

## **Private Housing (Tenancies) (Scotland) Bill**

### **Written submission to the Infrastructure and Capital investment Committee**

#### **Northwood (GB) Ltd**

We declare our interest as an interested organisation in the Private Rental Sector in Scotland.

Northwood (GB) Ltd have 87 Letting and Estate Agent offices across England, Wales and Scotland. 6 of these offices are based in Scotland.

We would like our representations taken into account when considering the implementation of the Private Housing (Tenancies) Scotland Bill. Our comments on the proposed bill are as follows:

We can see no objections to the contents of Part 1, Private Residential Tenancy.

We can see no objections to the contents of Part 2, Tenancy Terms and welcome any effort to regulate agreements to contain standard clauses provided that special clauses agreed between the Parties are still allowed to be incorporated into the agreement.

We can see no objections to the contents of Part 3, Tenancy Information and appreciate that it is best to have terms of the agreement set out in writing, further we have no objection to providing the information specified and no objection to the Tenant being able to apply to the First-tier Tribunal to draw up terms if the Landlord fails/refused to do so. Further, whilst we have no objection in principle to the sanctions proposed if the Landlord does fail/refuse to draw up terms subject to the conditions proposed under the heading “*the landlord does not have a reasonable excuse for failing to perform the duty*” we reserve our right to comment further once the criteria for “*reasonable excuse*” is fully defined.

We can see no objections to the contents of Chapter 1, Part 4, Rent. It is accepted that one rent increase per 12 months is reasonable and that there should be a set process for the implementation of any rent increase.

We can see no objection to Chapter 2, Rent Variation Instigated by Landlords Notice.

We do however object to the proposed provisions in Chapter 3, Rent Pressure Zones, which gives a local authority the right to apply to the Scottish Ministers asking that all or part of the authority's area be designated as a rent pressure zone. Northwood, in line with many Agents and Private Landlords are against rent controls. The market should be allowed to set itself. In no other industry do you find that the price of something is restricted or controlled by the local authority. Additionally we are concerned that Private Landlord's will become the local authority's answer to the

lack of social housing and they will be forced to provide housing at a cost usually only found in the social housing sector. Further, we can see that it may prevent some Private Landlord's carrying out improvements to the comfort of their property on the grounds that they could only ever achieve the rent that the property next door achieves which is less comfortable than the property they are offering to rent. Overall we are concerned that this measures will decrease confidence and drive Private Landlord's out of the market putting more pressure on both the private sector and social housing in Scotland.

Our main objection is to Chapter 5, Security of Tenure for various reasons.

We are concerned that the proposals to remove the right of a landlord to bring a tenancy to an end upon the relevant period of notice will deter those looking to invest in the PRS in Scotland. Additionally, it may well make it more difficult for some tenants to find rented accommodation and may fuel a black market in unregistered and criminal Landlords offering accommodation at increased rent "under the counter" so to speak.

If this proposal is introduced we believe the outcome will not be security of tenure or affordability for tenants but that genuine Landlords will be driven out of the Scottish Private Rental Sector which will result in many of them selling up and ultimately lead to a shortage in the sector. We further believe that Landlord's will become more selective of their Tenants. We feel that these proposals will in fact jeopardise the aims of the Scottish Government as far as the Private Rental Section is concerned.

We have further concerns as to the impact on the student accommodation sector particularly in Cities such as Edinburgh. Instead of providing housing to this group during the year, Landlords may decide not to rent to students as they would not be able to guarantee that they would leave the property at the end of the academic year. Instead they may opt for longer-term tenants. Additionally, students like to secure accommodation well in advance of the academic year commencing and Landlord's will be unable to offer property to rent until such time as their existing tenants serve notice which we consider will reduce the amount of student accommodation available.

We consider that it is important for Landlords and tenants to be allowed to end a tenancy by mutual agreement – which is currently used often and is to the benefit of both parties to the contract.

As a business, the removal of the no fault eviction may well impact on the Northwood offices in Scotland as they operate a Guaranteed Rent Scheme which enables them to rent properties from the owners, become the Landlord and then sub-let them. Presently, if the owner requires Northwood to return the property to them, Northwood can serve their tenant notice and return the property to the owner with vacant possession. Under the new rules, Northwood would never fit any of the criteria to be able to recover possession. The net result of this is that Landlords would never enter into the Guaranteed Rent Scheme as they could not guarantee that they could get possession if they gave notice to Northwood. As there are currently up to 1500 of these schemes running in the Northwood network in Scotland, this equates to a

potential 1500 households that may struggle with renting a property as Northwood have no reservations in renting to benefit claimants or pet owners. Tenants which may well be otherwise overlooked by a private landlord.

We feel that the impact of the removal of no fault eviction should be very seriously considered by the Scottish Government before it is implemented.

We have some reservations re Chapter 2, Termination by Tenant.

We do not object to – and indeed welcome - the proposal to give landlords the right to refuse to allow tenants to withdraw their notice as the Landlord may well have already committed the property after the date on the tenants notice. It is not clear what happens if the landlord refuses the request and the tenant fails to vacate. We feel that the bill should include a ground for possession to cover this scenario. Additionally the bill does not specify whether notices can be deemed served by email and with the advance of technology this would be a welcome addition. Additionally some clarification where there is a joint tenancy and only one tenant gives notice would be welcomed.

We do not object overall to Chapter 3 but would like to see it clarified that the landlord can repossess the property provided they have confirmation from the tenant that they have ceased to occupy rather than wait 12 weeks with an empty property. We also believe that a Landlord should also be able to use grounds 9, 14, 15 and 16 to end the tenancy during the fixed term. Abandonment is a common problem.

We feel that it is important for landlords to be able to use grounds 14-16 during the fixed term of the tenancy as otherwise the landlord could be unable to comply with other legislation. We feel that these amendments are important because under the proposed legislation there is no maximum duration for a fixed term tenancy. Landlords could therefore enter into very long fixed term tenancies during which, as the legislation is currently worded, these grounds could not be used. It would also be useful if the bill could state what methods of service of notices on the tenant are acceptable and what a tribunal would accept in the event that the tenant claimed not to have received notice.

We do not see any objection to Chapter 4.

We do not see any objection to Part 6 but if succession is not going to take place, the tenant's executor must end the tenancy as soon as possible. What happens if they do not? Or an executor has not been appointed? Clarity is needed here and we suggest that there should be a ground for possession allowing the landlord to end the tenancy under these circumstances. We consider that the Private Rental Sector should be treated no differently from the social housing in this regard.

Finally we have the following comments to make regarding the proposed grounds for possession: -

Ground 2 – there is an error in subsection (3)(b) where the reference to (c) should read (d).

Ground 11 (rent arrears) - the wording of this ground does not allow a landlord to evict a tenant who is persistently late in paying the rent. In an extreme case a tenant could pay the rent each month on the day before the next rent falls due, but provided it is paid up in full each month the landlord would have no recourse. We suggest that this ground be amended to allow it to be used if the tenant pays the rent more than 7 days late for three or more consecutive months;

We have concerns regarding the length of time it will take to evict a tenant who is not paying rent. Currently repossession can often be achieved in 2-3 months. Under the proposals we estimate that it will take a landlord at least 5 months to recover possession from a non-paying tenant. This will have a huge financial implication for landlords in terms of lost revenue. To reduce the timeframe we suggest that landlords should be allowed to serve a notice to leave as soon as the second consecutive month of rent arrears falls due

Ground 13 (anti-social behaviour) – this ground is the only one not to have a discretionary element. The mandatory criminal behaviour ground (ground 12) only relates to use of the property, not behaviour, so we are unclear as to whether it could be used where anti-social behaviour results in a criminal conviction. We believe it is essential for landlords to have a mandatory ground for possession in serious cases of anti-social behaviour. We suggest that ground 13 should be mandatory where confirmation is given by the police or a local authority of at least three instances of anti-social behaviour by tenants or their visitors at the property.

We also have concerns where the landlord requires the property for occupation by an employee of the landlord e.g. farm workers, school caretakers. Many landlords will not make their vacant properties available for occupation unless they are certain they can repossess for this purpose. The criteria for this ground should be the same as for ground 6 (property required for religious purpose).

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