

**Housing (Scotland) Bill Stage 1 Debate – 28 November 2024 - Briefing from Propertymark**

**Background**

The Housing (Scotland) Bill was introduced on 26 March 2024 and sets out plans to require local authorities to assess rent conditions in their area, at least once every five years, and powers for Scottish Ministers to introduce rent control areas and place limits on rent increases.

**Key concern - rent controls between tenancies**

The announcement by the Housing Minister on 31 October 2024 to link rent caps to inflation is a step in the right direction, however the Scottish Government's decision to maintain rent controls between tenancies remains a significant deterrent to investment in Scotland's housing market.

- Upgrades such as redecorating, replacing furniture, or installing energy-efficient systems are typically undertaken during vacancies. Rent controls remove the financial incentive for such investments, impacting overall housing quality.

**Key statistics<sup>1</sup>**

- Average rents increased to £973 (7.2%) in Scotland, in the 12 months to September 2024.
- Average house prices increased in Scotland to £200,000 (5.4%), in 12 months to August 2024.
- Scotland's median gross weekly earnings for full-time employees grew by 4.3% in April 2024 compared to April 2023.<sup>2</sup>
- Member data from Propertymark shows that on average there are ten applications per property from prospective tenants across the UK.<sup>3</sup>

**Overview**

Policy work leading up to the legislation through the New Deal for Tenants talked about affordable rents, supply of rented homes and quality raising standards, but the legislation does very little to increase the supply of private rented homes and only offers rent control as the solution to improve affordability for renters.

Rent levels are high because there are too many people who have to rent, and not enough homes available. Rents can only be reduced sustainably by increasing the overall supply of all types of homes, so that more people can get a social home or buy their own with a mortgage, and fewer private renters have to compete over each available home.

**Understanding the private rented sector**

There is a disconnect between what is being proposed in the Housing (Scotland) Bill and what the sector is seeing and saying. Landlords have been impacted by changes to their costs and taxes in recent years:<sup>4</sup>

- **To implement policies that understand these changes and support the supply of homes to rent, the Scottish Government must commit to review all costs and taxes impacting private landlords within six months of the Bill passing.**

In any area of Scotland, including all of Scotland, we do not know what the supply of homes to rent is:

- **The Scottish Government must also commit in legislation to publish an annual parliamentary update via a Ministerial Statement on the state of the private rented sector. This should include data on the supply, size and location of properties.**

<sup>1</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/october2024>

<sup>2</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2024>

<sup>3</sup> <https://www.propertymark.co.uk/news-reports/housing-insight-report.html>

<sup>4</sup> These include the impact of six per cent Additional Dwelling Supplement on LBTT, mortgage costs, maintenance costs, landlord and letting agent registration charges, the Local Housing Allowance freeze and changes to the Wear and Tear Allowance.

**Key recommendations to strengthen the Housing (Scotland) Bill**

To improve the Scottish Government’s proposals and make the private rented sector fairer for all, further reform is needed in the following areas:

1. **Rent control areas need to be clearly defined and easily understood** – currently designation of a rent control area is open ended and can be applied by local authorities differently across the country.
  - To help tenants and landlords understand rent control areas the legislation must say street, ward or area wide. This would also ensure implementation is more consistent.
  
2. **Periodic assessment of rent conditions by local authorities must be consistent** – currently local authorities must assess rent conditions in their area and submit a report to Scottish Ministers at least every five years. The first report must be completed by 30 November 2026. However, this means that all 32 local authorities in Scotland will be reporting at different times.
  - To help tenants and landlords understand when designation of a rent control area will take place, local authorities should be required submit their reports on the same date.
  - Scottish Ministers should be required to report back within a statutory timescale, which should be set out in the Bill. Currently, Scottish Ministers can report back, ‘as soon as reasonably practicable after the receipt of a report.’
  
3. **Rent control should be linked to the tenancy not the property** – the legislation must ensure that landlords have the funds and incentives for the adequate repair and improvement of properties.
  - Rent control should not be applicable between tenancies to ensure landlords can invest or upgrade the property.
  
4. **Data collection must include reasons for rent increases and coordinated nationally** – under the Bill local authorities must assess the level of rent payable in their area and the rate of increase without understand why rent increases may or may not be happening.
  - Under a Private Residential Tenancy, the Rent Notice should be amended to include reason for the increase, so Scottish Ministers have a better understanding of the sector.<sup>5</sup>
  - Data needs to record actual rent paid not advertised rents, and capture in tenancy increases to support information on overall trends.
  - The data also needs to be collected and coordinated nationally to be consistent and transparent. For example, Registers of Scotland’s information on house prices is a national sales data set that gives accurate information on house prices, transactions and market turnover at the national level, but it is also capable of doing that at local authority level, data zone level and postcode level.<sup>6</sup>

**Propertymark** is the UK’s leading professional body of property agents, with over 18,000 members. For further information and to arrange a meeting please contact Timothy Douglas, Head of Policy & Campaigns via [timothydouglas@propertymark.co.uk](mailto:timothydouglas@propertymark.co.uk) or telephone 07920 588936.

<sup>5</sup> <https://www.gov.scot/policies/private-renting/private-tenancy-reform/>

<sup>6</sup> <https://www.ros.gov.uk/>