

# Private Housing (Tenancies) (Scotland) Bill

## Housing Strategy and Development



# Private Rented Sector

- At 2014 around 330,000 households
- Around 14% of households
- Since 2001, PRS has more than doubled in size
- Younger households in Scotland are more likely to live in the PRS than in any other tenure
- Private renting households more likely to be single adults or households with two adults
- Estimated 146,000 landlords in the PRS (around 700 letting agents)



# Scottish Government Policy

A vision for a private rented sector:

*'that provides good quality homes and high management standards, inspires consumer confidence and encourages growth by attracting increased investment'*

Introduced by the Scottish Government in October 2015 the Bill will contribute to realising that vision

*'by introducing a new private residential tenancy for the private rented sector which will improve security of tenure for tenants and provide appropriate safeguards for landlords, lenders and investors'*



# Private Residential Tenancy

- a new single tenancy for the private rented sector
- replace the existing short assured and assured tenancies
- Scottish Government believes that it will
  - *‘improve security of tenure for tenants, and*
  - *provide safeguards for landlords, lenders and investors*
  - *contributing to the SG vision for the private rented sector*
- it's expected that most new tenancies from late 2017 would be private residential tenancies



# Private Residential Tenancy

## Main features:

- An open-ended tenancy
- Initial term
  - a minimum six month period
  - cannot be ended by the tenant
  - landlord can only end under specified grounds
- 16 proposed eviction grounds



# Private Residential Tenancy

## Main features:

- The Tribunal
  - Landlords seeking repossession
  - Tenants recourse
- Streamlined and less complex notice procedures to end the tenancy are proposed
- Rent increases
  - once in any 12 month period
  - three months notice
  - Adjudication to a Rent Officer at Rent Service Scotland
- Rent Pressure Zones



# First Tier Tribunal

- Housing (Scotland) Act 2014
  - Transfer of jurisdiction for private rented civil cases, including cases for repossession from the Sheriff Court to the First Tier Tribunal ('the Tribunal')
- Benefits
  - Specialism, consistency and accessibility, improving access to justice for both landlords and tenants
- Begin operating in September 2016, transfer in Private Rented Housing Panel and Home owner Housing Panel, followed by assured tenancies December 2016
- Power to draw up tenancy terms
- Powers to impose sanctions



# No fault ground for repossession

- Unlike SAT – no ‘no fault ground for repossession’
- use one of a number of specified grounds for repossession
- Why
  - Growing demand for private rented housing from a range of household types
  - Tenants should feel secure in their homes
  - Longer term tenancies allow people to put down roots and supports the development of stable and balanced communities
  - Potential for a tenancy to be ended for no reason leaves some tenants unable or reluctant to assert their rights
- Landlords/letting agents/industry body concerns
  - May impact on landlords willingness to let because of perceived risk of more secure tenancies
  - May change property portfolio
  - Lack of confidence to regain possession (other than the no fault route)
- SG – increased the number of grounds for repossession





# Proposed grounds for eviction

Property acquired for another purpose	A change in the tenants' status	The tenant's conduct	Legal impediment to the tenancy continuing
1 landlord intends to sell	7 tenant is no longer an employee of the landlord	9 tenant is not occupying the property	14 landlord has ceased to be registered
2* property is to be sold by the lender	8 property is purpose built student accommodation and the tenant is not a student	10* tenant has breached a (non rent related) term of the tenancy agreement	15 landlord's HMO licence been revoked
3 landlord intends to refurbish		11* tenant has been in arrears over a three month period	16 landlord has been issued with a statutory overcrowding notice
4 landlord or family member intends to live in the property		12 tenant has a relevant criminal conviction	
5 landlord intends to use the property for a non-residential purpose		13* tenant has engaged in relevant anti-social behaviour	
6 property is required for a religious purpose			

# Fixed term end dates

- Letting to students
- Edinburgh : academic year and letting during the festival/summer – short-term
- New tenancy no fixed term end date
- 8 weeks notice
- SG – ‘manage them differently’

The new tenancy will not significantly affect the most important driver for investment in the private rented sector – ‘the rate of return on investment’

- Still able to charge market rents (unless in a rent pressure zone)
- Able to recover possession if fail to pay or wish to sell
- Lenders still able to recover possession if landlord defaults



# Rent - proposals

- Rent cannot be increased more than once in any 12 month period
- Must give a 'rent-increase notice'
- Must give tenants at least 12 weeks notice of a change in the rent or whatever longer agreed period
- Can by agreement change what is in the rent-increase notice
- If a tenant considers their proposed rent increase would take their rent beyond rents charged for comparable properties in the area, they can refer the increase for adjudication to a rent officer at Rent Service Scotland



# Rent pressure zones

- There is a geographically varied pattern of private rental values and variable increases
  - 12 months to end Sept 2014 average rent for a two bed-roomed property in Scotland was £596 a month (£442 in Dumfries and Galloway to £898 in Aberdeen and Aberdeenshire)
  - Over a 4 year period (10-14) average rent for two bed properties increased by 40% in Aberdeen and Aberdeenshire (substantially above the Consumer Price Index ) whilst in Agyll & Bute rents fell by 2% and by 3% in West Dunbartonshire over the same period
- Scottish Government - no intention to introduce general rent controls
- But may need to introduce limits on the levels of rent increases for sitting tenants in 'hot-spot' areas
  - LA can apply to Scottish Ministers requesting that all, or part of, the authorities area be designated as a 'rent pressure zone' – landlords in a rent pressure zone could not increase rents for sitting tenants by more than a specified percentage
- Don't foresee this in West Dunbartonshire

