



OFFICIAL REPORT  
AITHISG OIFIGEIL

DRAFT

# Local Government, Housing and Planning Committee

Tuesday 18 June 2024

Session 6



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Pàrlamaid na h-Alba

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**Tuesday 18 June 2024**

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**LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE**  
**20<sup>th</sup> Meeting 2024, Session 6**

**CONVENER**

\*Ariane Burgess (Highlands and Islands) (Green)

**DEPUTY CONVENER**

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Miles Briggs (Lothian) (Con)

Stephanie Callaghan (Uddingston and Bellshill) (SNP)

\*Pam Gosal (West Scotland) (Con)

\*Mark Griffin (Central Scotland) (Lab)

\*Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Colin Beattie (Midlothian North and Musselburgh) (SNP) (Committee Substitute)

Robin Blacklock (Dowbrae Limited)

John Blackwood (Scottish Association of Landlords)

Dr John Boyle (Rettie)

Cedric Bucher (Hearthstone Investments)

Timothy Douglas (Propertymark)

Kelly Ferns (Argyll and Bute Council)

Anna Gardiner (Scottish Land & Estates)

Ally Macleod (Aberdeenshire Council)

Lisa Mallon (City of Edinburgh Council)

Derek McGowan (City of Edinburgh Council)

Jennifer Sheddan (Glasgow City Council)

**CLERK TO THE COMMITTEE**

Euan Donald

**LOCATION**

The David Livingstone Room (CR6)



# Scottish Parliament

## Local Government, Housing and Planning Committee

Tuesday 18 June 2024

*[The Convener opened the meeting at 09:30]*

### Housing (Scotland) Bill: Stage 1

**The Convener (Ariane Burgess):** Good morning, and welcome to the 20th meeting in 2024 of the Local Government, Housing and Planning Committee. We have received apologies from Stephanie Callaghan, and I welcome Colin Beattie, who is attending as her substitute. Mark Griffin will be joining us remotely.

I remind all members and witnesses to ensure that their devices are on silent and that all other notifications are turned off during the meeting.

The first item on our agenda is to take evidence on the Housing (Scotland) Bill from two panels of witnesses. For our first panel, we are joined in the room by John Blackwood, who is chief executive of the Scottish Association of Landlords; Dr John Boyle, who is director of research and strategy for Rettie; Timothy Douglas, who is head of policy and campaigns for PropertyMark; and Anna Gardiner, who is a policy adviser on rural property for Scottish Land & Estates. We are joined online by Robin Blacklock, who is managing director at Dowbrae Ltd, and Cedric Bucher, who is chief executive of Hearthstone Investments. I welcome the witnesses to the meeting.

We will try to direct our questions to specific witnesses, when possible, but if you would like to come in, please indicate clearly to me or the clerks. For those online, please do that by typing an R in the chat function, although I believe that one of you needs to put up your hand on Zoom, which is fine, too. There is no need for you to turn your microphones on and off, because that will be done for you.

The Scottish Government states that the bill

“contains a package of reforms which will help ensure people have a safe, secure, and affordable place to live.”

From today’s discussion, we want to understand your perspective on that.

I have a number of questions about rent. My first question is for everybody, particularly those who have something new to add. What are your views on the bill’s provisions on rent control areas? If such areas were introduced in particular parts of Scotland, would that lead to much sought-after rent stabilisation?

I will bring in John Blackwood first.

**John Blackwood (Scottish Association of Landlords):** I thank the committee for inviting us to give evidence.

Our biggest concern is about the supply of rented accommodation in Scotland. What we hear from our members is that they are actively selling up and leaving the sector, which is having an impact on supply and the rents that are being charged, as a result. We are concerned that, if we do not have investor confidence in the sector, investor landlords of all sizes, shapes and forms will leave, which will make it harder for renters to find a home in the future. Our concern is largely about supply, and the cost of renting, regardless of rent control, will continue to increase as a result. Rent control could give a degree of stabilisation—it could, of course, do that—but, nevertheless, the direction of travel with rent control is always that rents will increase in the future. Our concern is about how sustainable that is for the overall sector.

Many of our members say that the sector needs to be affordable for landlords, too. They say that they can no longer afford to continue to let properties simply because of rising costs, which they are unable to pass on to their tenant customers. Affordability is a big issue for landlords. One in 10 of the members who responded to our survey said that their rental properties are no longer financially viable for them. That is a major concern for investor confidence.

**The Convener:** You have gone on to my next question. However, I want to be clear that rent control areas will not be blanketed across Scotland. There will be a process whereby local authorities will review the situation, and the idea in the bill is that ministers will then consider whether it is appropriate to introduce such areas.

I go back to my initial question: what are your views on the bill’s provisions on rent control areas? Timothy Douglas has indicated that he wants to come in.

**Timothy Douglas (PropertyMark):** On behalf of PropertyMark, I thank the committee for inviting us to give evidence.

Before I speak about the provisions, I will build on what John Blackwood said. A lot of the policy work leading up to the bill was about affordable rents, the supply of rented homes and raising standards but, unfortunately, the bill will do very little to increase the supply of private rented homes. There is frustration in the sector that the only proposal on the table to deal with affordability is rent control. The sector is very clear: what we hear from letting agent members is that rent levels are high because there are too many people who have to rent and not enough homes available.

I am happy to go into the proposals in the bill in more detail, but the proposals for rent control areas are inconsistent and need to be simplified if they are to be applied across the country. The bill will do nothing, from the outset, to address the huge demand crisis in the private rented sector. Therefore, there is a huge disconnect between what Scottish Government ministers are proposing and what is happening in the market, which John Blackwood and I have alluded to.

Before we get to the provisions, Propertymark would like the Scottish Government to commit in the bill to reviewing all the costs and taxes that have been implemented on private landlords in recent years. That should be done within six months of the bill passing because, as John Blackwood alluded to, we do not feel that Scottish Government ministers have grasped the investment side of the sector.

The rate of the additional dwelling supplement on land and buildings transaction tax is now 6 per cent. The United Kingdom Government has introduced changes to mortgage interest relief for landlords and to the wear and tear allowance, and capital gains tax has now reduced, but we cannot just shrug our shoulders in Scotland and say, "Well, they were introduced by the UK Government, so they are nothing to do with us." Those things are having an impact on landlords in Scotland, so we need to have a clearer picture on the costs and taxes that are affecting landlords in Scotland.

In the bill, there should be a commitment to publishing an annual parliamentary update on the state of the sector, because I do not feel that there is that understanding. There is a real disconnect—"disconnect" is the key word that we are hearing. Those are our initial thoughts on the bill.

As I said, we think that the proposals for rent control areas are inconsistent. On data collection, a backstop date is provided of the end of November 2026, but that means, in relation to the five-year trigger for all local authorities to collect the data, that all local authorities will be working to different dates, unless we say that that must happen by that date. That means that the trigger dates for further reviews will be inconsistent across the 32 local authorities.

Under section 2 in part 1 of the bill, local authorities can designate any area—it could be a street, a cluster of houses, a ward or a borough—so, again, there will be inconsistency. Neighbouring councils could be doing different things. In addition, on the amounts that can be designated in a rent control area under section 9, local authorities will have the option to have a specific percentage, a range or something else. Again, there will not be consistency across the

board, and our members manage multiple tenancies all in one go.

The final point that I will make is—

**The Convener:** Okay. Please make this the final point.

**Timothy Douglas:** In relation to inconsistency, there is no statutory timetable for ministers to report back once they have received a report, so how will the sector have consistency and how will agents be able to relay information back to tenants and landlords?

**The Convener:** Before I bring in John Boyle, who has indicated that he wants to speak, I note that we have some special rural-focused questions for Anna Gardiner later, so she should not feel that she needs to address those issues now. I know that she can give a rural perspective, and those questions will be coming up right after this.

John Blackwood and Timothy Douglas have said that there is an issue with supply. It would be interesting to get information on that, and we will discuss data and how we can track things later. It is also helpful to understand that the bill sits within a wider piece of work, which is called the "Housing to 2040" strategy, and there is a commitment to introduce other things to address supply. As I said at the beginning, the bill has a particular focus on ensuring that people have a safe, secure and affordable place to live.

I will bring in John Boyle.

**Dr John Boyle (Rettie):** Thank you, convener, and thank you for the invitation to attend the committee today.

From my perspective, the problem that we have is one of availability. It is a supply issue, particularly in the main cities—Edinburgh and Glasgow—over the past 10 to 15 years. We have had increasing demand because we have had an increase in population. The number of households has risen even faster because we have falling average household size, and we have had rising numbers, particularly of young people, coming into the main cities for economic opportunities, and they have a greater propensity to be in the private rented sector.

We have also had a slowing down and then an increase in social housing provision, and we have had new-build housing falling back from levels of 25,000 units a year back in 2007-08—

**The Convener:** Thank you very much. I am sorry—I am just going to interrupt, because we do have lots of questions and my question initially was about the rent control area provision in the bill. If we could go there, it would be interesting to hear your perspective on that.

**Dr Boyle:** Okay—it is just to set the context: it is a supply problem and affordability issues are a symptom of that. We need to do something about the supply, and a big win is to try to get the pension funds and the build-to-rent sector into providing housing in a big way in Scotland, as they do in parts of England, including in Manchester. They are looking for index-linked returns in order to pay the pension liabilities at the back end. Under the bill, a potential scenario for a BTR investor is that rent fees will be zero per cent in perpetuity in a particular area. We model scenarios for some of the BTR funds, and that is one potential scenario under the bill. An investor will not just fail to make a return or a yield in order to pay their pension liabilities with that type of rent control; the value of their asset will erode over the whole period. No one is going to invest on that basis.

**The Convener:** I will ask my second question, because we have started to get into other areas here. This is specifically for Hearthstone Investments and Dowbrae Ltd. You have both made the point that rent controls can be workable, so I would be interested to hear more detail from you both on how rent controls could be acceptable to institutional investors.

**Robin Blacklock (Dowbrae Limited):** Good morning, and thank you for the opportunity to speak to the committee, convener. Thank you also for the opportunity to join remotely.

The starting point is that we already have rent control. Rent control was introduced in 2016-17 by way of rent pressure zones. It is just that we have never properly used it, because we did not manage to collect the data. This time around—I have been involved in BTR since 2012, I have been self-employed since 2017 and most of my work has been in this sector—the predominant message from investors, developers, and operators across the spectrum is that the bill is workable, with three main fixes. The first fix is to simplify rent control significantly and introduce a mechanism of inflation permitted uplifts with caps.

The second point is to remove rent control between tenancies, because that is a barrier to improvements and upgrades. It is also a constraint on investment and, therefore, a constraint on the delivery of more homes.

09:45

The third point is that we must collect the data. I watched some of the sessions from last week and, across all the sessions, this point keeps coming up. We need real rental data to inform decisions and ensure that future legislation is evidence based. When it comes to the data, I think that there are three points. We need to be clear about

how we are acquiring data, we need to be clear about how we are analysing the data and we need to be clear about how we are applying the data. I am sure that we will come on to that later, but the summary point about making rent controls that work is that we should work on what we have with the rent pressure zones, which are inflation permitted uplifts. Investors were starting to come into the market and getting comfortable with that.

The few developments that we have seen come through have worked through that regime and that form of rent control. Let us use that as a starting point from where we can evolve if there need to be changes, but the changes that have been put on the table now are a complete barrier to investment. I think that the research that John Boyle of Rettie has done showed that there is £3.2 billion-worth of investment with which we could deliver 17,000 or more homes, but it is simply not coming to Scotland because of the proposals in the bill.

**The Convener:** Cedric Bucher, what is your perspective from Hearthstone Investments?

**Cedric Bucher (Hearthstone Investments):** Good morning, and thanks for inviting us. Hearthstone Investments manages about 1,800 homes across Scotland, England and Wales in the private rented sector. The capital that we manage is on behalf of local common pension schemes. In Scotland specifically, we manage a housing fund for Scotland for just one Scottish local pension scheme. That fund has been running since 2014, so we are one of the pioneers in that BTR sector.

The current bill is poorly designed but, as you say, we are not in principle against rent controls. They can work. We need to accept that the rental market operates by having inflation drive everything. If you have 3 or 4 per cent inflation on average, wages grow by inflation, and if rents increase by inflation, renters' affordability remains the same. That is fair for the renters, and they have a secure home that they can afford.

If landlords can increase their rents by inflation, it means that their maintenance fees, their cost of labour and their cost of debt on average also increase with inflation, and their position remains the same.

If inflation is at 3 or 4 per cent, investors earn 3 or 4 per cent more in terms of pounds. The values of properties go up roughly by the same level, so their net return remains at the 4 or 4.5 per cent that they expect.

This is a very delicate ecosystem, but if rent controls are implemented with that in mind, where they protect against inflation, the system works. The minute we start poking at this, in any shape or form, it breaks down. It is a very delicate ecosystem. The result of that is what we have

seen in the past few years, which is, in effect, no supply of new energy-efficient homes coming into the market, which results in the Scottish housing market being energy inefficient.

We have old homes that are not being upgraded because landlords cannot afford to invest. New investors are walking away; they stop investing. No net zero homes have been built because of that, and tenants face long queues and times without knowing where they can live because there is no supply. Everyone is worse off. Investors will just go to other markets, whether those are in England or Wales or internationally.

We will probably talk about the uncertainty that we have, which is a prolonged uncertainty. That is not the topic but, ultimately, I think that more research needs to be done—and I have read the report from last week—into what has worked and what has not worked internationally, because that is what investors look at. Where rent controls have worked is where rents can plus/minus increase with inflation. That also helps tenants and weeds out some of those incredible rent increases. Someone last week mentioned a 40 per cent increase—we do not want that. That is not in our interest. We want to retain our tenants. We want them to stay in their homes for as long as they can.

We did not lose a single tenant during the pandemic, because we worked with them through their financial struggles. We did not evict tenants during the cost of living crisis. We want them to stay. We work with them. If they have financial struggles, we speak with them face to face. We want to help them, but if we are faced with a system where we potentially have zero per cent rental growth, which is completely unpredictable, I cannot go out to investors to raise more capital to build more homes in Scotland. It is the end. There is nothing that we can do. That is our top-down view on rent controls and the current proposals.

**The Convener:** Thank you very much. My question was about how rent controls could be acceptable to institutional investors. Can I clarify that you are saying that we should link them to inflation?

**Cedric Bucher:** Yes, it is as simple as that. It is not very complicated. If we do that, we weed out all the excessive rent increases while keeping investors and landlords on board.

**The Convener:** Thanks very much for that. Gordon MacDonald, do you want to come in on a supplementary?

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** Yes, I have a couple of questions. Good morning, panel. I will come to you first, Cedric, because my questions are about a similar area. You were talking about having to accept

reasonable rent increases. In my constituency of Edinburgh Pentlands, the rent for a social rented two-bedroom property is £450. Across the landing, the private rent for the same type of property in the same building is around £1,100 to £1,200. If we do not have proper rent controls in place, surely that gap is just going to get wider.

**Cedric Bucher:** We are trying to get a bill that works for the private rented sector overall. The rents that we charge are fair and they are affordable. Our aim is that rents do not make up more than 30 per cent of someone's income and that we achieve that. We increase rents in line with what people can afford. We perform tenant satisfaction surveys. Our target is that 90 per cent of our tenants are happy with the service that they receive and the rents that we are charging. If it drops below 90 per cent, we check very carefully why that is.

We have happy tenants who can afford their rents. Of our tenants, 25 per cent are key workers, and those who are not key workers have jobs in services and retail or are carpenters or forklift drivers. The market can work for anyone, but it needs to work for everyone. Just putting the foot down on rent is not going to help. I think that someone mentioned Berlin; rent control did not work there at all—it just did not work. We need to learn those lessons.

We need a strong private sector and a strong public sector for housing. As you know, most developments provide public and private rented homes and owner-occupied homes on the same development. If investment comes in from the private sector, that helps the developer and it supports additional social housing. It is an ecosystem that needs to work in balance. Simply putting the foot down on one part of the equation is not going to help. It is going to harm everyone.

**Gordon MacDonald:** You have touched on how attractive it is for institutional investors and you commented that you have the housing fund for Scotland on behalf of the Falkirk Council pension scheme. You invested £25 million of a £30 million drawdown, in 2016 I think it was, and it was valued at £25.3 million in 2017. According to your March 2024 figures, the value of that fund has dropped dramatically, but house prices have increased by 55 per cent in the Falkirk area in the same time period. How attractive is investing in the private letting sector in Scotland?

**Cedric Bucher:** I think that your numbers are inaccurate to start with. The investment has been—

**Gordon MacDonald:** They are from your website.

**Cedric Bucher:** All I can say is that the fund has been and is very attractive to investors, but at



the moment we are unable to attract new investors because of the regulatory uncertainty. If we do not have an open dialogue between investors and the regulator, it is very hard, because it is easier in other markets.

Our investors are happy with their returns. If we start approaching other local government pension schemes, they say, "Wait until we have a partnership between the Government and investors to build a sector that works for everyone." However, if we have this type of dialogue and animosity, I cannot raise any more capital to invest in more Scottish housing and that does not benefit anyone.

We tried to buy net zero homes a couple of years ago in Scotland. That would have been another £20 million to £25 million. Then the rent freezes came out and we invested in England. I do not want to do that. I want to invest in Scotland. There is a big opportunity and there is a big need for new housing. We need to work together, and that kind of animosity is not going to help anyone.

**Gordon MacDonald:** I have a quick question for John Blackwood. John, you said that one in 10 of your members who took part in the survey was thinking about leaving the rented sector. However, when somebody leaves the sector, the property does not lie empty; it either gets sold back to the council, if it is an ex-council property, and re-enters the social rented sector at a much lower level of rent, as I have already indicated, or it gets sold to a private individual under the normal rules of supply and demand, whereby the more properties that are on the market, the lower the market price will be. Given that, according to National Records of Scotland, there are 120,000 more homes than households, where is the issue?

**John Blackwood:** First, I did not say that one in 10 of our members was exiting the sector; I said that one in 10 said that it was no longer economically viable for them to continue in the sector. I am happy to share all the figures with you, if that is helpful.

You are right that a property that is sold by a landlord for whatever reason is never lost, and that somebody is still going to be living in that property. I think that that point, which is often made, is the point that you are making, and it is true. As an organisation representing landlords and letting agents, we are asking a range of members whether they are monitoring where those properties are going. They tell us that they are doing so, purely out of a business interest, and that the properties are going to owner-occupiers—often young people buying their first property. That is fantastic for those people who can afford to do that and who choose to do that, but the issue is that the property is lost to the rented sector. We

are not seeing the sell-back to local authorities that we would like.

**Gordon MacDonald:** That first-time buyer could be somebody coming out of the rented sector, which releases the property that they are coming from.

**John Blackwood:** They could well be, or they could be somebody who has been living with their parents as they save up for a deposit, which people are doing for a much longer time than used to be the case. But, yes, the property will still be home to someone.

Our interest relates to the private rented sector in particular, as well as the wider rented sector. We do not have enough rented homes available for people to live in, and that is our concern. We can see that pool diminishing as we speak. I think that there is a bigger policy issue about what can we do to address that so that there are more renting opportunities for people in the future.

I want to return to a point that you made earlier about two properties in a stair that are, on the face of it, identical, but which have vastly different rents because one is in the social rented sector and one is in the private rented sector, which is often mentioned as an issue. What that does not take into account is the cost to the landlords in question. The costs that are borne by a private landlord, whether an institutional investor or an individual, which most of my members are, are vastly different to those that are borne by a social landlord. For a start, the private landlord is taxed in a different way than the social landlord.

Also, in terms of borrowing, the availability of cash and what it costs to borrow it are different, too. Labour costs are also different, as private landlords are subject to the open market for plumbers and other tradespeople, whereas local authorities and housing associations tend to have their own in-house tradespeople, so their labour costs are much smaller.

Further, in the private rented sector, landlords might be offering furnished accommodation, which is not happening in the social rented sector. On the face of it, you might think that we are comparing apples with apples, but I do not think that we are, because the cost to each type of landlord is vastly different.

10:00

The bigger issue is whether the rent is affordable to the tenant, and how we can make housing across all tenures more affordable. Doing that is in the interests of everyone around this table, because we want a sector where we have tenants who can feel secure living in a place that they call home for as long as they like. As landlord

investors, we do not want properties to be unaffordable to our tenant customers. That does not make good business sense for us.

That goes back to the point that has already been made about the fact that costs and rents will go up but we need to make those rises more stable and predictable. Linking rent rises to inflation would be an ideal solution. It might not be the only solution, but it would certainly be one that would be sensible and sustainable for the sector in the long term.

**The Convener:** I will bring in Timothy Douglas, then we will have to move to question 3, because we have taken half an hour over the first two questions.

**Timothy Douglas:** I will quickly build on what John Blackwood was saying. It is wrong to compare the social rented sector to the private rented sector. I have just jotted down a few points, as follows.

In the social rented sector, the landlord will get direct payments through universal credit. The right to buy has been abolished to preserve stock in the social rented sector, so there is an argument for abolishing the 6 per cent additional dwelling supplement to preserve stock in the private rented sector.

The cost of living cap was lifted and is not comparable to the private rented sector. The business models of private landlords are not taken into consideration. Also, with the quest to get to net zero with the help of minimum energy efficiency standards, social landlords can access grant funding of £200 million. Are we going to offer that to private landlords when they can only get a loan of up to £15,000? Where is that money going to go?

Fundamentally, going back to the first point that I made, we have to review the taxes and costs that are impacting private landlords in order to get a grip on the supply and the investment. With ADS at 6 per cent and an average property price in Scotland of roughly £185,000, a private landlord who is a new entrant to the market will be paying just under £12,000 in tax. They have to have that money to start off with. Where is that money going to go? If you bolt on to that the £15,000 loan for energy efficiency, you are talking about a big cash investment just to be a private landlord.

A private landlord is a housing provider, so we need to start treating them that way. I think that we are getting into dodgy territory if we start comparing both sectors.

**The Convener:** Thanks for that. Pam Gosal will ask question 3, and I am keen to get Anna Gardiner in on the conversation.

**Pam Gosal (West Scotland) (Con):** Good morning. I have a couple of questions on the rural aspect. Anna Gardiner, I will start with you. Could you comment in more detail on how the private rented sector is different in rural areas? Do you believe that the bill is too focused on addressing the needs of urban areas as opposed to rural areas?

**Anna Gardiner (Scottish Land & Estates):** Thank you for inviting Scottish Land & Estates to contribute today. As a backdrop for anyone who might not know, Scottish Land & Estates members are a principal provider of housing in rural Scotland, supplying homes to 13,000 families across the country.

This bill is a big deal for rural landlords. The key issue is, of course, uncertainty—that is one thing that rural landlords have in common with urban landlords. They are faced with uncertainty just like anyone else, but arguably that uncertainty is much greater because, in rural environments, owning property and providing property is not a profit-led business. Historically, it comes off the back of employment, and it has remained a key element of the rural economy. As long as there are houses in rural areas, there are places for the employees to live. That is a major issue at the moment. There are major recruitment problems in rural areas because there is not enough housing.

A great deal of uncertainty is generated by the bill, particularly by the provisions on rent controls, and not least by the zero per cent rent increase provision that jumps off the page. When your profit margins are small and you have massive costs that urban landlords have no concept of, the whole housing provision aspect is not really something that will endear itself to you.

I will give you an example of some costs that rural landlords face. With rural property, you have to deal with the properties being, on average, 30 per cent larger than urban properties. That is because they are typically traditional properties, quite often detached and quite often single storey, all of which makes them more expensive to maintain and upgrade. Quite often, as a rural landlord, you have a track or road to the property to keep intact, which is something that few urban landlords have to consider. Further, there is a severe shortage in trades in rural areas, which means that the cost of getting a tradesman is not set in a competitive environment, so the idea that you have to get three quotes for a piece of work is just laughable.

Quite a few farms and estates have to provide electricity through private wire, which involves electricity coming to the main farm and then being taken to the properties from the meter there. Private wire can be serviced only through commercial contracts, and commercial electricity

is extortionate compared to domestic electricity. Who picks up the extra cost? It is the rural landlord.

There is also private sewage and private water supplies to consider, because few rural properties are on the mains. Let us drill down on private water supplies. There are 23,000 private water supplies throughout Scotland, so it is the rule rather than the exception. Private water supplies are heavily regulated. Annual testing is required, and filtration and treatment plants all come at costs that depend on the water source, the geology—you do not get to choose your geology—and other interfering factors. Those costs can range from a couple of hundred pounds a year to thousands of pounds a year.

There is one Borders farm that has been trying to sort out the water supply so that its six cottages can pass the test. The landlords have lost count of how much they have invested, but it is between £75,000 and £100,000, and that is before the annual running costs. I think that they are three boreholes in, but the water keeps failing the test. The farm operated perfectly fine off the springs previously but, because of the high standard that is required by the testing regime, they are just constantly failing.

Another property in south Argyll is suffering annual costs per cottage of £740 because of the mineral content in the water that clogs up the filtration systems—I put that example in our response to the call for views. The landlords are sucking up that extra cost because they have the benefit of income from a wind farm, but one of them said to me, “We are one of the few lucky ones. There are thousands of other farms like us that don’t have wind farms and will never be able to have a one, so they don’t have that extra income”.

Those are some examples of just how different being a rural landlord is to being an urban landlord. The cost base is entirely different. You provide housing in rural areas as a service for your employees, who need it. You do not provide housing in rural areas for profit. That is probably why you do not get large institutional investors diving into the rural property world.

**Pam Gosal:** Thank you. As no one else wants to comment, I will move on to my supplementary question. Depopulation is a serious issue in rural areas. I know that because I have spoken to 31 out of the 32 council chief executives and those in rural areas mentioned that depopulation is a problem. We have also heard that in committee this year, too. Do the rent control provisions in the bill risk decreasing the supply of homes in rural areas, thus discouraging population growth?

**Anna Gardiner:** In a word, yes. It all comes down to that other word: uncertainty. What they need is certainty.

The issue with rent controls is that it is all about the incentive to be that provider and the incentive to bring forward projects and work in partnership with others to develop housing. I have been working with the Highlands and Islands Regional Economic Partnership on a survey. We surveyed the membership of Scottish Land & Estates in the Highlands and Islands. It was really interesting getting all the information back. In a nutshell, there is a real appetite for landowners and farmers to provide more housing and to keep on delivering housing in the Highlands and Islands. The data is very clear on that. However, they are being held back by the uncertainty. There is a disincentive because, if these rent control measures are adopted now, they are unsure where the goalposts will be next.

The rural and islands housing funds put conditions on grant funding. If someone takes money from that grant to deliver affordable housing, it is all fine and dandy. However, with the Cost of Living (Tenant Protection) (Scotland) Act 2022, the rent cap came along. Therefore, landlords were unable to put up their rents in line with their projections, which are linked to and would be in line with local social housing rents. Social housing rents were able to go up, but the private landlords were unable to put up their rents. That is a big disincentive.

Why would someone take out, for example, a rural housing grant and be committed to providing affordable rents if they were not going to be treated with the same protections that are in place for the social rented sector? That is a really important point because, if housing delivery is so important to counter rural depopulation—it absolutely is—that imbalance needs to be addressed. That very much speaks to what both John Blackwood and Timothy Douglas were saying about taxation and those sorts of things.

For rural housing providers, providing housing at affordable rents is pretty normal. It does not take much digging round to see that the local market is the affordable rent market. The rents are pretty much all a similar price, particularly the more remote you get. It is important to ensure that, in any provisions for rent caps and things like that, anyone providing housing at an affordable rent is not restricted in a way that puts them at a disadvantage with regard to the social housing sector.

Mr MacDonald made the point about it being okay when private rented sector housing is sold because someone else moves in. That is not okay if no other housing fills the void. There must be an increase in housing. The housing emergency is all

about a shortage in housing. Rent control is symptomatic treatment of the housing shortage. It is the shortage that must be addressed.

**Pam Gosal:** My last question rolls on from depopulation. We are very lucky that a lot of the sectors in our rural areas are growing, such as the space and energy sectors. When I spoke with council chief execs about the issue, they talked about employability and bringing in people from other countries—even from England, sometimes—to stay in rural areas. Will employability be affected by the rent controls that are set out in the bill?

**Anna Gardiner:** What needs to be addressed is incentivisation. If everything is set right—people's cash flows are protected and they know that they will be able to pay off the bank debt or whatever from delivering the housing, and, as Cedric Bucher mentioned, things are kept in check with inflation—the housing delivery should come and there will be homes for those people to live in.

10:15

At the moment, as long as there are no homes for those people to move into, you must, for example, ask where they will live and how we will roll out transmission. How will people take up the jobs at the freeports? It is really important that we do not cut off our nose to spite our face, that everything is looked at holistically, that areas are treated as individual areas and that there is not a one-size-fits-all approach.

**John Blackwood:** I will build on Anna Gardiner's point. A number of local business groups and local enterprise trusts have approached us expressing a major concern. They want to encourage people to move to and live in rural Scotland and to set up and develop local businesses as part of that community. However, they are unable to do so because there are not enough homes for people to live in. They are asking how we can get the private rented sector to provide the homes so that people can relocate to an area.

In order for them to achieve that economic development in their local communities, they are relying on people commuting from our major urban cities and towns. That is wrong, surely. We should be encouraging people to relocate and we should be providing the local housing that Anna Gardiner has been talking about.

We hear a lot about what has been happening in the south of Scotland and how the challenges in that area are preventing local economic development, but that could be said for any rural area in Scotland. We cannot see the housing sector or the private rented sector in isolation. It is

very much an integral part of our local economy and we need to protect it.

**The Convener:** I will bring in John Boyle, and then I will move on to Miles Briggs.

**Dr Boyle:** I have a brief point on the depopulation issue. BTR might not have been successfully provided in rural areas, but mid-market rent is being successfully provided, as we have seen in areas such as Dumfries and Galloway and throughout the Highlands with the likes of the Highland Housing Alliance. On the proposed rent control regime in the bill, the registered social landlord sector will tell you that that will make the investment programme in those areas much more difficult.

**Miles Briggs (Lothian) (Con):** Good morning and thank you for joining us here in the room and online.

I want to ask a question about some of the evidence that the committee has heard from tenant groups, which have said that the proposals place too great an onus on tenants to challenge rents in rent control areas. Do you agree with that? Should the onus be on landlords to comply with any rent control designation?

Also, what is your opinion on the number of rent reviews that are taking place now? We have spoken to a number of panels recently and it is quite clear from some of the evidence that we have received from more rural areas that rent reviews are taking place almost annually, whereas that was not the case previously. Is that another unintended consequence of the measure? Do you have any data on that?

**Anna Gardiner:** I do not have hard facts, but the anecdotal evidence is clear that rural landowners and landlords are following an annual rent review regime now, whereas they might not have done so before. That is particularly because rural tenancies tend to be much longer lasting: it is normal for a tenant to stay for 10 years plus. Many tenants stay in the same place for decades, so you can imagine where the open market rent sits for someone who started back then but who was not doing regular rent reviews. That is probably part of the reason why rents are so low in rural areas.

Once someone starts carrying out annual rent reviews, they will slowly start to claw things back. What you do not get in rural areas is that 40 per cent "Wham!", because they want the tenant to stay. They do not want to do that to Mrs Brown who has been there for 20 years and been the best-ever tenant, who babysits the children and is a player in the community. They want people to stay. However, rent reviews are now happening regularly.

**John Blackwood:** We have carried out research of our members on that very subject. Of those who responded to our surveys, we found that 45 per cent increased their rent during 2023, which compares with only 8 per cent having done so in 2022. Therefore, to concur with the previous point, we are seeing a natural increase in rents annually, and we will continue to see that for the foreseeable future. Of course, that has been introduced as a result of the new private residential tenancy. We said that an unintended consequence of the measure to limit rent increases to once every 12 months would effectively give licence to increase rent every 12 months. The sector is responding to that now.

**Timothy Douglas:** To build on that, and to return to the provisions in the bill, that speaks to that lack of understanding. The periodic assessment of rent conditions will collect information on the rent that is payable and on the rate of increase, but it will not collect any data on the reason for that increase. We could amend the rent notice under the PRT to include a reason, and, in section 15 of part 1, the information that a local authority has to collect could be amended to include a reason for that rent increase. Why is that important? There needs to be an understanding of all the costs and taxes, of what is happening in the market and of the reasons why things are happening in the market.

If the reason for rent increases was collected prior to the introduction of the Cost of Living (Tenant Protection) (Scotland) Bill, that would have made for better policy, because there would have been better understanding about some of the costs that landlords are facing and we perhaps could see what is happening in all parts of the market. Therefore, it is important to include the reason for any rent increases in the provisions on collecting information in the bill.

**Dr Boyle:** I add one brief point to that. Some people have suggested that we just tool up the current system of landlord registration. However, I led the evaluation of landlord registration for the Scottish Government a number of years ago. That is a monitoring system; it does not have enforcement powers. Local authorities do not tend to use it to enforce good landlord behaviours. Simply enabling the rent data to be monitored through landlord registration will be of limited benefit unless there are enforcement powers. It is with enforcement that you ensure compliance.

We have to consider a model that is a bit like the Residential Tenancies Board in the Republic of Ireland. That is nationally funded. It has a monitoring purpose, an analytical purpose, including reviewing reasons for rent increases in certain areas, and a compliance and enforcement function.

**Miles Briggs:** If you consider that and the rent control areas, how would that work in practice in Edinburgh? There are different markets in different parts of the city, and I think that most people would accept that it is an overheated market. We have seen in different countries rent controls being suspended and different models being introduced. Let us face it: what we as a country have done to date is like a patchwork quilt. What model could work? The bill has included bits and pieces of previous things, but maybe there is an opportunity to open this up to get something that will work in the Scottish context, especially given what we have heard today about rural and urban communities. Edinburgh might be a specific case, given the increases that there have been.

**Dr Boyle:** I will kick off on that. You are right: it is very complicated. We should be doing a proper cost benefit analysis of the introduction of these sets of measures, both nationally and locally, which is absent currently.

I agree with points that Robin Blacklock and Cedric Bucher made earlier about having a cap-and-collar approach on rent setting. A number of the BTR funds use a model of either consumer prices index or 5 per cent—whichever is lower—within tenancies. Between tenancies, you are still allowed the opportunity to reset because, as Robin Blacklock mentioned, that allows you to upgrade and improve the properties. Were you to move towards a system on that basis, as is the case in some other countries internationally, you will find that there is a broad support in the investment sector for doing so.

**Anna Gardiner:** First of all, any rent control must be based on really good data, and Scottish Land & Estates has been calling for that.

I have reservations about use of the landlord register because, as John Boyle has just alluded to, it was not designed for that purpose. Essentially, it is a monitoring system, and it is quite basic. It is a register of owners of let property. It is not a register of landlords who let property. That is a really important distinction.

To put that into the context of the rural sector, when you start looking at agricultural holdings, you have tenant farmers who let out properties, but they are not compelled to be on the register, because they are, basically, subletting a property. It is the owner of the property who has to be on the register. It has been argued that they can be down as an agent, but that is nonsense, because the responsibility should lie with the relevant landlord, not with the person who in theory is being paid to do the letting. The tenant farmer is not being paid to do the letting; they are choosing to do that. Therefore, the landlord register needs to be sorted so that it is the relevant landlord who is registered, not the owner.

I do not know what it is like in the urban world, but it is quite conceivable that there are buildings that are sublet. I would love to know who is registered in those cases. I will just throw that one out there.

**Miles Briggs:** That is a good point.

**Anna Gardiner:** When you look at the data on the landlord register, you will see that it asks whether the repairing standard is being met. There is scope to expand the system so that, when people sign up to the register, they could upload documents and other things, such as their energy performance certificate and their electrical safety certificate. There is scope to have something like that. The tenants would like that, because it is an explicit way of inspecting whether their landlord has those documents. That is just an idea.

However, in terms of data collection more broadly, scarcity of data will be a real issue. I also worry about the list of criteria in the bill, because it is a very urban-tenement-centric list. It does not include gardens, balconies or pony fields. There are none of the extras that have an impact on the value of a property, including descriptions along the lines of, "By the way, to get to that property, you have to go along a five-mile bumpy track, and you definitely need to own a four-wheel drive". All those things play into the value of rental properties. I will get off my soapbox.

**The Convener:** You do not need to apologise for saying anything, but we have about half an hour left and I am keen to bring in other members who have not had a chance to speak. A stack of people have said that they want to come in on this area. Please try to keep your responses as succinct as possible and come in if you are bringing something new into the conversation, because we need to get through some things.

Robin Blacklock, you are online and you wanted to come in a while ago. John Blackwood, you indicated that you want to come in, and my colleague Gordon MacDonald indicated that he has a short supplementary question. We will go with that order and see how we get on. Then I will bring in Willie Coffey and then go back and pick up on one of Miles Briggs's questions. We have a lot to do and a lot to cover. Robin, come on in.

**Robin Blacklock:** Thank you, convener. I will try to respect the time. I will go back to Mr Briggs's question about the application of controls locally and nationally. Very simplistically, the approach here, as has already been mentioned, is that investors need clarity, certainty and consistency. The challenge is that each local authority is collecting, applying and interpreting rent in different ways. There is a real issue with clarity and consistency and that could put investors off coming to Scotland.

10:30

One approach—John Boyle mentioned the Irish model—would be to have a national agency, maybe extended from rent service Scotland, to collect, analyse and apply the data, which local authorities could then draw down. That seems to me to be the most appropriate way of applying rent controls locally but having transparency nationally. From a resource perspective, we know from the committee papers that local authorities have submitted that they have an issue with rent collection. Having a national resource across the board would provide much better clarity and consistency. I hope that that was short enough.

**John Blackwood:** I will pick up on Miles Briggs's question. The bill is trying to find a solution to a problem that we do not fully understand. That is the issue. Your substantive question was why it should be for a tenant to challenge the rent increase—why the onus is always on them to do something about it.

There is a greater need for transparency across the whole sector. It goes back to the point that we are all making that we need better data. We need a rent register of some kind so that everybody can see exactly what rents are being charged, why they are being charged and the variances within local authority areas as well as the wider Scottish area. We need to grapple with that and we need to understand the problem before we try to find solutions through rent controls.

We hear landlords, equally, asking what the market value of a property is in their area. They do not know any more than the tenants do. Everybody is grappling with trying to find data, which surely is something that, with the Government, we can try to pull together and create, and make available so that local authorities can make informed decisions based on real data.

**Gordon MacDonald:** John Blackwood, if I picked you up correctly, you said earlier that, in 2022, 8 per cent of people put the rent up and in 2023 that was 23 per cent.

**John Blackwood:** No, it was 45 per cent.

**Gordon MacDonald:** That is even worse. How much of that was due to the fact that there was a rent cap and a rent freeze in place because of Covid?

**John Blackwood:** I do not know, is the answer to that question. I am sure that that would have been a major factor. Annual rent increases have become the normal practice and that is what we were alluding to earlier. Are we seeing annual rent increases as part of standard practice in the private rented sector? Yes, we are. Our figures show that that was not the case before. If we compare with figures even from 2022, when 8 per

cent of rents increased, within a year that was 45 per cent. We can conclude that that is a result of rent caps.

**Gordon MacDonald:** There was a form of rent control in place at the time when 8 per cent of rents increased, but not when 45 per cent did.

**John Blackwood:** No, there were rent caps when 45 per cent of rents increased, but maybe not when 8 per cent did. The rent caps were in existence until the end of March 2024.

**Gordon MacDonald:** It was 3 per cent.

**John Blackwood:** Well, there was a rent freeze and then increases were capped at 3 per cent. Yes, a lot of landlords had maybe already raised their rents for the 12-month period. Remember, there will potentially always be a year's lag before you can increase it again. Certainly, it is fair to say that rent control, or the rent caps that were introduced, has increased rents in Scotland. There is no question about that.

**Timothy Douglas:** To jump in there, the average rents in Scotland are the highest across the UK and we have had rent controls in place. In terms of moving on with the bill, we do not fully know the impact of the Cost of Living (Tenant Protection) (Scotland) Act 2022. Well, we do, but I am not sure that policymakers do. Surely, that also needs to form part of this conversation.

**Anna Gardiner:** This all ties into transparency of information. A concern relating to the provisions at change of tenancy is that the exemptions might not allow for the important things that impact on value. Anything that is a material change to a property needs to be exempt and the property treated as new to market. It comes down to transparency and comparing apples with pears. Exemptions need to be looked at in the wider scheme of all the data collection. Maybe it is the case that we need to put the brakes on, get a good data collection system in place and then see where we stand. Then we will be able to develop something that is much, much better because we have the information. The bill is a little bit cart before horse.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Convener, it is worth reminding ourselves that the bill makes provision for rent control areas to be established, but only on the recommendation of the local council to the Scottish ministers. Anna, does that give you some comfort that, in rural communities, particularly in the Borders, the councils, in looking at the issues that you described earlier, would be more or less likely to be minded to declare rent control areas, for the reasons that you explained? Do you get any comfort from the flexibility that the bill proposes?

**Anna Gardiner:** It comes down to data and scarcity of data. The Scottish Borders, Dumfries and Galloway—the whole Borderlands—has a population that is so spread out and the data is all over the place.

If you go on to any of the letting portals and see what is available, you will be lucky if, across the whole region, you get half a dozen properties up. The number of letting properties available is so low, which is a reflection of supply. That is reflected in how much data is available. If you do not even know where your market is sitting and you are relying on data from long-standing tenancies, it will be very hard to pinpoint exactly where the dividing line is between the area that needs rent control and the area that does not. Then you have to think about the knock-on effect in the boundaries of that area. “Comfort” is not really the word that I would associate with that.

**Willie Coffey:** In order for a council to make a determination to declare or request a rent control area, it will rely on datasets and you have spoken at length about what those might look like and the sparsity of data in the area that you principally represent. Could I ask the whole panel, what kind of data do we need to be gathering? Robin Blacklock said that decisions must be informed by an evidence base. What datasets do we need to make sure that that is fair and that the council can make a reasonable assessment of whether to have a rent control area?

**John Blackwood:** I am happy to have a go, although John Boyle is probably better at answering your question when it comes to data. From our perspective, one of the big issues that we have is in understanding what passing rents are—that is, current rents—and how those compare to market rents. What is that disparity? Let us understand why that is the case. It is not the case everywhere in Scotland.

One of the advantages of the bill is that it is not looking at a blanket rent control for the whole of Scotland, which I think is a good thing. It will be localised and it will be based on data, however we calculate that data and gather that data, and it will be based on local needs. That is for local authorities to determine.

A big issue is that it is all very well analysing rent as a whole, but what landlords charge existing tenants is very different, quite naturally, to what they would charge if they were taking on a new tenant and bringing the property to the open market.

**Willie Coffey:** Thanks, John.

Dr Boyle, what datasets do we need in order to make sure that there is fairness and balance within this proposal?

**Dr Boyle:** I have noted down a few examples, but John Blackwood has captured the main ones. We need data on actual rents—which we do not have at the moment—as well as on advertised rents and information on supply and availability. In any area of Scotland, including the whole of Scotland, we do not even know what the stock of supply is. If we ask a basic question, such what the impact of the rent freeze has been on supply levels in Scotland, we cannot answer it with real authority. You can look at indicators like the Scottish household survey and try to make estimates. Estimates seem to suggest that supply has dropped since 2017 in Scotland by about 13 per cent, but I cannot be definitive on that because I do not have the data on it.

We need to have that information by house type and price band, and to have more holistic information on housing need in those areas. We tend to estimate housing need and make demand assessments by looking at overcrowded and concealed households. That is quite a high bar, whereas work that we have recently done for Homes for Scotland showed that, if you look at housing need more holistically, about 20 per cent of the population of Scotland is in some form of acute housing need. That work looked at overcrowded and concealed households, unfit properties, people who are not able to afford housing, homelessness and so on.

We need an audit of need and of demand and supply drivers within the market, because rent levels will respond to what demand and supply are doing: how many people are coming into an area and what the pipeline of new provision is. Rents will, likely, respond, because the rental market is a very responsive market and it will respond to demand and supply conditions.

You asked about areas such as the Scottish Borders and the local authority having powers to determine whether or not it becomes a rent control area. You would hope that, in areas where rents do not seem to be spiralling out of control and there is an acute supply problem, that the local authority will not move to impose a rent control area. However, if you are an investor and you looking at a long-term hold, you do not have that level of certainty as to what the local authority will do over the short, the medium or the longer term. However, if you have a provision in the bill that is workable for the investor, along the lines that we mentioned earlier of the cap and the collar, that will not spook the investors to the same extent. At the moment it is the lack of certainty about what might happen with a rent control regime that is the problem.

**Robin Blacklock:** In the commercial markets—offices, shops, industrial units—and even when we talk about residential property in a commercial

sense, we start on a rate per square foot. The reason for that is that it is a common denominator wherever you are in the country. You can then enhance it because of views or amenities or whatever, but being able to understand one simple point and compare it on a like-for-like basis is a good start for data collection. I realise that that probably will not apply to most of the rest of the viewing market, but from a baseline perspective of being able to compare something like for like, getting down to a cost for the amount of floor area is a good starting point.

**The Convener:** That is very helpful. I want to come back to John Boyle, who has used the term “cap and collar” a couple of times. Could you unpack what you mean? That might be an industry expression, and I want to make sure that everybody understands what you mean by it.

**Dr Boyle:** It is a bit like how some of the BTR funds use rent controls within tenancies. I gave an example earlier of a control using the inflation figure or 5 per cent, whichever is lower, so it cannot go higher than that and it cannot go lower. That is what the term “cap and collar” alludes to.

**The Convener:** Brilliant—thank you for that. Willie, do you have more questions?

**Willie Coffey:** Robin Blacklock touched on the preference for having national data collection to inform the rent control debate. How do we make sure that local circumstances are built into that? If we do not have local data collection systems, how do we balance that so that local circumstances can be taken into account?

**Robin Blacklock:** The way that I would envisage it working is that the national data collection agency or whatever takes all that data, analyses it and makes it available to the local authority. The local authority then draws that down and applies whatever mechanism it has to ensure that local circumstances are taken into account.

10:45

Others have mentioned whole data. There is a real job to be done, but it is the foundation for everything that we are talking about. The reason why a rent pressure zone has never worked is because we have not collected the data. I have a real fear that we will be reviewing and amending the bill in five years' time, because we do not have the data. There is a proper job that needs to be done in designing the system to ensure that all these things are properly considered. I cannot cover it just now, but properly designing the system to ensure that it works for all is the way to go about it.

**Willie Coffey:** Are there any other views from colleagues round the table about whether data



collection should be national, local or a mixture of both?

**Anna Gardiner:** I am a chartered surveyor, and I have worked in the commercial sector and in residential and, obviously, I am now in policy. A national system is fine but, over the course of my career, I have seen that all these industries operate using local knowledge. Agents understand each area and will know that there is however many square feet in one place and however many square feet in another. They will know that there is a physical barrier in one place that creates a divide between one street and another—in rural areas, it might be a range of hills.

Local knowledge is important, even if there is a nationwide system. No matter how good artificial intelligence can ever be, nothing will take away the importance of the people on the ground. I am not necessarily talking about agents, as local councils provide local input as well. A nationwide approach is fine, but it should not be exclusively nationwide. One size does not fit all.

**Dr Boyle:** I agree. To try to ensure consistency and proper resourcing, it should be a national data set but one that is capable of getting inputs from local authority level as well as providing the ability to draw down the data at local authority level. 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. The ability to drill down into that national data set at local authority level is very important for the type of provisions that we are talking about.

**Willie Coffey:** Thank you for your responses.

**The Convener:** I will bring in Mark Griffin, who is joining us online and who has questions on eviction.

**Mark Griffin (Central Scotland) (Lab):** Before asking my questions, I declare a relevant interest, in that I was previously an owner of a private rented property until July last year.

I have a couple of questions on the provisions on evictions. First, what might be the potential impact on tenants and landlords of the proposal in the bill that the tribunal will have to consider whether to delay an eviction?

**John Blackwood:** I need to declare an interest, in that I am a member of the First-tier Tribunal for Scotland's housing and property chamber. Obviously, I am speaking purely as a representative of the Scottish Association of Landlords.

We have serious concerns—we have spoken to Mark Griffin and others on this—about the length

of time that it takes for cases to be heard by the tribunal. Will the proposal have an impact on the tribunal? We imagine that it will—of course it will. It is putting more pressure on a tribunal system that, quite frankly, needs more resources in order to be able to continue to function. We fully support the tribunal, but it has to function well for landlords and tenants alike. We think that there will be an overall impact as a direct result of the bill, and that has to be taken into consideration.

**Mark Griffin:** The question was about the requirement for the tribunal to consider whether to delay an eviction and the impact that that might have on individual tenants and landlords.

**John Blackwood:** Potentially, there could be delays, although I do not think that there is an issue about that, as that is the intention. The tribunal already has the power to delay an eviction. Obviously, in the future, it would have to have regard to that issue in every case. The knock-on consequence for landlords and tenants is that that could mean a further delay and maybe even a further hearing to consider that case. There is an overall impact on the service as well as the impact on the landlords and tenants concerned.

**Mark Griffin:** Do the other witnesses have anything to add before I move on?

**Anna Gardiner:** As John Blackwood said, a system is already in place that allows delay. Just this week, one of our members gave me an example about a process that they had been going through. It had taken three months to get to the tribunal, three months for the hearing and then the process was extended by three months. This was a rent arrears case that was already substantial but, three months down the line, the rent arrears grow.

We have to ask the question: is building up debt good for the tenant? Clearly, it is not good for the landlord, because the risk of their losing the money that is already indebted to them is great. However, it is not great for the tenant, either. There are two things here. There are mental health issues for landlords and tenants when debt is involved, which is not great, but there is also the issue that the bill is potentially creating a system that allows tenants to build greater debt in a rent arrears situation, which is just not healthy.

The other thing is—I cannot remember what it is, so I will let someone else have a turn.

**The Convener:** I am sure that it will come back to you. We will have to move on, because we are getting very tight on time. I will extend the time for this panel by 20 to 25 minutes.

Mark, do you have more questions?

**Mark Griffin:** My second question is about how damages for illegal evictions are calculated. The

bill changes that so that the risk of challenge and penalty will be higher for landlords who evict illegally. Do you have any comments on those changes? Is that a method of potentially improving some poor practice that might exist in the sector when it comes to illegal evictions?

**The Convener:** Does anyone want to pick that up? I do not want to stifle the conversation by bringing in the issue of time, so please come in.

**John Blackwood:** We have absolutely no objection to that proposal. Illegal eviction is not acceptable and anything that can be done to enforce that is welcome.

**Dr Boyle:** I think that the panel members will be agreed on that. There is a small but significant minority in the sector who engage in bad practices. If we can use more effective legislation and regulation to get rid of them, you will find broad support for that from those in the industry.

**The Convener:** It has just been flagged to me that Timothy Douglas might want to say something on increasing the layer of the tribunal delaying evictions.

**Timothy Douglas:** I just wanted to pick up on the seasonal factor, as there needs to be clarity there. Some of the policy work talked about delays during winter periods, but that seems to have been expanded. We need clarity to give certainty to the sector, if those periods are introduced, on how long they can be introduced for. As Anna Gardiner alluded to, risks to landlords and agents of increased cases of rent arrears could place more landlords in financial hardship. Of course, that could apply to local authorities as well, which have a legal duty to house anyone who is under the threat of homelessness at any point throughout the year. Some clarity on that would be welcome.

**The Convener:** I will bring in Pam Gosal on the theme of joint tenancies.

**Pam Gosal:** This question is for John Blackwood from the Scottish Association of Landlords. In your submission, you expressed concerns about the unintended consequences of the proposal regarding how joint tenancies can be ended when there is no mutual agreement. Could you explain your concern about that, particularly in relation to tenants who are at risk of domestic abuse? How would you like the bill to be improved?

**John Blackwood:** That is a complex issue and an area that we need to investigate a bit more. We have consulted the Scottish Government on the issue and come up with various scenarios. Overall, the solution would be to allow tenants to make an application to the First-tier Tribunal if they want to be released from the tenancy for whatever reason. That would probably be the more

proportionate and easiest approach for all parties and for landlords, too, in the sense that an independent tribunal would be making the decision.

You could have a party of three who have gone into a joint tenancy—the three of them have entered into a joint contract—and one wants to leave. There could be an inadvertent or unintended consequence, in that the person could be allowed to walk away but that could unintentionally make the other two people homeless, because they might not be able to afford the rent to continue to stay in the property, and the landlord obviously cannot afford to reduce the rent to just have two people in a three-bedroom property. That could result in the whole tenancy breaking down and all three having to move out of the property, rather than just one.

In relation to domestic abuse, we are aware that there could be issues with one party leaving and exerting control on the remaining tenant, because the situation could mean that they are no longer financially able to continue to live in the property. That could be another way of exerting coercive control by the party who is exiting the property.

We have looked at scenarios and we are keen to discuss the issue more with the Scottish Government and elected members, if you are interested in having that on-going dialogue. However, we think that the provision could have unintended consequences, in that it could result in more people becoming homeless rather than just protecting those who want to exit a tenancy.

**Pam Gosal:** That is important. I do a lot of work on domestic abuse, and I know that, especially when the perpetrator leaves and the victim is left with children, control comes into the question. I would like to see more consideration of that to see how we can help those victims.

**Timothy Douglas:** Aside from domestic abuse, as we understand it, the proposals on the end of a joint tenancy would provide a three-month window, which is the same as the landlord notice period. The question is whether the parties can assign another tenant, or it ends for all. At least the three-month period will provide some parity between those scenarios, which makes sense. The main impact would be on the rent and the rent review where one tenancy ends and a new tenancy starts. That is something to be worked out.

**Pam Gosal:** You are right that a balance has to be struck but, sometimes, three months is not enough for domestic abuse victims. I know that, with the court delays and everything else in the system, it can take more than three months for something to go through the legal process. We need to achieve that fine balance so that landlords

are not out of pocket but we consider domestic abuse victims as well.

**Timothy Douglas:** I think that the unintended consequences can be ironed out in the bill, which would be welcome.

**The Convener:** Thanks very much for getting the detail on that important question.

11:00

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** First, I draw attention to my entry in the register of members' interests, which indicates that I was a registered landlord until April this year.

The first question is for John Blackwood. The bill's provisions give tenants greater rights to personalise their home. How might having that right benefit tenants and landlords?

**John Blackwood:** The policy intention of the bill is very much about encouraging tenants to feel that it is their home—which of course it is—and that they can create local connections and develop a family within that particular property. Part of that could well be adding your own touches to the property, personalising it and having pets. Most of us, as landlords, would support that. We want tenants to feel that it is their home and, potentially, to be living in our properties for long periods of time. That is absolutely fine. That is in everybody's interests.

Where our members have concerns is what happens when that goes wrong. That all sounds fine, and most people would sign up to that, but what happens when that tenant leaves the property and there is damage as a result of their having had a pet or having decorated in a way that is not acceptable for future tenants so that the landlord has to go in and rectify the situation? We would like to see more reassurance for landlords as to what would happen when things go wrong. What mitigations could we put in place to ensure that the property is put back in the condition that it was in before the tenants moved into that property?

There could be a facility in the bill to charge greater deposits so that, from the landlord's perspective, there is more reassurance that there is money there in case remedial works have to be carried out, or there are insurance-backed products. In some other parts of the world, such as in America where pet ownership in the private rented sector is very common, it is a requirement that tenants with pets have an insurance policy in place. That seems to be accepted and is the norm within the sector. We could move towards that. Landlords need to be reassured that there are enough mitigations in place to support them in

situations where it goes wrong and damage has resulted in the property.

**Colin Beattie:** I understand that there is reference to minor structural changes. What does that imply?

**John Blackwood:** We do not know. That is part of the issue that we are talking to the Government about at the moment. The Government is very keen to stress that this is good practice in the sector at the moment, and it wants to bring that which probably already exists into legislation. As a landlord myself, I have tenants with pets in the property and that works pretty well. I do not have issues with that, but I have good long-term and substantial relationships with those tenants, and they have invested in the property as their home.

Does the provision mean that tenants would be allowed to put up a picture or a poster, or does it mean a shelf? What are these alternations? Some of them could involve more remedial works being carried out at the end of the tenancy than others would, which might require a higher deposit or some sort of insurance product.

**Anna Gardiner:** There are two key points here. Definition and guidance will be absolutely critical to keeping things on an even keel and avoiding things going wrong that need not have gone wrong in the first place. However, from what John Blackwood said about deposits, what has to be taken into consideration is the fact that a deposit cannot be greater than two months' rent. If you have a lovely flat in the new town of Edinburgh that you let out, two months' rent will be pretty peachy, but if you have a cottage in Dumfries and Galloway that rents out for £450 a month, your deposit will be a whole lot smaller. Are your costs any less? Could the costs of repair be more commonly greater? There is a lot more to consider than just saying, "The deposit is fine, we'll just increase that by 10 per cent", because it depends on what the base rent is in the first place. Using a deposit is okay, but regional rental variances will have to be taken into account. The insurance thing may be a better option.

I will give you one example to show what can go wrong. In the Lothians a lady had gone round to see her tenant, who had acquired four dogs—not only did the tenant have four dogs when they were permitted to have one, but they had also started housing the dogs in the adjacent steading that they did not have any right to use. The landlord was having issues in asking her tenant not only to reduce the number of dogs to the one dog that was permitted, but to remove them from the steading. What is the lesser of two evils—having four dogs in the house or four dogs on a piece of property that the person does not have tenancy for? That is an example of how things can go wrong if the barriers are not finely defined.

**Colin Beattie:** You have mentioned previously about the differences between rural properties and urban properties. Is there a different pattern of what tenants in rural properties already do in respect of redecoration?

**Anna Gardiner:** I would say so, because tenancies tend to be longer. Also there is typically a relationship between landlord and tenant. I am not saying that that does not happen in urban areas, but it is the norm in rural areas because of the proximity of where people are living. Typically, they are living in the same community and the kids go to the same school, so it is easy to have that conversation and say, “Do you mind if I paint little Jo’s bedroom pink?” or whatever. Those conversations happen much more easily because people are seeing each other the whole time.

Pets are a pretty normal thing. One of our members is wringing her hands at the moment because one of her tenants has heard that they are allowed to have pets now. This is the communication from all the chatter out there about the bill. Our member is saying, “You can’t have a dog because your front door opens on to a field that is not enclosed and there are sheep in that field. That’s why it says in the lease that this is a dog-free property”. All those little things need to be covered off to make sure that tenants understand where it is logical, where it is not logical, what is responsible and what is reasonable. The definition of “reasonable” is important.

**Timothy Douglas:** From a letting agent point of view and the conversations that we have with members and their landlords, the positive is that, often, tenants who make changes or make a property more their own tend to stay longer than those who do not make changes. That is the main positive. The caveat is that agents and landlords consent to changes on a pragmatic basis at the moment and permission is often granted on the basis that the property is returned to the condition that it was originally in at the start of the tenancy. It is all about reducing or mitigating a risk, which for landlords, could be a perceived risk or an actual risk. Ultimately, the risk is the costs of remarketing.

On the bill and the question of what it should do, as John Blackwood said, we do not know what it involves: there is nothing listed under category 1 and category 2. Category 1 is probably pictures and posters and category 2 would be working on shelves and things like that. However, we do not know. That needs to be consulted on quickly. The conditions of consent—that is the wording in the bill—need to include returning the property to its original condition as it was at the start of the tenancy. If that is already taken as given by the legislators, that is fine, but that is the perceived

risk that needs to be reduced, from what we are hearing from letting agent members.

**Colin Beattie:** Thank you. I do not propose to ask every witness, but anybody who wishes to have input on this particular point, should indicate that.

**Robin Blacklock:** I want to make a brief point that in build-to-rent communities and typically in urban apartment build-to-rent communities, most operators have a positive pet policy. That is because they recognise that people with pets are likely to stay longer. In some of their social events they might have dog-meet-dog events and the like, which all helps to build the community and it helps people to stay longer. From an investor perspective, that is a positive.

There needs to be a balance and people have made the point that there needs to be a test of reasonableness. In those same communities, there might be people with allergies to pets or phobias about them—you need to be respectful of other people in multi-occupancy buildings. Yes, by all means have pets, but have some thought for others. It is also important to have some thought about the types of pets—smaller pets that might be able to escape might be an issue. It is about tests and reasonableness and balance, but overall the proposals are supported.

**Colin Beattie:** Thank you. I will move on to another issue. John Blackwood, the bill provides that unclaimed tenancy deposits can be used by ministers to support private sector tenants. What are your views on that?

**John Blackwood:** The money, essentially, has been provided by tenants. I can understand the reasoning that it should be used to support them. However, it would be more appropriate for the money to be invested in housing for those in need. Could there be another route to invest that money in much-needed housing for the future, or to provide deposits for those who cannot afford deposits? We have a number of charities operating throughout Scotland that do exactly that: for tenants who cannot afford to provide a deposit, they will support them by providing the deposit. Could we use the money for that to prevent homelessness and support tenants on low incomes? I think that that would be a far better use of the money.

**Colin Beattie:** This may have come out in previous evidence sessions—I am just sitting in on this one—what figure are we talking about for unclaimed tenancy deposits? Do you have any knowledge of that?

**John Blackwood:** Again, I note an interest as I am a director or the largest tenancy deposit scheme in Scotland, SafeDeposits Scotland. I know that there are national statistics available. I

do not have them to hand at the moment, but I am happy to share that information with you after today's meeting.

**Colin Beattie:** That would certainly be interesting.

I come to Anna Gardiner. There is a difference in the urban story here in relation to unclaimed deposits. Is there much of that in the rural sector?

**Anna Gardiner:** Unclaimed deposits are less of an issue in the rural sector because there are fewer students. Students—international students particularly—are a big driver of unclaimed deposits. Perhaps due to lack of information, they do not know that they can claim their deposit. Without drilling down into the data it is difficult to know exactly how much of it is attributable to rural tenancies, but because tenants typically stay for longer and so on, it is probably a smaller proportion. However, the needs of rural tenants are just as great—I am thinking of the suggestions that John Blackwood has just made—and I am sure that they would all be delighted to benefit from a pot, if there was one.

**Timothy Douglas:** I agree with what Anna Gardiner and John Blackwood have said about using the money to sustain tenancies. Anecdotally, I think that there is not a huge amount of money, and it has been diminishing. Key for our members is the reporting back from the Scottish Government and ministers about where that money is being spent and how it is being used. I believe that the bill sets down annual reporting within three years.

As Anna Gardiner said, on a practical level the deposit certificates will need to be amended with all the relevant information to ensure that there is a lead tenant and lead contact. I am sure that, after five years, many agents would find it difficult to chase everyone, should claims start coming in. There are practicalities around it, but on the whole it is principally a positive move.

**Colin Beattie:** Does anyone else want to come in on this point?

**Dr Boyle:** I do not have anything to add to what has already been said.

**The Convener:** Thank you very much, that brings us to the end of our questions. I appreciate your coming in. We have run over time a bit, but it was important to hear all your points. If there is anything else that you think we have not had time to cover, please feel free to write to the committee on those points.

11:14

*Meeting suspended.*

11:20

*On resuming—*

**The Convener:** I welcome to the meeting our second panel of witnesses. We are joined in the room by Lisa Mallon, who is a housing manager at the City of Edinburgh Council; Derek McGowan, who is service director for housing and homelessness at the City of Edinburgh Council; and Jennifer Sheddan, who is head of housing at Glasgow City Council. We are joined online by Kelly Ferns, who is a research and development officer at Argyll and Bute Council; and Ally Macleod, who is head of housing and building standards at Aberdeenshire Council.

We will try to direct questions as much as possible to specific witnesses initially. However, if you would like to come in, please indicate that clearly to me or to the clerks. If you are online, you should do that by typing R in the chat function. There is no need for you to operate your microphone; that will be done for you.

I will begin with rent. This question is for everybody, if you have something new and different to add to what somebody else has said. What are your views on the rent control areas provisions in the bill and how they might have an impact on councils? Do you think that rent controls being introduced in areas would lead to rent stabilisation?

**Jennifer Sheddan (Glasgow City Council):** We are very supportive of the bill's principles in respect of protecting tenants in the private rented sector. Glasgow has seen a considerable increase in rents over the past period. Several teams that work with private rented sector families have seen that.

We are concerned about the rent levels in the city, but we are also concerned about the bill's unintended consequences in respect of rent control. The key thing that we are concerned about is the strategic impact of the rent controls on the city's housing system and the supply of housing.

**The Convener:** Okay. Does anybody else want to give their view on the rent control areas provisions and whether controls that are in place in areas will lead to rent stabilisation?

**Derek McGowan (City of Edinburgh Council):** My point is similar to Jennifer Sheddan's point. In Edinburgh, we support the principles of the bill in respect of tenants' rights and the aims of the rent control provisions.

I think that Edinburgh has the highest average rent in the country. A two-bedroom property is around £1,500 a month, which is £400 higher than the national average. We know that there is a particular issue there. The bill's provisions set out obvious ways to try to address that. They are welcome but, like Jennifer Sheddán, we have concerns about unintended consequences, which we set out in our response.

We have an acute local issue. A housing emergency has been declared. There are more than 5,000 homeless households in the city. We are concerned that the rent control provisions might potentially work against that and, with the compounding effect of other measures in the bill, which we may come to, they might increase homelessness and add pressure on the market.

A stabilisation of rent is possible. We heard from the witnesses on the earlier panel about the importance of data. We would very much welcome an accurate representation of the rent-setting levels across the city in order to try to understand how the bill might work and how that would affect the market in the city.

**The Convener:** Okay. I will go a bit deeper. The provision is that councils will gather data and identify where they might want to propose a rent control area, and that will be brought to ministers. I am interested in understanding how that work might impact on councils.

**Lisa Mallon (City of Edinburgh Council):** To give a bit of local context, I note that there are around 43,000 landlords in the city, so there are quite a lot of small and diverse portfolios. We estimate that there are around 60,000 private rented properties in the city. The scale of the collection is therefore quite substantial.

There are estimates of the costs of the bill. We could probably absorb the majority of that budget in Edinburgh alone, never mind nationally, for what we have estimated for collection. It is absolutely critical to understand—this was mentioned in the first evidence session—that there is a difference between advertised starting rents and what rents are at any given time. For us, the diversity and scale of what we are talking about in the city are quite substantial.

**The Convener:** Okay. So you would seek to be properly resourced to carry forward that work.

**Lisa Mallon:** Absolutely.

**The Convener:** I see nodding heads across the panel.

Does anybody online want to come in on the question about the impact on councils of the rent control areas provisions in the bill?

**Kelly Ferns (Argyll and Bute Council):** I do not have much to add to what other panel members have already said.

A concern for Argyll and Bute is our diverse geography. We have a mix of urban, rural and island areas. Obviously, any proposed rent control would need to take the area into account. Our local authority area is very diverse.

In our submission, we said that we think that there could be a lot of unintended consequences from applying a rent control. We need a robust system for data collection at the national level, and we need to drill down to the local level to take into account the geography, the area, the types of properties, infrastructure constraints, all the additional challenges and costs that tenants might incur, and the reason why the rents have to be controlled.

**The Convener:** Some of you have started to get into my second question, which is about the unintended consequences of rent control. I will stick with Kelly Ferns. We have heard about this from the City of Edinburgh Council. Can you outline the current state of the private rental market in Argyll and Bute and what you anticipate happening as a result of the bill?

**Kelly Ferns:** We have a shrinking private rented sector market, which is giving us cause for concern, and we were the first local authority to declare a housing emergency. That is putting a lot of pressures on our social housing system and homelessness. Over the past year, we have seen a reduction in registered landlords of approximately 20 per cent.

In conjunction with Citizens Advice Scotland and the University of Glasgow, we have just concluded some research on our private rented sector. We do not have the final report, but we have some early insights into that. The response rate from landlords was around 8 per cent, and 60 per cent of them intended to sell their properties. That is a huge concern for us, given the shrinkage that we have had over the past year.

There is something else that landlords have reported, which we think could be an unintended consequence of rent control. The yield that landlords are currently getting in a lot of areas is not particularly high—that was alluded to in the previous evidence session. Rents in rural areas can be a lot lower because of longer-term tenants who have been there for decades, not just a few years. From the research that has been concluded, 48 per cent of landlords had only a 4 per cent or less net yield on their current rent levels. It can be seen that there is not a profit margin. It is not for profit.

**The Convener:** When you did that survey with the 8 per cent response rate in which 60 per cent

of those landlords said that they intended to sell, did you get the details of why they intended to do so?

11:30

**Kelly Ferns:** We asked supporting questions about that. Unfortunately, I do not have the full report. A lot of that was due to the challenges that were reported, including the availability of trades to undertake the required improvement works in relation to housing quality standards and forthcoming standards; property maintainability, for the same reason; the age of the stock; and the ability to retrofit to meet standards.

One of the main challenges that was reported was the legislative burden that landlords feel is already imposed on them. That included landlord registration, the introduction of the PRT and EPCs. There was some feedback on the initial findings that have been shared with us that the changes to energy efficiency standards will put real financial pressures on landlords. That is another reason for leaving the market.

**The Convener:** Thank you very much for that detail.

I will bring in Ally Macleod. Do you have anything to add from the perspective of Aberdeenshire Council on the impact of the rent control area provisions in the bill? Do you think that they could have unintended consequences?

**Ally Macleod (Aberdeenshire Council):** Good morning, convener, and thank you for inviting me.

Aberdeenshire Council's experience is quite different from what we have heard in so far as, over the past decade, prices in the private rented sector have come down quite significantly and, in recent years, they have stabilised. Therefore, there is probably no requirement for any rent control measures at the moment, because the market has largely corrected itself.

However, as we go forward, I think that there is value in us having the ability to explore the use of rent control as a tool. As Kelly Ferns mentioned, there is a mixture of local housing systems in rural areas, and there is a complex mix of interactions between different tenures. Therefore, it might be of value, from the point of view of a strategic approach to housing, to have the ability to determine whether we should use rent control in the future, although I echo the comments about the costs of resourcing that. Anything that we do needs to be done well and needs to be judicially robust. We will need to think about that as we consider what comes forward.

**The Convener:** Jennifer, I did not ask you about possible unintended consequences of rent control, such as a decrease in supply in Glasgow. Will you

outline the current position in Glasgow and what impact you think that the bill might have?

**Jennifer Sheddan:** Currently, Glasgow has about 60,000 private rented properties and about 40,000 private landlords. We have not seen a reduction in the number of landlords in the system, although there is anecdotal evidence that people are selling. I think that that is happening for a variety of reasons, not just because of the potential introduction of rent controls. We are hearing that people who had invested in properties for their pensions are now cashing out. The complexity of the private rented system when it comes to mortgages and tax is having an impact, too.

Similar to the situation in Edinburgh, most of our landlords have only one property—78 per cent of them have only one property—and less than 1 per cent have a large portfolio of properties.

On the requirement for councils to collect information, I absolutely endorse the need for local input and think that there should also be a national system of collection. Our experience of private landlord registration and the enforcement that is required in that regard indicates that about 5 per cent of landlords do not comply, with the result that significant enforcement action is required. Obviously, that has resource implications for the local authority. I do not think that there is any reason to suggest that the situation would be much different in relation to what is proposed in the bill, particularly if that involves annual updating of rental levels.

In addition, the landlords of about half the properties in Glasgow use a letting agent to rent them out. That could be a mechanism to help to ensure compliance.

**The Convener:** That is very helpful—thank you. I will bring in Pam Gosal, who will focus on rural areas.

**Pam Gosal:** Good morning. Kelly Ferns spoke about rural areas, and I want to develop that. We heard from the previous panel that the bill does not sufficiently address the needs of rural areas. Do you believe that the bill properly balances the needs of urban and rural areas? That question is for Kelly Ferns and Ally Macleod.

You might have heard the question that I asked the first panel about depopulation. I spoke to the chief executive officers of Argyll and Bute Council and Aberdeenshire Council, and I know that depopulation is a problem in your areas. Do you think that the rent control provisions in the bill will affect depopulation? From your work in this area, you will know about the situation in your areas as regards population growth. In addition, how will the rent control provisions affect business growth?

**Kelly Ferns:** The housing emergency and the severe lack of affordable options in rural areas are having a massive impact on depopulation and our ability to sustain and retain people in rural localities. I think that that also applies to businesses—they are struggling to get affordable worker accommodation. As well as affecting the sustainability of existing businesses, that is constraining business growth in those areas. Our colleagues in Highlands and Islands Enterprise do a lot of engagement with our rural businesses and employers, which have an aspiration to grow, but the lack of affordable housing options is constraining that. That is the case across all nine of our housing market areas. It is not just the rural localities that are being impacted; our urban areas are being affected, too.

**Ally Macleod:** We are in a similar position. Rent control is a potential future option, which, in our view, would have quite a neutral impact. Scottish Land & Estates has raised concerns on behalf of its rural landlords, who think that rent control could have a negative impact. However, I think that the issue of depopulation goes wider than what is in the bill. There are wider pressures on the housing stock, which do not relate only to rent levels. New supply is needed, but there is also the issue of the transfer of rental properties into other tenures or other types of use. From our perspective, those issues are potentially more impactful than rent control.

**Pam Gosal:** I go back to my first question: do you think that the bill properly balances the needs of urban and rural areas?

**Ally Macleod:** From our perspective, it is fairly neutral. It does not have a significant focus on rural areas. The bill deals primarily with an issue that has materialised more recently in central urban areas. From our perspective, the provisions will not have a huge impact.

**Pam Gosal:** What is your view, Kelly?

**Kelly Ferns:** I think that the proposals in the bill are quite neutral as regards rural and urban areas, and I do not think that they will have an adverse effect on our rural areas. If we were to consider introducing rent controls, we would need to have really good data collection on the impact. In the session with the first panel, issues were raised to do with the size of the property, whether it is a croft, whether it comes with a huge amount of ground and whether there is a difference between that two-bedroom rent and the neighbouring property's two-bedroom rent. There could be good reasons for the fluctuation in rent levels. If we were to apply rent control, we would need to have a lot more data on the reasons for the charging of a particular rent.

I think that data collection is crucial, especially in rural areas, where it might be quite hard to get information on long-standing tenancies or tenancies that have not moved to the PRT system. There might still be assured tenancies in the background, where people's rights have been protected. Anna Gardiner made a good point about the functionality of rural properties. Sometimes, a property might be part of the business of a neighbouring farm or croft, for example. The bill does not define the differences between the measures in rural and urban areas, so I think that it is reasonably neutral from that point of view.

**The Convener:** Willie Coffey will now ask questions on what seems to be the hot topic of the day—data.

**Willie Coffey:** Yes—data collection is a hot topic.

Good morning, everybody. I want to ask our council colleagues about the power to set rent controls. Under the bill, it is entirely at a council's discretion whether to recommend to the Scottish ministers that a rent control area be applied. If you have the discretion to not do that, because you decide that it is not appropriate, you will not do it, will you? Do you have concerns about that?

**Derek McGowan:** I think that that is a question of data quality and the range of data that is held on all different aspects of a tenancy. One of those aspects is duration—how long the tenancy is for. Another is how often the rent has been increased in that tenancy. There needs to be some sort of system to say, on an annual basis, whether the rent level is flat or is increasing so that you can understand some of the wider pressures in the area.

Data quality is fundamental. If you do not put good data in, you will not get good data out, and if the data that goes in is not complete, you will not get good data out. Thinking ahead, in Edinburgh, we would want to know what the average was at city level. We would also want to know what the average level was in particular areas of the city where there were more pressures than there were in other areas. We would want to know how often the rent was changed, and if it was increased, whether individual landlords were taking the opportunity to do that because the legislation allowed them to, or whether they were not doing that because they had settled tenancies for a period of time.

There are probably many more aspects on which we would like to have data, but the fundamental issue is that we need to have good-quality data going into the system in order to get valuable and robust data out of it. The bill requires us to make such an assessment, and if we feel



that there is a need for us to make a submission to ministers on rent controls, there will need to be certainty about the information that we provide to ministers in order for a decision to be made or for agreement to be reached. It will need to be robust.

**Willie Coffey:** My point is that, ultimately, it is the council leadership that will decide whether to request a rent control zone, and that decision will be based on whether you have data and evidence to back that up. You will retain the control, the power and the discretion to introduce a rent control area. In that sense, the power to apply the rent control provisions is flexible. You will need to have the data to back up the decision but, ultimately, council leaders could decide not to make any such recommendations to ministers if they are not content that they have sufficient local data to justify the introduction of a rent control area. That is the case, is it not?

**Jennifer Sheddán:** That is absolutely the case. The issue of the different geographies will be an interesting one in relation to the level at which people might consider having a rent control area. Are we talking about a street, a political ward or the whole city? Are there particular priorities for different areas of the city?

In Glasgow, we have the transformational regeneration areas. We also have a strong focus on city centre regeneration at the moment. Members will have heard about the impact on build-to-rent investment. All those issues are considerations. In some ways, there are competing priorities. We want to protect tenants, but we also want to deliver strategic priorities for the city. In Glasgow, we have a build-to-rent development for family housing. Family housing is an absolute priority for us, but there will be no more of that until there is certainty. We absolutely need to have certainty, rather than things being pushed back. As soon as the investment community has certainty, we can get on with getting some investment done.

The geographical aspect will be interesting. Are we talking about city-wide or local rent control areas? Will cognisance be taken of the strategic priorities for particular areas?

**Willie Coffey:** To return to the data issue, I think that you are saying that the data set that is gathered must be robust, wide, localised and all the rest of it. Are you seeking a broader discussion about what needs to be included in the data in order to allow you, as council officials, to make a recommendation to your council leadership that a rent control area be established? What would that data look like, in the widest sense?

**Lisa Mallon:** A lot of that was covered in the session with the first panel. Quite a few of us have been involved in working groups on rent pressure

zones, and we have shared a lot of detailed information on what we would seek to find.

With regard to your previous point, although it is a localised decision, we would still need to have the information, so we would still need to have the resources to get that data.

As Derek McGowan touched on, the data needs to be robust so that we are not challenged. We need to take a consistent view so that we can choose to home in on a hotspot or to take a city-wide approach. We need to have that information, and that will require resourcing. We will need to make sure that we have the systems in place to collect, collate and analyse the data.

We need to obtain data across the board, and I think that the process for that should be nationalised. Through the working groups, we have said that we believe that that should be a nationalised system. That will give us the baseline consistency, on the basis of which we can seek to move forward.

11:45

**Willie Coffey:** There was discussion about whether we should have a national approach to data collection, with a definition of data collection. How on earth would that work for Edinburgh and Glasgow in a way that also works for the Borders and the Western Isles, for example? Surely data collection must be driven by an element of local flexibility. How do we get a balance?

**Derek McGowan:** In relation to data sets, information on postcode areas, where rent is paid, the size of properties and the local context are raw data that can be considered at a local level. We must be able to interpret and interrogate the data at a postcode or street level, as Jennifer Sheddán said. That would make the system equal across the country. We could then apply a local context by considering what the data from index of multiple deprivation shows in relation to poverty or affluence in an area.

Having historical data would mean that we could do analysis to understand what had changed over the past three or five years in a postcode area, for example. Having that level of data and detail would help local analysis, and we could then put our own page over it by considering poverty, income, employability and so on in order to make a nuanced argument about whether a rent control area should be introduced.

In relation to your earlier question, as Lisa Mallon said, if local authority officers thought that a rent control area should be introduced, they would have to go to a council committee to get a decision. Such data would have to be gathered regardless, even if the committee said, "No, we

don't think that's appropriate; we don't want to go ahead with that." Following that, ministers would receive a report and there would be a duty to consult. If we had incorrect data that was not robust and could not be analysed properly, as soon as the ministers consulted, landlords and tenants in the area would say, "That data isn't accurate", and the whole process would be prolonged. The bill has been introduced to achieve something, but without robust data the process would be elongated, which none of us would want.

**Willie Coffey:** That is really helpful. There is a big issue about what the data sets should look like, how relevant they should be and so on. I am sure that there will be other questions on that as the committee's business proceeds.

**The Convener:** We discussed this in the previous session, but I would appreciate hearing what the witnesses think the list should be. Perhaps we could create that together now. Lisa Mallon was nodding enthusiastically, so I will put you on the spot.

**Lisa Mallon:** Sorry, I was just nodding in relation to what was said about the previous session. Are you talking about the type of data?

**The Convener:** Yes—the kind of data that councils would want to have.

**Lisa Mallon:** Derek McGowan covered quite a few of the issues. There could be information on bedroom size, starting rents, advertised rents and actual rents. All that we see is what is advertised, so how are we to know whether a separate agreement has been made with the tenant who has gone into the property? Edinburgh has houses in multiple occupation, lots of different types of rentals and, as Jennifer Sheddán touched on, lots of different landlords. We are talking about baseline data—information on our social sector, for example—that we could map across so that we could understand the situation.

It is also interesting to understand where landlords are at. That might involve getting a more personalised view on whether they intend to stay in the sector and their reasons for being in the sector, so that we can understand why they are there and whether they have only one property or are seeking to expand. It would be helpful to have a bit more of that sort of information to analyse in order to understand the growth or change in the sector.

**The Convener:** We have been talking about national and local data sets. Is there a place in our current system where we could put those data sets, or would we have to create something new?

**Jennifer Sheddán:** The private landlord registration database currently includes every registered property, so it would seem to be a

sensible place for that information. Landlords have to register only every three years, but we would probably be looking for updates annually.

One issue relates to the quality of accommodation. How we reflect that in an area is a much harder nut to crack, because one one-bedroom property might be a luxury property and another one might be very basic, even though it meets all the standards. I am not offering a suggestion as to how we deal with that—it can get complex. The nationwide private landlord database seems to be the most obvious place.

**The Convener:** The committee is certainly interested in quality.

In the previous session, Robin Blacklock mentioned the idea of rent per square foot. What do you think about that?

**Jennifer Sheddán:** I think that that could work, but I am not sure whether that would make it more complicated for individuals to report, and it would not really address the quality aspect, either. I would have to have a think about how that would work.

**The Convener:** Derek McGowan, you seem to be interested in that.

**Derek McGowan:** I think that Robin Blacklock's idea might be more for an investment purpose, although I might be misrepresenting him. In relation to investing in the market, private individuals who are looking to rent a property will be interested in location, the number of bedrooms and the quality of the property on viewing it. Those issues will be relevant. The cost per square foot is more likely to relate to investing in the first place.

**The Convener:** Kelly Ferns and Ally Macleod, do you have anything to add to our list of data sets that we would want?

**Kelly Ferns:** I agree that the landlord register would provide a good baseline to start, but the guidance on landlord registration would need to be strengthened quite substantially to take account of the wider aspects that we have discussed. The data that we would need to collect through landlord registration would include the rent at the start of the tenancy, the annual uplift, the size of the property and the type of property—whether it was a flat, a semi-detached property or a detached property.

Information on not just garden grounds but whether there are crofts or outbuildings should be reflected in the data, and there should be information on parking, the age of the building and housing quality and energy efficiency standards, including the EPC rating. Those questions could be standardised through landlord registration.

There are a couple of reasons why we support taking a national approach. It would allow us to do a bit of benchmarking between local authorities, so that we could make comparisons between rural, urban and island areas. Locally, we could apply things such as the urban classification to a postcode area, which would allow for a lot more local analysis. We could also look at local income levels and local housing allowance rates. We would need national data and local data to inform any decision. As has been said, if we were to propose a rent control area, we would need to have strong evidence behind that.

My other point might not be particularly relevant to the bill, but how the discussion has progressed has made me think about another issue. Outwith the bill, we are looking at legislation on short-term let control zones. I have a concern that, if we control one area, tenures might just be flipped, so the systems need to work in tandem in areas. If we applied a rent control area in a place where there was no short-term let control area, people could just flip tenures so that they could get a higher yield from providing a short-term let rather than a private rented property.

**Ally Macleod:** I echo what has been said about the data questions being nationalised as much as possible in order to standardise the system and reduce the cost of doing something 32 times.

I will pick up on Kelly Ferns's point about energy efficiency. That would potentially be a really useful measure in rural areas. It would help us to understand some of the challenges that private tenants are facing and to think about future energy efficiency requirements for landlords in rural areas, because that issue could be a big challenge in the future.

**The Convener:** Thanks very much.

**Gordon MacDonald:** We have been talking about how to improve the private landlord register. When someone sells a property, they have to produce a home report. Should something similar be in place for landlords when they rent out a property? We have talked about the data sets that would need to be collected, and people are concerned predominantly about the level of rent and the quality of the accommodation. Is there a need for something like that to gather the information?

**Jennifer Sheddan:** That is an excellent idea. There is a lot of good-quality private rented housing in Glasgow, but we come up against some really poor-quality housing, too. That idea fits quite well with the improved information that tenants are meant to get when they move into a property. It is a very good suggestion. There is a question about enforcement and how we would ensure that such information was provided in the

correct way at the correct time, but I certainly support that idea.

**Gordon MacDonald:** I will come on to enforcement in a minute.

**Derek McGowan:** That is a good idea. Locally, we receive complaints about the condition of private rented properties, and that can occasionally lead to people presenting as homeless. In principle, we support that suggestion.

**Kelly Ferns:** The only thing that I will add is that the current landlord registration system has been set up to show that a landlord is fit for purpose, but it does not capture enough information about housing quality standards. Requiring information about the quality of a rented property to be captured is a good recommendation.

**Gordon MacDonald:** Thank you. As I said I would, I come to enforcement. We heard evidence last week—from the RentBetter research survey—that many people do not know their rights, despite their having a tenancy agreement. Some do not even know the type of tenancy that they are in. How do we improve the level of information for private tenants?

**Jennifer Sheddan:** Nationally, there have been good schemes in the past when there have been launches of new policies on PRT and so on. Nationally, we are not very good at continuing such work and tenants come into the system who have never been in it before, so there is absolutely a role for an on-going scheme. In Glasgow, we have an officer who deals directly with landlords to upskill them and keep up their knowledge about what they are required to do. That provides a lot of support to landlords. There is only one officer, but there are an awful lot of landlords and many landlords have only one property, so it is quite a job.

We also have a quite unique team called the private rented sector welfare hub that deals directly with families in the private rented sector who are at risk of homelessness. The team feeds back all the time. It deals with households who might have lived in the private rented sector for a very long time but do not necessarily know their rights and do not have connections to welfare services, income support and those kinds of services. As well as having rent issues, private rented tenants might not know what they are entitled to, so we should be targeting that.

**Gordon MacDonald:** Derek McGowan and Lisa Mallon, I do not know whether you want to comment. Part of the difficulty is that tenants who want to stay in a property want to build a good long-term relationship with their landlord and do not want the hassle of spending time and paying the cost of complaining. How do you resolve that situation? How do you make tenants more aware

of their rights and support them to enforce those rights, given the social interaction between them and the landlord?

12:00

**Derek McGowan:** That can be done by practically ensuring that the correct information is provided at the time of signing the lease, and ensuring that standard information is available. Like Jennifer Sheddan's council, we have a team that works with tenants, including private rented sector tenants, on security of tenure.

There should be standard clauses and standard availability of information, and it should be publicised. We have information on our website, but we know through research locally and nationally that there are still some barriers to access, so we need to make the information available in ways that are accessible to people. That includes making it available for people with disabilities and people whose first language is not English. We have experienced issues in the private rented sector with people not knowing how to access their rights, let alone their not knowing what those rights are. There are barriers to advice.

On the second part of your question, on the relationship with the landlord, we know that there can be a fear of raising objections in case that ends up in eviction. Dealing with that is about robust enforcement of the standards. I can speak for Edinburgh in respect of the advice that we give and the teams who work with people who are in difficulty to ensure that we advocate for them and advise them, if we need to do so. There is probably a mix of options to consider, but if we want to achieve a standard in the private rented sector, it is fundamental that there be a national standard. The standard that must be provided could be set out alongside the data that we collect.

**Gordon MacDonald:** How do you enforce the legislation? Councils have a responsibility to ensure that the landlord is a fit and proper person, that they are registered with the landlord registration system, that gas certification has taken place and that EPC rating has been done. How do you enforce that at the moment and how many enforcement cases do you have in an average year?

**Derek McGowan:** I cannot give the number of cases now, but I can provide that to the committee.

We have a team of officers who undertake inspections of properties. If we get a complaint, they undertake an inspection. On renewal of registration and a licence, properties will get a visit, whether it is an HMO or a private rented property. We do that in conjunction with other public services including the police, the fire service

and so on. There is a pretty good system of inspecting properties and making sure that issues are addressed. If complaints come in, we follow them up.

Occasionally we get complaints about unregistered landlords: those, too, are followed up. In that respect, we work closely with the police. I think that there is, certainly in Edinburgh, a good system across the public sector for doing that work and making sure that it gets to the regulatory committee.

**Gordon MacDonald:** Jennifer, you said that about 5 per cent of your landlords do not comply. There are two parts my question. First, what does Glasgow do about that and, secondly, how could we improve the enforcement regime?

**Jennifer Sheddan:** The private landlord registration system is still quite light touch and is, to quite a degree, about self-certification.

I have some numbers here. On late application fees for renewal of annual registration, we make two or more requests to the landlord for renewal. The procedure is that we apply a fee if they do not reply to the third request. Last year, we applied the late application fee in 563 cases out of 9,585 renewals.

We find rent suspension orders to be most helpful—their use is an effective enforcement tool. That means, in effect, that when landlords are letting an unregistered property we take away the rent liability of the tenant. In the previous financial year, we applied 303 rent penalty notices and this year, so far, we have done another 58. That tells me that the rent penalty notices are about 90 per cent effective in terms of dealing with non-registration. We get feedback from the teams, who work closely with landlords, that in general, once we start the process, landlords comply, although there is a very small element that do not.

Among the issues are, for example, the fact that in cases that have been taken to the procurator fiscal some of the fines that have been applied across Scotland have been very low. I think that the maximum fine can be £50,000, but in general they have been very low. For us, that is a warning about compliance with rent control and landlords having to provide information about rent levels, and about the amount of effort that a local authority might have to go to in order to ensure that a landlord is complying and providing the information.

**Kelly Ferns:** Some very good examples have been given about going through the enforcement process to apply landlord registration. It is in a local authority's gift to do that now, because we have a register, so we know who has not submitted a renewal and who is due for a renewal.

The biggest concern in the background is about tenants who do not speak up. It was touched on earlier in the session that the tenant might not speak up because they might want to build a rapport with the landlord, they might already have a good rapport with the landlord, they might be related or there might be other reasons why they do not speak up. Ultimately, the reason could be the risk of losing their accommodation when there might not be an alternative in that area or locality. Those are reasons why tenants do not speak up.

A key issue is the lack of resources in local authorities: we are all struggling for resource. A dedicated mandatory post being used, along with landlord registration, to do random inspections of tenants and landlords, as part of the tenancy agreement, could be a control to be applied in the background. A percentage of properties could be randomly selected every year so that we would get a feel for what is happening. The City of Edinburgh Council witness touched on the fact that it does visual inspections of HMOs, but I do not think that that is standard practice across all 32 local authorities in looking at landlord registration for individual tenancies. Perhaps random inspections are another way in which we could improve enforcement.

Landlords complying with landlord registration has also been touched on. It is at their discretion to be honest and to say that they are private landlords and to register, but how many private properties are being rented whose owner has not registered as a landlord? How do we uncover those if the person is paying rent directly and is not going through any system?

**Ally Macleod:** I have three brief points to make. On registration, we work with Police Scotland to ensure that people are fit and proper persons to be landlords. On the whole, we get a good response from our landlords when we have to explore enforcement. Once we have determined the extent of an issue, we develop an action plan with the landlord and manage that practically until the case is resolved. That deals with the majority: there are some cases for which we need to make onward referrals to the housing and property chamber of the First-tier Tribunal for Scotland, but on the whole the process works fairly well. To pick up on Kelly Ferns' point, I note that we do spot checks on about 10 to 15 per cent of registrations and we try to get on the front foot for some cases in which tenants might not be speaking up.

**The Convener:** On spot checks, what flags or signals do you get? How do you choose where to do spot checks?

**Ally Macleod:** We do it randomly; there is no science behind it. They are just random checks, but doing them has been quite helpful. If we do 10

per cent annually we will soon work our way through the whole sector.

**The Convener:** Thanks very much for that. I now bring in Colin Beattie.

**Colin Beattie:** This is a very simple question. The bill has provisions to give tenants greater rights to personalise their homes. What are your views on that?

**Derek McGowan:** That is a positive thing. We support that provision in the bill. There are benefits for the tenant and the landlord in working on a longer tenancy because the tenant is happier, more comfortable and more settled. I have been a private tenant, so I understand the benefits of tenants being able to do that. In principle, it is positive.

As we set out in our submission, there are potential unintended consequences related to the level of work that a private tenant can do on a property and how comfortable the landlord is with their doing it. We think that, with the compounding effect of other things, there might be an unintended effect in respect of how landlords feel overall about the bill but, in principle, the tenants' rights are good and we are supportive of the provision.

**Colin Beattie:** Edinburgh has a particular issue with the amount of student accommodation—I am not saying that other council areas do not have the same thing, but Edinburgh has a huge proportion of it. How do you think that the provisions on personalising homes will work where there is a tendency for students to stay for only nine months and then leave the premises?

**Derek McGowan:** There are a number of working groups in Edinburgh on student accommodation. It is certainly a live issue and I know that other cities in the country are discussing the matter too, as it is not just an Edinburgh issue. In Edinburgh, however, the issue has to be seen in conjunction with the city's market specifically. You talk about the nine months that students might be there, but there are also issues around availability of accommodation for the festivals, for example.

The proposed restrictions on how often rent can be raised will not particularly change existing practice anyway, so there are limits in that regard, but I can see that there are potential issues of affordability for students when rents are raised, and, therefore, the provisions in the legislation are positive in that respect, because rises would occur annually at the very most.

**Colin Beattie:** Jennifer Sheddan, can you comment on tenants' rights to personalise their homes?

**Jennifer Sheddan:** I am very supportive of the proposal, especially for the private rented sector.

Previously, that sector was seen as a bit of a stop-gap but now it is absolutely cemented as a housing option for people. Our experience from working with people in private rented accommodation is that an awful lot of people who have privately rented for a very long time have been frustrated by the fact that they cannot do things to their home to make it their own, although we understand that a lot of private landlords let people do things. We are absolutely supportive of the proposal, although I say that as a representative of a non-stock-owning authority.

**Colin Beattie:** Kelly Ferns, do you have comments on the issue?

**Kelly Ferns:** We are supportive of the proposals. We are very mindful that everybody has a right to a home, not just a property, and if they can personalise and tailor their accommodation, they are more likely to take pride in their home, and that leads to tenancy sustainability and security for their landlords. However, it has to be within reason and there have to be clear guidelines, particularly on pets, because the situation could become uncontrollable—in the previous session this morning you heard about the woman who was allowed to have one dog but actually had four dogs. There have to be clear guidelines for the tenants and the landlords, but we are supportive of the proposals.

**Ally Macleod:** We also support the proposals. I have nothing to add.

**The Convener:** I will now move to questions from Mark Griffin about evictions. He is joining us online.

**Mark Griffin:** I have a few questions about evictions. The first one is about the proposal to require the tribunals to consider whether to delay an eviction as standard with every application. Do witnesses support that change or not, and for what reasons?

12:15

**Derek McGowan:** In principle, we support the proposal.

However, an important element of the process—I am speaking on behalf of the City of Edinburgh Council but I imagine that this is national practice—is that recovering a property by going to the First-tier Tribunal or to court would be an absolute last resort. A great amount of work would go into avoiding any sort of eviction before that point was reached. Across the council, we have a number of officers who work with our tenants and private rented sector tenants to avoid evictions happening. Going to court or the tribunal would be

a last resort, and they would expect to see that a number of steps to avoid eviction had been taken.

Anything that can be done to secure the tenancy and the sustainability of the tenancy is good but, as we said in our response, the likelihood is that, if that duty is introduced, the tribunal and the court will err on the side of doing that. It is a pretty straightforward analysis that the wellbeing of anyone who is evicted from a property will be impacted. As we heard in the previous session this morning, that might mean that the person who is in the property builds up a higher level of arrears than they already have, and that is not necessarily the best thing for them, either.

There is a balance to be struck. The bill sets out a good option, but it is important to understand the level of work that goes in before anything gets anywhere near being lodged at a court.

**Jennifer Sheddan:** I am sure that you are hearing views from the housing associations. We have 59 housing associations in Glasgow that we work with, and we have lots of conversations with them. They would tell you that, as Derek McGowan has said, going to court or the tribunal is always a last resort. The proposal obviously has implications, and it will just lengthen the period before somebody is asked to leave.

**Mark Griffin:** The bill changes the way that charges and damages are calculated, with the intention that that will deter illegal evictions by bringing in the risk of having a much higher penalty. When I asked the previous panel this question, the witnesses gave brief answers. Do you agree with the proposal?

**Lisa Mallon:** We are absolutely happy with that. It makes sense. Obviously, you want to limit the number of illegal evictions at all costs, so stricter penalties make sense.

**The Convener:** As our witnesses all indicate that they agree with that, Mark, you can go on to your next question.

**Mark Griffin:** My last question might be more substantive. What are the links between evictions from private rented properties and homelessness in your areas? Will the provisions around homelessness prevention potentially lead to better outcomes, fewer evictions and less pressure on your services?

**Derek McGowan:** I do not have the figures in front of me, but I can provide them. We certainly deal with a number of presentations as homeless every year from people in the private rented sector. Not all of those people have been evicted; some are leaving the private sector due to conditions, as we discussed earlier. There is certainly a clear link there, and I am happy to send the details of the scale to the convener.

**Kelly Ferns:** The homelessness prevention provisions will have massive resource implications for local authorities initially but the view is that, in the longer term, they will result in a better outcome for tenants who are threatened with homelessness within that six-month period.

Yesterday, I had a look at some of our statistics on homelessness applications yesterday and found that, surprisingly, only 2 per cent of our applications were due to termination of the tenancy or mortgage due to arrears. We found that a higher presentation rate involved other action by the landlord resulting in the termination of a tenancy—that was 12 per cent of our applications, and that figure has been pretty static over the last three years. There is definitely a direct link between the private rented sector and homelessness.

**Jennifer Sheddán:** I do not have stats on homelessness, but from some of the anecdotal feedback that we get from the teams that deal with private rented tenants, I can say that an enormous shift in the past six months is that everybody who is coming to the service has a legal notice to leave.

Although we are not seeing a reduction in the number of private rented properties, there is quite a lot of churn with landlords selling and moving on, and that is obviously having a direct impact on the tenants in those properties. That is about mortgage rates changing, people cashing out their retirement nest eggs and the complexity around private renting at the moment. There might be a job to do on promoting how to be a private landlord and the kind of things we have talked about previously.

**The Convener:** Thanks for that. I will bring in Miles Briggs.

**Miles Briggs:** Good morning. Thanks for joining us today. Do you have any comments about the proposed changes to how joint private residential tenancies can be ended? We have touched on some of the issues where that has sometimes resulted in people being declared homeless where support has not been facilitated. How would you like to see that aspect progress, and do you have any suggestions on that?

**Derek McGowan:** The proposal is welcome. The situation that you describe can happen—we see it happening—and providing more security to people in that position is important. In the previous session this morning, there was discussion of the particular nuances that are involved, such as domestic abuse and the associated issues. The fact that the bill requires local authorities and so on to have a domestic abuse policy helps, as that will set out clear guidance on how we support people.

Relationships break down and things can happen, and there are risks around having to stay in a property simply due to being tied to it, so anything that enables a discussion is important. We have to remember that, where a relationship breakdown happens, there tenancy might become unaffordable to the person who is left in the tenancy, which could lead to homelessness.

The change is welcome in principle, but I would want to see more detail on how it might be implemented and what it might mean in practice. There is already a lot of good practice, and there are many people who are more knowledgeable than I am about the impact of these social situations. It would be good to see statutory guidance on it.

**Miles Briggs:** What impact have rent controls had on council colleagues being able to put together sustainable tenancies in the private rented sector, especially for people who are experiencing homelessness? Has that been undermined? What has your experience been of that? I do not know whether you have specific data on what the situation was like before the rent control legislation and after it. If you cannot provide us with that today, perhaps you could send it to us after the meeting.

**Derek McGowan:** It would be easier to provide that after the meeting, if that is okay, so that we can make sure that we get proper data to you.

**Miles Briggs:** That would be useful.

**The Convener:** Thank you for that. I am going to bring Willie Coffey back in with a brief question, which I think is quite useful.

**Willie Coffey:** I want to ask about an issue that bugged me for years when I was a local councillor. If a landlord in your authority is deregistered because they have been deemed to not meet the fit-and-proper test to be a landlord, can they immediately hop to another authority—I will say from Glasgow to Edinburgh just because you are here—and become a landlord there? Is there any impediment to their doing that?

**Jennifer Sheddán:** We liaise quite closely with our other local authority colleagues on that, but to give an absolute definitive answer I would have to come back to you.

**Derek McGowan:** The fit-and-proper test relies on police checks. I think that Police Scotland has a single database and a different way of operating from what it had when I worked in licensing a few years ago, and it is more likely that offences around deregistration would be identified now. Jennifer Sheddán is right that we would probably want to check that, but I think that, these days, you are less likely to just be able to go across the border and get a different registration.

**Willie Coffey:** Going between Glasgow and Edinburgh is not crossing the border, is it?

**Derek McGowan:** No, but it is probably easier for Police Scotland to check on the fit-and-proper test using its database, because it has one database rather than several constabularies having databases, as used to be the case.

**Willie Coffey:** Would the national dataset that we would all like to see help to capture that?

**Derek McGowan:** That would be very helpful.

**The Convener:** Ally Macleod, I do not want to put you on the spot, but earlier you mentioned working through the fit-and-proper test with Police Scotland. Do you want to add anything on that?

**Ally Macleod:** Our experience is that there are good information protocols in place across authorities, as Derek McGowan suggested, so I would just confirm that.

**The Convener:** That brings us to the end of our questions. Thank you for coming in and joining us online today. It has been helpful to hear the perspective of the councils.

## Decision on Taking Business in Private

12:26

**The Convener:** Before we move to the next item, I need to ask whether members agree to take item 4 in private. Do we agree to do so?

**Members** *indicated agreement.*

**The Convener:** Thank you. As that was the final public item on our agenda today, I now close the public part of our meeting.

12:26

*Meeting continued in private until 12:47.*



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The deadline for corrections to this edition is:

**Friday 19 July 2024**

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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