

Housing (Scotland) Bill Stage 1 | Thursday 28 November 2024

About Consumer Scotland

<u>Consumer Scotland</u> is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scotlish Parliament.

We recently published a <u>blog</u> and <u>scoping paper</u> examining the challenges private and social tenants in Scotland face around access and affordability of tenancies, housing conditions, and exercising tenancy rights. We are now researching the experiences of private sector tenants facing tenancy issues, to identify what might help increase uptake of existing redress mechanisms. We aim to publish our recommendations in Spring 2025.

<u>Consumer Scotland provided written evidence on the Bill</u> in April and we welcome the recently published Committee Reports. We note the <u>Scottish Government's recent announcement</u> that it plans to consult on proposals to cap any rent increases in designated Rent Control Areas (RCAs) at a level of CPI + 1%, up to a maximum increase of 6%, and on potential exemptions to rent control measures during Stage 2 of the Bill.

Key points for the Stage 1 debate on Thursday 28 November

We **support** the general principles of the Bill, but want to highlight two key concerns:

- This Bill alone cannot address tenants' needs, and there is a need for increased housing supply and a more holistic approach. More clarity is needed on how rent controls, when taken together with other measures, will impact on the rental market. The cumulative impact of measures may affect tenants' ability to rent affordable and safe properties, now and in the mid- to long term.
- A lack of detail on key elements makes the impact of the Bill harder to predict.
 There is a need for further detail and modelling to allow stakeholders to consider the Bill's likely impacts.

Addressing tenants' needs through increased housing supply and a holistic approach

Whether the Bill's proposals result in better outcomes for tenants depends on whether it improves their ability to access affordable, safe housing now and in the future. This is impacted by supply, which is affected by the interaction between housing and strategies in other policy areas, including net zero. Any proposals for rent controls must be accompanied by measures to help maintain and enhance existing supply of both private and social rental stock, in order to minimise the risk of tenants being adversely affected.

A lack of supply contributes to a reluctance, particularly amongst low income tenants, to report issues with their private tenancy. Studies have found that many tenants put up with repair and maintenance issues, out of fear that speaking up might lead to a rent increase or to an eviction

notice. This will not be addressed by the proposals in this Bill, but our current research seeks to identify how confidence in redress pathways and uptake might be improved.

The Scottish Government has consulted on proposals for a <u>Heat in Buildings Bill</u> and a new <u>Social Housing Net Zero Standard</u> which would set minimum energy efficiency standards for both private and social housing. However, the analysis of this consultation has not yet been published. **Bearing in mind that 75% of private landlords in Scotland are individuals who own only one property, any insights into what would motivate them to stay in or exit the market, under the proposed measures, should be used to inform the Stage 2 consultation for this Bill.**

The need for more detail

Like landlords, tenants benefit from clarity and certainty. It is disappointing that fundamental elements such as the proposed RCA formula and exemptions, are not on the face of the Bill and are yet to be consulted on. **The lack of clarity creates risks of insecurity for landlords and potential investors, which in turn puts tenants at risk of further rent increases or shortages in supply.**

The Bill does not contain measures to ensure recording and monitoring of actual rents being paid by tenants. In order to make an informed decision whether to propose an RCA, Councils should be able to use accurate rental price data rather than advertised rents. The Scottish Government should require recording of actual rental price data in the Scottish Landlord Register, to help inform the need for RCAs as well as for monitoring and evaluating ongoing policy impacts.

If RCAs are introduced, it is important that tenants are given information about the nature and duration of rent controls that apply in their area, their rights, and how they can challenge any undue rent increases. We would like to see more clarity on how this will be provided.

The proposals in the Bill require further research, modelling, and pilot schemes, in order to explore the potential responses of landlords and tenants; monitoring and evaluation is essential.

With the introduction of the Consumer Duty, designated public authorities must now have regard to a) the impact of decisions of a strategic nature on consumers in Scotland; and b) the desirability of reducing harm to consumers in Scotland. While we welcome the inclusion of a Consumer Assessment section in the recently published Business and Regulatory Impact

Assessment, we are disappointed not to see reference to the Consumer Duty in those parts of the Bill that refer to strategic decision-making by public authorities, including local authorities, health and social care partnerships (integration joint boards), and the Scottish Housing Regulator.

Other matters MSPs may wish to highlight to help improve outcomes for tenants

- There is a need for regular collection and publication of more granular data to help inform consideration of where policy changes are needed to achieve improved outcomes for tenants.
- We would welcome further consultation on proposals for a private sector regulator and on a new tenure neutral housing standard, measures aimed at improving fairness, clarity, and safety for both private and social tenants.