financial implications

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

No Response

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

No Response

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?

No Response

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

No Response

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 Response

General

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

No Response