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Dear Convenor

Housing (Scotland) Bill,

Local Government, Housing and Planning Committee, 18 June 2024

I would like to extend my gratitude for the opportunity to provide evidence on the Housing (Scotland) Bill at the meeting of the Local Government, Housing and Planning Committee on 18 June. It was a privilege to share insights and engage in discussions on such a critical issue affecting our housing sector and the Scottish economy at large.

I would like to reiterate the key points that I discussed during my testimony, which I believe are crucial for the successful implementation and efficacy of the Housing (Scotland) Bill.

In this respect it is important that we learn from recent history to ensure that we create sustainable legislation that provides the balance between ensuring tenants won't be subjected to unreasonable rent increases, whilst creating an environment to encourage the provision of good quality, energy efficient homes for rent.

Simplified Rent Control

It is evident that current rent control mechanisms, specifically the rent pressure zones introduced in 2016-17, have not been effective. These were generally accepted as fair and reasonable when introduced, but the primary reason these have not been utilised is due to challenges in the collection of rental data; without accurate and reliable data, local authorities have not been able to make use of this legislation. This is a point that must be addressed to ensure that the current proposals are workable and sustainable.

The basic premise of rent pressure zones should be adopted - simple rent controls which allow inflation-linked uplifts create a fair, workable and predictable framework for both tenants and landlords. In light of recent record levels of inflation, these could be subject to a cap to avoid exceptional rent increases and to keep levels moderated.

An inflation-linked approach is fair for tenants and remains an investable proposition to attract the responsible institutional investment required to provide the new homes required to meet the challenges of our housing emergency.

While recognising the desire for these to be enacted at a local authority level, clarity is required on what will constitute a controlled area. We also need to adopt a nationally consistent approach to the assessment, administration and application of controlled areas with a universal framework, to enable transparency.

No rent-fixing between tenancies

To encourage improvements and upgrades in the housing stock and to attract further investment, it is essential to remove rent controls between tenancies. Control between tenancies effectively becomes rent fixing, which means that there is no incentive for landlords to improve or upgrade tenancies, and therefore the quality of housing stock will deteriorate as a result.

Control of rent between tenancies is a barrier to investment from responsible investors as it removes the ability to improve returns through positive investment.

Data Collection

A consistent theme in our discussions was the necessity of robust data collection. We need real rental data, including in-tenancy uplifts - to make informed decisions and ensure that future legislation is evidence-based.

Specifically, the focus should be on three areas: how we acquire data, how we analyse it, and how we apply it.

Establishing a national agency, potentially an extension of Rent Service Scotland, could provide the clarity, consistency, and transparency required for effective rent control implementation.

Investment Clarity and Consistency

Housing providers seek clarity, certainty, and consistency when considering market entry. The current proposals pose significant barriers to investment both in their content and in the time required for the parliamentary process.

Simplifying the process and ensuring uniform application across local authorities – while still permitting each authority to make their own decisions - will make Scotland a more attractive destination for investment. This is crucial to address the barriers outlined and to unlock the identified £3.2 billion investment which has stalled, frustrating the delivery of approximately 17,000 homes.

By addressing these key areas, we can create a balanced and effective rent control system that works for everyone involved. I am confident that with these adjustments enacted timeously, the Housing (Scotland) Bill can significantly improve our housing sector's functionality and attractiveness.

Thank you once again for the opportunity to contribute to this important discussion. I look forward to further collaboration and I would be happy to answer any additional questions or clarifications you may have.

Yours sincerely

Managing Director