

Private Housing (Tenancies) (Scotland) Bill

Written submission to the Infrastructure and Capital investment Committee

The Scottish Federation Of Housing Associations (SFHA)

Introduction

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- 1.1. As the national representative body for Housing Associations and Co-operatives in Scotland, the SFHA welcomes the opportunity to submit written evidence to the Infrastructure and Capital Investment Committee on the Private Housing (Tenancies) Scotland Bill.
- 1.2. Housing Associations and Housing Co-operatives in Scotland own and manage 47% of the country's affordable rented housing stock. This represents over 280,000 homes across Scotland, concentrated in some of the poorest communities in our country.
- 1.3. Housing Associations and Co-operatives have been working to provide, manage and maintain housing throughout Scotland since the 1960s and have a track record of making a significant contribution to improving housing for the people of Scotland.
- 1.4. There are some important and distinctive features of housing associations and co-operatives. Our members are:
 - Independent businesses with goals aligned to the Scottish Government in providing and managing high quality affordable accommodation and housing services;
 - Managing their businesses, not to make a profit but using resources imaginatively and inventively to benefit housing and communities;
 - Increasingly providing private housing opportunities through subsidiary companies to help meet the need for mid-market and full rent housing and low cost home ownership in communities.
- 1.5. The SFHA welcomes the reform of private sector housing and in particular, the opportunity to improve conditions in the private sector for the benefit of landlords and tenants.

Focus of SFHA Response

- 2.1. Many Housing Associations offer 'Mid-Market Rent' (MMR) homes, which is a form of affordable housing that is available on a restricted basis and rent reflects the Local Housing Allowance.
- 2.2. MMR homes offer a housing option for many households unable to afford full market rent and home ownership but with insufficient priority to qualify for social rented housing.

- 2.3. In order to offer MMR homes, Housing Associations are required to set up subsidiary companies. These companies adhere to the values and ethos of their parent companies
- 2.4. The tenancies given to MMR tenants are currently Scottish Assured Tenancies
- 2.5. The SFHA submission focuses on concerns the proposed bill have raised for Housing Associations with subsidiary companies providing Mid-Market Rent products.

Main Impact on SFHA Members

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- 3.1. The main ways the Bill will impact on SFHA Members through their MMR Subsidiaries are anticipated to be:

Administrative

Procedural and paperwork changes will be required to reflect the new tenancy regime, as well as procedures required to serve notice and changes to rent. This may increase the financial burden on Housing Association MMR Subsidiaries in respect of administration costs and additional operational procedures.

Financial

Properties located within a Rent Pressure Zone may be a knock on impact on business plans if it restricts rent levels. Business Plans of Housing Associations and their MMR subsidiaries are prepared many years in advance and are subjected to substantial scrutiny from Tenants and Management Committees. The rents for MMR homes are linked with Local Housing Allowance (LHA) which is deemed to be the fair market price for rents within a given area.

Furthermore, the requirement to give 3 months advanced notice of any rent increase presents timing challenges to organisations who manage both social rented and MMR tenancies.

External pressure on these business plans may have unintended consequences for the MMR Subsidiary and their parent Housing Associations.

Operational

Proposals to require a 12 week notice requirement for tenancies which have been in place for 6 months or more may delay Housing Association MMR Subsidiaries to deal with issues in a timely manner, with resultant impact on financial and operational resources.

This is particularly relevant to Housing Association Subsidiaries as only 4 weeks notice is required in the social rented sector to give them notice of Court Proceedings to evict.

- 3.2. SFHA asks that the ICI Committee consider:

- How best to minimise additional burdens on organisations already financially pressed due to welfare reforms and wider economic constraints.
- Exempting Housing Association MMR Subsidiaries from Rent Pressure Zones, 'Rent Officer' caps and the 12 week rent notice periods – reflecting that the rent policy is set within the context of a wider business plan that has Management Committee Scrutiny and reflects local LHA rates.

Conclusion

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4.1. The SFHA welcome the opportunity to provide evidence to the Infrastructure and Capital Investment Committee on the impact the Private Housing (Tenancies) Bill might have on Housing Associations and their subsidiary companies.

4.2. The SFHA and its members are broadly supportive of moves to reform and improve the Private Rented sector to improve security of tenure, terms and protection to private sector tenants.

4.3. SFHA members have intimated that while Housing Association MMR Subsidiaries are not the main target of the proposed legislation may have a negative impact on their resources.

4.4. SFHA asks the Infrastructure and Capital Investment Committee to take these points into consideration when examining the draft legislation.

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