

ABOUT YOU

(Note: Information entered in this “About You” section may be published with your response

(unless it is “not for publication”), except where indicated in **bold**.)

1. Are you responding as:

- an individual – in which case go to Q2A
- on behalf of an organisation? – in which case go to Q2B

2A. Which of the following best describes you? (If you are a professional or academic, but not in a subject relevant to the consultation, please choose “Member of the public”.)

- Politician (MSP/MP/peer/MEP/Councillor)
- Professional with experience in a relevant subject
- Academic with expertise in a relevant subject
- Member of the public

Optional: You may wish to explain briefly what expertise or experience you have that is relevant to the subject-matter of the consultation:

N/A

2B. Please select the category which best describes your organisation:

- Public sector body (Scottish/UK Government or agency, local authority, NDPB)
- Commercial organisation (company, business)
- Representative organisation (trade union, professional association)
- Third sector (charitable, campaigning, social enterprise, voluntary, non-profit)
- Other (e.g. clubs, local groups, groups of individuals, etc.)

Optional: You may wish to explain briefly what the organisation does, its experience and expertise in the subject-matter of the consultation, and how the view expressed in the response was arrived at (e.g. whether it is the view of particular office-holders or has been approved by the membership as a whole).

ARLA Propertymark is the UK’s foremost professional and regulatory body for letting agents; representing over 9,000 members. ARLA Propertymark agents are professionals working at all levels of letting agency, from business owners to office employees.

Our members operate to professional standards far higher than the law demands, hold Client Money Protection and we campaign for greater regulation in this growing and

increasingly important sector of the property market. By using an ARLA Propertymark agent, consumers have the peace of mind that they are protected, and their money is safe.

3. Please choose one of the following:

- I am content for this response to be published and attributed to me or my organisation
- I would like this response to be published anonymously
- I would like this response to be considered, but not published (“not for publication”)

If you have requested anonymity or asked for your response not to be published, please give a reason. **(Note: your reason will not be published.)**

N/A

4. Please provide your name or the name of your organisation. **(Note: The name will not be published if you have asked for the response to be anonymous or “not for publication”.)**

Name: ARLA Propertymark

Please provide a way in which we can contact you if there are queries regarding your response. Email is preferred but you can also provide a postal address or phone number. **(Note: We will not publish these contact details.)**

Contact details: emilycarter@propertymark.co.uk

5. Data protection declaration

- I confirm that I have read and understood the privacy notice attached to this consultation which explains how my personal data will be used.

YOUR VIEWS ON THE PROPOSAL

Note: All answers to the questions in this section may be published (unless your response is “not for publication”).

Aim and approach

Rent cap

1. Which of the following best expresses your view of capping private sector rent increases annually across Scotland at one percentage point above inflation (measured according to the Consumer Price Index (CPI))?

- Fully supportive
- Partially supportive
- Neutral (neither support nor oppose)
- Partially opposed
- Fully opposed
- Unsure

Please explain the reasons for your response.

ARLA Propertymark is fully opposed to capping private sector rent increases annually across Scotland at one percentage point above inflation. Introduction of this measure will do two things. Firstly, lead to a reduction in supply. Secondly, it will have a negative impact on housing quality and existing housing stock. We believe that the provisions within the Private Housing (Tenancies) Act 2016 for landlords to only increase rent once a year are sufficient, and further rent control must not be introduced.

Reduction in supply

Introducing rent controls will reduce the supply of private property available to rent. This is because, as landlords become more tightly regulated letting will become a less attractive investment. In recent history, it was evidenced that rent control drastically shrunk the private rented sector, with the effects still present up until three years after the introduction of the Housing (Scotland) Act 1988.¹ Successive forms of rent control reduced the private rented sector from 90 per cent of UK housing stock in 1901 to only 9.3 per cent in 1991.² The lowest level recorded was in 1986, where 8.7 per cent of housing stock was privately rented.³ In March 2017 the private rented sector in Scotland accounted for 15.2 per cent of stock.⁴ This amount has remained at around 15 per cent since March 2013.⁵ What must be acknowledged is that during the period in which the private rented sector was of minimal size, enhanced house building occurred in the social rented sector and homeownership was considerably more achievable than it is now.

¹ <https://www.legislation.gov.uk/ukpga/1988/43/contents>

² <https://www.york.ac.uk/media/chp/documents/2015/DRbi3august2015.pdf>

³ [Ibid](#)

⁴ <https://www2.gov.scot/Resource/0054/00540622.xls>

⁵ [Ibid](#)

Contrastingly, in 2019 social rented homes can be difficult to access and it's now harder than ever to get on to the housing ladder.

We are already seeing less landlords entering the market, and more exiting the market. In many areas of Scotland, supply already outstrips demand and rent controls will only exacerbate this problem further as more landlords sell up. As rent controls will take away autonomy from landlords to set their rent levels, we believe that further "red tape" to what is already required to let property in Scotland, will further discourage investment into the sector. Research by the National Landlords Association in May 2018 found that approximately 380,000 (19 per cent) of UK landlords intended to sell their properties during that year.⁶ If 19 per cent of Scottish landlords were to sell up, this would put 60,000 of the 320,000 private tenancies in Scotland at risk of termination,⁷ as typically, the sale of a rented property results in the end of a tenancy. In 2017/18, homeless applications increased for the first time in nine years, and risking tenant displacement through the policy will put further pressure on local authorities to rehouse tenants that may find themselves homeless where their landlord has left the market.⁸ It must be stressed that these figures pre-date any proposal of rent controls, should the proposed Bill be introduced we would expect these numbers to be significantly higher.

Negative impact on housing quality

Introducing rent controls will have a negative impact on housing quality and existing housing stock. This is because, landlords will have less income to invest in their properties. In many areas rent levels will be insufficient to enable landlords to maintain their properties.⁹ Property conditions in the private rented sector have vastly improved over the last decade, rent controls are likely to have the opposite effect and reverse the advancements made since deregulation. Despite the consultation document¹⁰ stating that where "substantial improvements" have been made to the property, landlords may go to Rent Officers to decide how rent can be increased according to the works, this does not correlate to landlords being able to recoup the costs. This is not beneficial to tenants, who will face difficulties when asking landlords to make cosmetic improvements to the property, as the landlord will not be able to afford it or adjust the rent to reflect the additional cost.

The risk of properties falling into disrepair is minimised by existing legislation stipulating minimum requirements but rent controls will mean that landlords will be reluctant to make improvements that are not deemed necessary or required by law. If further requirement was placed on landlords to fund cosmetic improvements to property, this would only result in even more of a reduction of the sector. Looking back into history, years of rent control left what remained in the private rented sector as very poor-quality

⁶ <https://landlords.org.uk/news-campaigns/news/good-news-first-time-buyers-bad-news-renters>

⁷ <https://www.arla.co.uk/news/december-2018/60-000-tenancies-could-be-terminated-in-scotland/>

⁸ <https://www.arla.co.uk/media/1047667/submission-to-finance-and-constitution-committee-on-lbtt.pdf>

⁹ <https://researchbriefings.files.parliament.uk/documents/SN06747/SN06747.pdf>

¹⁰ https://www.parliament.scot/S5MembersBills/20190513_Final_Version.pdf

housing. This combined with the reduction of stock, led to the removal of regulation and the UK's respective Housing Acts in 1988. To avoid reversing years of property condition improving, rent controls must not be introduced.

Existing legislation

Legislation introduced in December 2017 under the Private Housing (Tenancies) (Scotland) Act 2016¹¹ already contains a limit on rent increases and further rent controls should not be introduced. Under Part 4 of the legislation, rent cannot be increased more than once in any twelve-month period and the landlord must give the tenant at least three months' notice before any increase can take place.¹² Furthermore, if the tenant disagrees with the rent rise, they can take the matter to a Rent Officer who will ultimately decide if the proposed rent is fair and accurately reflects other market rents. Due to this provision in existing legislation, we do not see any reason as to why further rent controls should be introduced.

Rent level appeals

2. Which of the following best expresses your view of providing that, when tenants appeal their rent, rent officers and the First-tier Tribunal would be able to either lower or maintain the rent but **not** increase the rent?

- Fully supportive
- Partially supportive
- Neutral (neither support nor oppose)
- Partially opposed
- Fully opposed
- Unsure

Please explain the reasons for your response.

We are fully opposed to only allowing Rent Officers and the First-tier Tribunal to only maintain or lower rent levels. By not allowing rent levels to increase via this process, some landlords may not be able to increase rents where justified in cases where the tenant appeals.

ARLA PropertyMark is aware of instances in the social rented sector, where the First-tier Tribunal concluded that a social rent increase had not gone far enough, and thus the tenants received a higher rent by decision.¹³ However, we are not aware of any circumstance where this has yet occurred in the private rented sector. For this reason, we

¹¹ <http://www.legislation.gov.uk/asp/2016/19/contents/enacted>

¹² <http://www.legislation.gov.uk/asp/2016/19/contents/enacted>

¹³ https://www.housingandpropertychamber.scot/sites/default/files/rent_decisions/Rent%20Determination%20Decision.pdf

believe there is little to no substantive evidence to amend the powers of Rent Officers to only maintain or lower rents in the private rented sector.

Landlord registration scheme

3. Which of the following best expresses your view of expanding the landlord registration scheme so that landlords must input the rent that they charge when they register, and update the system when the rent changes?

- Fully supportive
- Partially supportive
- Neutral (neither support nor oppose)
- Partially opposed
- Fully opposed
- Unsure

Please explain the reasons for your response.

ARLA Propertymark is fully opposed to expanding the landlord registration scheme so that landlords must input the rent that they charge when they register and update the system when the rent changes. This is because it would add additional burden on local authority staff when resources are already stretched.

Landlord registration provides a search facility for anyone looking for information on a landlord or property registrations for all private rented sector property in Scotland. However, by asking local authorities to process more documentation and diverting much needed resource for enforcement, we are concerned that this would create more of a burden on local authorities. The Scottish Government has previously stated that local authorities already struggle to process online applications and are finding it difficult to provide support for applicants with complex circumstances, they are unlikely to process rent charges and documents from landlords.¹⁴ In addition, from 11 September 2019 information that landlords will have to provide when registering is increasing. Placing this requirement will only frustrate the data collection and verification process for local authorities further.

Other options - Rent Pressure Zones

4. Which of the following best expresses your view of tackling the problem of rents rising significantly faster than inflation by making it easier for a local authority to apply to create a Rent Pressure Zone (RPZ)?

- Fully supportive

¹⁴ <https://www.arla.co.uk/media/1047090/response-to-consultation-on-landlord-registration-applications-and-fees.pdf>

- Partially supportive
- Neutral (neither support nor oppose)
- Partially opposed
- Fully opposed
- Unsure

Please explain the reasons for your response.

We are fully opposed to making it easier for a local authority to apply to create a Rent Pressure Zone (RPZ). This is because, the Private Housing (Tenancies) Act 2016¹⁵ only came into force on 1 December 2017. We do not believe the legislation has been given enough time to operate in its current form to decide whether it works effectively or not.

Financial implications

5 Taking account of both costs and potential savings, what financial impact would you expect the proposed Bill to have on:

(a) Government and the public sector

- Significant increase in cost
- Some increase in cost
- Broadly cost-neutral
- Some reduction in cost
- Significant reduction in cost
- Unsure

(b) Businesses – including landlords

- Significant increase in cost
- Some increase in cost
- Broadly cost-neutral
- Some reduction in cost
- Significant reduction in cost
- Unsure

(c) Individuals – including tenants

- Significant increase in cost
- Some increase in cost
- Broadly cost-neutral

¹⁵ <http://www.legislation.gov.uk/asp/2016/19/contents/enacted>

- Some reduction in cost
- Significant reduction in cost
- Unsure

Please explain the reasons for your response.

The proposed Bill would significantly increase costs for the Scottish government and public sector, businesses including landlords, and individuals including tenants. We are concerned that a less profitable private rented sector will mean that landlords exit the market, resulting in less choice for tenants and putting further demand on local authorities and the social rented sector.

Government and the public sector

The proposed Bill would result in a significant increase in cost for the Government and public sector. This is because, as landlords exit the sector and rental stock is reduced, it will mean that more social housing will need to be built or bought and there will be more expenditure in housing tenants in temporary accommodation.

It will come at a significant cost to Scottish Government and the public sector as more will need to be invested in building or purchasing property for the purpose of social rent. Local authority stock has steadily declined since the 1980s, due to a decreased programmes of social housing building, stock being transferred to Registered Social Landlords and the selling of existing stock through 'Right to Buy'.¹⁶ This decrease in figures has begun to slow in recent years due to building programmes. Although the Scottish Government is building homes at a steady rate only 5,103 properties for social rent were completed in the year up to December 2018.¹⁷ This is not be enough to replace the current amount of private rented stock. A lack of access to both homeownership and social renting has resulted in the number of pensioners living in privately rented homes in Scotland doubling from 20,000 in 2009 to 40,000 in 2019.¹⁸ These numbers indicate the increasing need of private rented housing across all generations. A decrease in private rented stock will take away much need housing that makes up the shortfall between social housing and homeownership. This can only be remedied through enhanced public funding towards more social housing.¹⁹

Without the private rented sector to rely on, local authorities will spend more to provide temporary housing for the homeless individuals/families. With a lack of both private rented and social rented stock, homelessness will increase. Under the Homelessness etc. (Scotland) Act 2003,²⁰ from 2012 anyone finding themselves homeless through no fault of their own is entitled to settled accommodation, either in local authority or housing association property, or if not, privately rented. In August 2018, Freedom of Information

¹⁶ <https://www.gov.scot/publications/housing-statistics-scotland-2018-key-trends-summary/pages/6/>

¹⁷ <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/NewBuildAllSector>

¹⁸ https://www.scottishhousingnews.com/article/number-scots-still-renting-their-home-when-retired-has-doubled?utm_source=Scottish+Housing+News&utm_campaign=3d946235c0-EMAIL_CAMPAIGN_2019_01_03_03_36&utm_medium=email&utm_term=0_3d3bcd4a6e-3d946235c0-66857985

¹⁹ <https://www.arla.co.uk/media/1047667/submission-to-finance-and-constitution-committee-on-lbtt.pdf>

²⁰ <http://www.legislation.gov.uk/asp/2003/10/contents>

requests revealed that the public spend on housing homeless people in temporary accommodation was around £660 million between 2012 and 2016.²¹ This figure includes B&Bs, hotels and hotels. This expenditure would drastically increase with less private rented stock available, which already makes up the shortfall of social rented homes. As iterated in our response to Q1, homeless applications are already on the increase. As landlords leave the sector, tenancies are jeopardised and unless social rented stock adjusts to accommodate this, the number of homeless will drastically increase. This places onus on the local authority, and Scottish Government, to ensure that these tenants are housed elsewhere. Without houses being built or bought to replace private rented housing, the Scottish Government and public sector will instead spend more on temporary accommodation.

Businesses

The proposed Bill will significantly increase the costs for landlords. A result of controlling rents is that landlords will have no incentive to maintain current properties. This will also mean that landlords are less likely to invest in purchasing new properties. What must be stressed it that rent rises in Scotland have not occurred on a whim, they have been a reaction to an increase in demand outstripping supply and other legislation affecting rental income.

Should more stringent rent control be introduced through this Bill, landlords will have less money to reinvest into property and cover the costs of letting. As discussed in our response to Q1, we are concerned that this will result in a rise of poor-quality homes. Rents may only cover running costs, meaning that if landlords want to make cosmetic improvements to the property, they will not be able to recoup the cost. Where landlords can no longer afford to make cosmetic improvements to their properties, the quality of property will decline. Furthermore, rental income may not reflect a landlord's mortgage repayments. Where property has been purchased on a buy-to-let mortgage on a repayment basis, should their terms become less favourable over time, landlords may not be able to repay the mortgage from the rental income alone. Around 60 per cent of landlords in the UK only have one single rented property.²² This means that many landlords let property in addition to another stream of income. If rental property becomes less of a lucrative asset, many will leave the sector and will not reinvest.

A consequence of introducing rent controls is that landlords will not invest in purchasing new properties. This is because the associated costs when controlling rents will mean that landlords will struggle to raise the capital to reinvest in other private rented sector properties. As a result of this landlords will achieve less in rental income, meaning they will not reinvest or gain further rental income from additional property. Tenants will lose out as there will be less properties available for them to rent and therefore, will have decreased choice in homes and will be more restricted if they wish to move. Finally, it negatively impacts the Scottish Government as with less landlords purchasing additional property, the public fund will have a deficit of tax obtained through Land and Buildings

²¹ <https://inews.co.uk/news/scotland/scottish-councils-660m-temporary-housing-homeless/>

²² <https://www.cml.org.uk/news/cml-research/the-profile-of-uk-private/the-profile-of-uk-private-landlords-08.05.17.pdf>

Transaction Tax (LBTT) of which purchasers of additional property pay a surplus rate. In May 2019 alone, Revenue Scotland reported that £13.5 million²³ in Additional Dwellings Supplement of LBTT was due from property sales, we would expect this figure to drop dramatically should rent controls be introduced.

In many cases, rent rises have been the result of recent tax changes which have made letting property more expensive for landlords. Rents have had to increase to reflect additional cost to landlords when letting property. Since 6 April 2017, Section 24 of the Finance (No.2) Act 2015²⁴ has been phased in on a 12-month basis each tax year. This means that once fully implemented in April 2020, the amount of Income Tax relief that landlords will be able to get on residential property finance costs will be the basic rate of tax (currently at 20 per cent). Under the previous rules, landlords were able to offset their mortgage interest payments and other incurred costs, when calculating the tax paid on their rental income.²⁵ This has resulted in many landlords paying significantly higher tax, with some not even getting a return on investment.

Since April 2016, when purchasing new properties, landlords pay an additional rate of Land and Buildings Transaction Tax (LBTT) on top of the existing tax bands. In December 2018, the additional rate of LBTT increased from three per cent to four per cent. This means that if a landlord purchased a property for £325,001, they would be paying 14 per cent in LBTT or £45,500. This makes purchasing property to let expensive, and this combined with rent controls would be catastrophic to the private rented sector. In conclusion, landlords are already facing additional cost to let property, introducing more expenditure that cannot be recouped through rent increases will only worsen the situation and drastically contribute to the reduction in supply.

Individuals

The proposed Bill will significantly increase the costs for tenants. Rent control does not meet the demand issue, which can largely be attributed to rising rents, and there will still be a lack of supply. With landlords having no incentive to invest in their properties, tenants will be worse off in the long run. Furthermore, we would like to note that inflation rent rises could actually make some tenants worse off when compared with lower market led rises.

The main problem for tenants is a lack of supply in the housing market, meaning it does not meet demand, particularly when it comes to social housing. In most areas where rents have risen this reflects demand outstripping supply, therefore, adjusting to the market. For those without access to homeownership, or to social housing, the private rented sector has provided vital housing. The reason the private rented sector has grown as much as it has is due to the decrease in social housing and as wage inflation has remained stagnant, the cost of living hasn't. House prices have increased dramatically, and mortgages are not harder to obtain, making homeownership less achievable for many.²⁶ Rent controls do not deal with this problem, they merely seek to address a

²³ <https://www.revenue.scot/sites/default/files/LBTT%20Statistics%20-%2001-04-15%20-%2031-05-19.xlsx>

²⁴ <http://www.legislation.gov.uk/ukpga/2015/33/contents/enacted>

²⁵ <http://researchbriefings.files.parliament.uk/documents/SN06361/SN06361.pdf>

²⁶ <https://www.bbc.co.uk/news/uk-scotland-46945882>

symptom of the problem. To address the demand, focus must now be on building and repurposing more homes for rent and sale.

Rent controls will alienate many tenants from the sector as the remaining landlords become more risk averse. This will mean that landlords will only want to let their property to the “best” tenants, which will have a detrimental impact on the most vulnerable tenants. The vast majority of landlords provide decent accommodation that is free from hazards but should rent controls be introduced we would expect many of the good landlords to leave the sector. What will be left over is the rogue landlords who have consistently ignored their legal obligations. These landlords will avoid regulation, will not be registered, will set their own higher rents, and they will not ensure that their properties meet minimum requirements. This will result in some of the most vulnerable tenants putting up with high rents and poor property conditions just to keep a roof over their heads. The proposed Bill aims to give greater financial protection for tenants, when in reality, it will achieve the opposite for many.

A consequence of implementing the proposals, is that landlords who would have otherwise not increased rents, may feel that they now have permission to do so on an annual basis. Whilst rents will be capped to increases that reflect CPI, this does not mean that a tenant’s income will also increase to reflect this. This will mean that some tenants will pay higher rents without the market demand to reflect an increase. For example, between 2010 and 2018 rents only increased by 1.7 per cent in Aberdeen and Shire and between 2017 and 2018 rents decreased in this area by four per cent.²⁷ The current Consumer Price Index (CPI) for the UK in May 2019 is two percent.²⁸ If a private landlord in Aberdeen and Shire decided to trigger the annual rent increase taking these figures into consideration, rent would be allowed to increase by three per cent. This is almost double the cumulative CPI increase from 2010 to 2018. Thus, what must be stressed here is that whilst in areas like Lothian and Greater Glasgow, where significant rent increases have been recorded, a majority of areas in Scotland have seen minimal increases when considering that UK CPI had a cumulative increase of 18.7 per cent from 2010 to 2018. It is in areas with low demand, that tenants will end up paying more for housing than they would have done previously. This must be considered as it is a blanket form of rent control that is being proposed in the proposed Bill, and not one determined by area.

6. Are there ways in which the Bill could achieve its aim more cost-effectively (e.g. by reducing costs or increasing savings)?

ARLA Propertymark does not support the proposed Bill and therefore, it should not be introduced. If Scottish Labour is concerned of the cost effectiveness of rents in the private rented sector, it should instead focus on campaigning to lift the Local Housing Allowance cap in favour of Housing Benefit that reflects actual market private rents.

²⁷ <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2018/11/private-sector-rent-statistics-2010-2018/documents/00543368-pdf/00543368-pdf/govscot%3Adocument/00543368.pdf>

²⁸ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/may2019>

Local Housing Allowance

Changes to the Local Housing Allowance (LHA) have made the private rented sector less accessible to many low-income households. This is due to the fact that many private tenants struggle to fund their rent solely through the LHA. Furthermore, LHA differs across Scotland meaning that some tenants may be priced out of their local areas. Both factors contribute to a question of affordability of rent, particularly with 65% of 16-24-year olds in the UK living in the private rented sector²⁹, and younger people typically being in the lowest income quintile.

LHA does not contribute enough towards private rents. LHA is calculated through a formula that takes into account the location where the applicant tenant lives, and the number of bedrooms that are needed. Official guidance from the Scottish Government states that if the amount of LHA a tenant receives is less than their total rent, they will be required to pay the difference themselves or relocate to a property that they can fully fund with the LHA they receive.³⁰ In March 2019, ARLA PropertyMark surveyed members in Scotland, where 64 per cent of respondents thought that changes to the LHA had impacted the private rented sector. One respondent stated that as rent is not automatically paid directly to the landlord, it can be off putting for landlords to let to tenants in receipt of benefits and as a direct result, rents are being pushed up. This creates a cycle of LHA not covering private rents at current rates, but private rents are still increasing.

The disparity between LHA rates in Scotland is diverse. For a three-bed property in Dumfries and Galloway, LHA recipients are entitled to £108.26 per week, whereas in Edinburgh, LHA equates to £187.47.³¹ To put private rents in Edinburgh into perspective, the average rent for a three-bedroom home in the city centre is £1,356.90, which equates to £313.13 per week on a pro rata basis.³² This means that if a tenant in receipt of LHA lived in Central Edinburgh, they would need to fund a further £125.66 per week towards their rent, for many low income families this level of finance is out of reach. Furthermore, single people under the age of 35 with no dependants are limited to the 'shared accommodation rate', meaning that they can only claim enough to cover the average cost of a single room in a shared house, unless they are from a vulnerable group.³³ In addition to this, 18 to 22 year olds in a full digital service Universal Credit area, making a new claim will not get help toward their rent unless they work at least 16 hours a week, are in a couple, have a dependant or are from a vulnerable group.³⁴ The result of a lack of affordability, is that many cannot afford to rent in areas where their family live, their children go to school, or their jobs are, with some tenants needing to relocate elsewhere.³⁵

²⁹ <http://researchbriefings.files.parliament.uk/documents/CBP-7706/CBP-7706.pdf>

³⁰ <https://www.mygov.scot/local-housing-allowance/>

³¹ <https://www.gov.scot/publications/local-housing-allowance-rates-2018-2019/>

³² <https://www.numbeo.com/cost-of-living/in/Edinburgh>

³³ https://scotland.shelter.org.uk/get_advice/advice_topics/paying_for_a_home/housing_benefit/housing_benefit_for_under_35s

³⁴ https://scotland.shelter.org.uk/get_advice/advice_topics/paying_for_a_home/housing_benefit/universal_credit

³⁵ <https://www.arla.co.uk/media/1047840/social-security-committee-inquiry-on-housing-costs-march-2019.pdf>

Introducing blanket rent control in Scotland will not fix the broken housing market. To ensure cost-effectiveness for all parties involved (Government, landlords and tenants), the LHA cap must be lifted. This will take away pressure to build more homes for social rent, landlords will be encouraged to take on more tenants in receipt of benefits and tenants will have to spend less of their other income in funding the shortfall of their rent.

Equalities

7. What overall impact is the proposed Bill likely to have on equality, taking account of the following protected characteristics (under the Equality Act 2010): age, disability, gender re-assignment, maternity and pregnancy, marriage and civil partnership, race, religion or belief, sex, sexual orientation?

- Positive
- Slightly positive
- Neutral (neither positive nor negative)
- Slightly negative
- Negative
- Unsure

Please explain the reasons for your response.

ARLA Propertymark thinks that the proposed Bill will have a negative impact on equality. As discussed throughout this response rent control will result in a reduction in the private rented sector. Without enhanced housebuilding for social rent a reduced private rented sector will in turn, will mean that to mitigate risk the landlords will only take on the best and most reliable tenants. Subsequently, tenants out of work such as single parents, people with severe disabilities and pensioners will be deemed as more of a risk for landlords. The vulnerable and low-income people without access to the social rented sector, that rent controls are designed to help, will need to find an alternative to the private rented sector. This could mean them turning to the rogue and criminal operators, who actively flout their responsibilities including registering themselves, making them very difficult to track down.

8. In what ways could any negative impact of the Bill on equality be minimised or avoided?

ARLA Propertymark does not support the proposed Bill. It must be stressed that history dictates that the negative consequences of rent control cannot be mitigated. If Scottish Parliament were to take the approach detailed in the consultation document, history will repeat itself. The negative impact of the Bill could be avoided by not being introduced to Scottish Parliament

Sustainability

9. Do you consider that the proposed Bill can be delivered sustainably, i.e. without having likely future disproportionate economic, social and/or environmental impacts?

- Yes
 No
 Unsure

Please explain the reasons for your response.

The proposed Bill cannot be delivered sustainably. This is for two reasons. Firstly, maintaining the private rented sector will become unaffordable for landlords. Secondly, tenant displacement will increase demand on social housing. To further understand our reasoning for this response, please refer to our response to Q5.

General

10. Do you have any other comments or suggestions on the proposal?

ARLA Propertymark is completely opposed to the proposed Fair Rents Bill. It will not achieve in its aims and we would suggest that all MSPs consider the historical impact of rent control before making a decision on the proposed Bill.