

Private Housing (Tenancies) (Scotland) Bill

Written submission to the Infrastructure and Capital investment Committee

Savills

Savills welcomes reform to the private rented sector and appreciates the Scottish government's efforts to increase stability in the sector through the Private Tenancies (Scotland) Bill. However, Savills believes that there are a number of unintended consequences of the proposed bill as it currently stands, and seeks clarification and potentially reconsideration of these issues.

Clarification regarding Rent Pressures Zones

Savills appreciates what the Scottish Government is trying to achieve through the potential introduction of rent increase caps in rent pressure zones, and welcome that this is not going to be applied universally.

However Savills seeks clarity regarding how these caps would be introduced and raises the following questions:

1. What matrix of factors would be considered and would it be standardised?
2. How will the geography be decided and by whom?
3. What about areas on the periphery? The potential for spill over issues
4. How much warning would be given of their introduction?
5. Would there be community consultation?

Clarification regarding Grounds for Repossession

Savills welcomes the desire for stability motivating the introduction of the 16 modern grounds for repossession under the proposed legislation. However there are a number of concerns.

Repossession for an Employee

Savills would recommend the introduction of a further additional ground, or an extension to Ground 7 – “Not an Employee”. Currently a property can be repossessed if the tenant is no longer an employee, but not if the property is needed to house a new employee. The implications of this are likely to be highest in rural locations where it is important that employees live close to their place of work. This reduces the level of flexibility needed within rural locations to sustain vibrant and active communities as otherwise it might result in empty properties as owners are required to keep properties vacant in case there is a need for them in the future.

Students

Students are a considerable part of the Scottish private rented sector; 63,000 private rented student households were recorded in the 2011 census. Landlords range from small scale private landlords to education institutes and large, institutional bodies.

Tenancies typically last ten months or less to correlate with the academic year and student loan payments.

These relatively short tenancies empower both student and landlords to plan and optimise their finances, therefore the removal of this option would be disadvantageous to both. A potential solution would be the creation of a separate regulated tenancy or clause designed for students and potentially other groups, who only require fixed term tenancies e.g. seasonal workers. This would allow both students and landlords to benefit from the many positive features of the legislation, whilst empowering and protecting both financially.

Anti-Social Behaviour

Savills appreciates the inclusion of anti-social behaviour as a reason for repossession yet seeks clarification regarding the means by which this will be measured. Will this be measured by neighbour relations, police or social work intervention or condition of the property. Furthermore if the tribunals are to assess this they will have to be efficient and low cost but this raises questions about how they will be achieved.

Vulnerable Tenants

Once in a tenancy, Savills appreciates that these vulnerable tenant groups will be more protected in the private rented sector than at present, but in a competitive rental market they might end up further disadvantaged as landlords consider them to be high risk.

This is not to be unexpected. Paragon's research suggests that 81% of landlords own one property and 16% have between two and four.^[1] Therefore the discerning attitude of landlords towards their tenants is expected, and will become more prominent when tenancies are not fixed term and there is the potential for considerable litigation if the tenancy does not prove sustainable.

In order to protect both tenants and landlords, Savills anticipates anti-discrimination clauses within the legislation. However instead of relying on the private sector to house the most vulnerable, Savills would like to see more social housing built, both centrally and rurally. This will only happen through strategic planning and funding from Holyrood, and Savills would appreciate a concentrated effort to provide this from the Scottish Government as part of their plans to increase stability in the housing market.

Savills
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^[1] Paragon, Today's Private Rented Sector, 2015