

Private Housing (Tenancies) (Scotland) Bill

Written submission to the Infrastructure and Capital investment Committee

Savills Incorporating Smiths Gore

Overview

We support the Scottish Government's aim to simplify and modernise the private rented sector (PRS) and feel that the replacement of the current Short Assured Tenancy and Assured Tenancy system with a new Private Residential Tenancy (PRT) will benefit all those involved in the PRS. We are pleased that the Scottish Government has taken on board the views of landlords, tenants and letting agents throughout the consultation process however there are several points which we feel should be considered further within the draft Bill.

Grounds for Termination

As the Bill is currently drafted, landlords can utilise one of 16 grounds to regain possession of their property, however we feel that an additional ground, or an extension to Ground 7 - 'Not an Employee', should be introduced where a property is needed to house a new employee. At present there is provision for a landlord to regain possession of a property if a tenant is no longer an employee, however not if the property is needed to house a new employee. This is likely to have a high impact across the PRS but especially in the rural sector where property is often needed to house employees who must live close to their place of work such as shepherds, gamekeepers, farm workers, foresters etc. The ability not to be able to regain possession and provide housing for new workers could potentially result in knock on employment issues and job losses within the rural sector. We urge that the Scottish Government takes this point on board and that provision be made within the Bill to accommodate such circumstances.

Whilst we did not support the removal of the 'no fault' ground we feel that, with the inclusion of the aforementioned ground regarding new employees, that there would be sufficient grounds to cover the majority of eventualities and that a fair balance is struck between landlord and tenant.

Model Tenancy Agreement

Whilst a model tenancy agreement will assist with simplifying the lease structure by adopting a more standardised tenancy, it is imperative that such an agreement allows sufficient flexibility and adjustment to account for variances in property types, locations and circumstances. There should be provision to allow for clauses to be inserted, which allow for leases to be tailored to suit specific circumstances, for example the inclusion of clauses to allow for emptying septic tanks, chimney sweeping, recharging water/electricity/heating costs, etc. There is a wide range of property types which the PRT will affect and the tenancy agreement will form the basis of determining whether a breach of the lease has occurred, therefore the Scottish Government must ensure any model agreement is robust and flexible enough for a variety of properties and circumstances.

Rent Pressure Zones

Whilst Rent Pressure Zones (PRZ) will only affect certain pockets of the country further guidance is needed as to how the Scottish Government will determine whether rents are rising too steeply in a certain area. Market rents can be assessed through advertised property however further information is needed as to how rental information for existing tenants will be properly gathered and assessed as well as determining if rent increases are causing undue hardship.

It is important that the Scottish Government fully acknowledge the possible knock on implications of introducing rent capping measures. The return on investment for landlords and investors will be directly affected by these measures and it could well have the opposite effect and cause reduced investment in the PRS, thereby reducing the level of housing stock at a time when housing supply is in shortage. It is crucial that these effects are assessed and that any rent capping is properly thought through and is robust enough in the longer term.

First Tier Tribunal

Another key element is that the First Tier Tribunal (FTT) provides an efficient and low cost process for resolving issues between landlord and tenants particularly in determining grounds which are more subjective.

It is therefore important that the FTT can deal efficiently with cases for which grounds for termination are more open to conjecture such as anti-social behaviour.

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