



UNISON Scotland response: Fair Rents (Scotland) bill – December 2020

Introduction

UNISON is Scotland's largest trade union and represents over 150,000 members. UNISON members deliver a wide range of services in the public, community and private sector – including in the provision of social housing through councils and Registered Social Landlords. Our members also provide support and service to people facing problems arising from inequality, poverty, unemployment, insecure and low paid work, homelessness and other social issues – including many in the private rented sector.

We represent some of the lowest paid workers including care assistants, porters, catering and cleaning staff and our members and their families are amongst the growing numbers of people now renting in the PRS. UNISON recently conducted a national survey to explore the housing experiences of its members. Almost one in five UNISON members who took part were private tenants (19%) with a further 17% being RSL or council tenants. They told us that they are struggling with their rent, are unable to get a mortgage and have given up on getting social housing.

Market-driven housing policies have contributed to rising wealth and income inequalities in Scotland over the past forty years. UNISON believes that social justice and ending poverty must be front and centre of housing policy now. We welcome this important bill and the opportunity to take part in the consultation.

The Member in Charge thinks there is a need to make private rents fairer for tenants and to create a better balance of power between private landlords and tenants. Do you agree with this overall policy aim? If so, do you think the Bill will help achieve this outcome?

UNISON supports this policy aim and believes the proposals should help to rebalance power in favour of tenants. Our members who are private renters feel themselves in a vulnerable position when dealing with their landlord, whether this is directly or through an agency.

An example of this comes from our September 2020 membership survey. Of the UNISON members who took part who are private tenants, 90% told us they have struggled to pay their rent during the covid pandemic. However just 9% of these members had approached their landlord to request a reduction or deferment of their rent. If tenants feel they cannot ask for assistance even in a time of national crisis, then it follows that many tenants feel themselves in too vulnerable a position to be able to challenge the level of their rent per se. Legislating so that tenants can ask a Rent Officer to determine a fair rent will help to shift the balance in their favour.

It is worth noting that in our survey 100% of members renting privately said their landlord does not maintain their home to an adequate standard. Overall, almost one in ten said their housing is unsatisfactory but it is all that they can afford. The measures in the bill should create pressure on landlords to improve and better maintain their accommodation.

The following quotes from UNISON members living in the private rented sector provide an indication of the power imbalance they currently feel:

“As a renter, you are sometimes made to feel guilty if you report things that need repairing despite this being your right.”

“Don't get a lot of help from landlord and scared to report repairs as private rent and could have rental agreement not renewed”

“We have been renting this house for over 8 years and lots of problems occurring and it takes a long while for the agents/landlords to sort out problems.”

“Landlord is thinking of selling the house as they are worried the house market will crash”

“My accommodation is fine but I was given notice to quit last year because my landlord wanted to sell but he changed his mind. But it will happen again once the covid is sorted I should think.”

Section 1 of the Bill prevents a landlord of a private residential tenancy from increasing rent in any year by more than the Consumer Price Index plus 1%? Do you agree with this? Section 1 also gives the Scottish Government a power to vary the cap by order. Do you agree with this?

We agree with both these proposals. Rent pressure zones are redundant, they have proven to be an impractical and unworkable way of achieving this policy aim.

Section 2 allows a tenant in a private residential tenancy to apply to have a “fair open market rent” determined by a Rent Officer. Do you agree with section 2?

We fully support the proposal to enable a fair open market rent to be determined independently by a Rent Officer and we agree with the list of factors which would need to be assessed in order to do this, that is (a) the general condition of the property, (b) any failure to meet the repairing standard, (c) the energy efficiency of the property or its appliances for space heating and hot water, (d) the standard of internal decor and furniture provided, and (e) the overall amenity of the property.

However, UNISON would prefer to see rent regulation extended beyond *existing* PRS tenancies to also include the initial rents for homes coming onto the rental market. We recognise that the bill seeks to achieve the maximum effect with minimum impact in terms of additional costs. If resource constraints on local government were less severe, we would prefer the initial price of new properties entering the market to also be determined by a Rent Officer, to ensure that rents are fair from the outset.

The policy memorandum states that “Market forces should prevent a landlord from setting an initial rent unreasonably high.” However, in practice precisely because of market conditions i.e. the housing shortage and the lack of options available especially to those on the lowest incomes, private landlords can demand rents which the quality of their accommodation does not merit. Some of the worst examples of this can be found amongst the hotels and guest houses which provide temporary homelessness accommodation, where huge rents are charged often for very poor-quality accommodation for lets stretching to several months. This can only be addressed through changing market conditions by ramping up the supply of social housing. The measures in this bill are extremely important but must go hand in hand with an expanded publicly funded programme of council house building and new housing association homes.

We agree with the tenants’ union Living Rent that a system is also needed to ensure fair **initial** rents for homes coming onto the rental market. Living Rent has called for a points system to be established with properties awarded a maximum rent level according to the number of points they are awarded, based on their size, energy efficiency rating, amenities and the quality of amenities, access to local transport links and other local services.¹ Points could also be deducted for example if a property failed to meet the Scottish Housing Quality Standard. It makes sense for information about the standard and quality and not just the size of the accommodation also to be gathered in order to assess the rent charged. The factors set out in Section 2 of the bill would serve this purpose well.

¹ p.12 <https://commonweal.scot/New%20Common%20Weal/cache/file/9C1569C1-D554-69DC-9EA150DF5D14ACD1.pdf>

Section 3 requires the following to be entered into the Scottish Landlord Register: the monthly rent charged for a property, the number of occupiers, and the number of bedrooms and living apartments. The MSP who introduced the Bill thinks this change will help ensure we have more public data about private rent levels. Do you agree with section 3?

We fully support Section 3 of the bill. As stated in the policy memorandum, there is currently no source of information about the private rental market in Scotland. In theory, a well-functioning market requires open and transparent information to be available. It will benefit the operation of the market for a system to be established for the recording, collation and reporting of basic information about rents and rental properties and for this to be in the public domain and available to inform decisions made within that market. In our view the financial memorandum makes a convincing case for this having minimal impact on existing administrative systems.

If pressures on existing administrative systems were less severe, we would prefer a more comprehensive dataset to be established. Ideally the dataset should include information about the condition of the property, any failure to meet the repairing standard, the energy efficiency of the property or its appliances for space heating and hot water, and the standard of décor and furniture provided, and the overall amenities and quality of amenities the accommodation provides. These factors would need to be independently assessed and recorded by a Rent Officer, something which would incur additional – and currently, unaffordable – costs to existing administrative systems. As already mentioned, this would also help ensure fair rents for homes coming onto the rental market, a matter which the bill does not currently address, and would be a step towards the future establishment of a Scottish Rents Affordability Index so that maximum rents can be set at affordable levels across the whole PRS.

Other comments

Rent regulation is an essential measure to address poverty through housing policy. As poverty is concentrated amongst women and children, black and minority ethnic groups, people with disabilities and the elderly, the measures in this bill can be expected to have a positive impact on reducing inequality. As the policy memorandum points out, a more diverse demographic of households now rents in the private sector, including many of these groups.

Conclusion

UNISON members are amongst the growing numbers who now rent privately because they do not earn enough to get a mortgage, cannot afford to buy, and have no prospect of getting social housing. In our membership survey, low paid public sector workers in their 50s and 60s who rent privately shared their anxiety about affording their rent in retirement: *“I worry as I get older how I will pay the high rent I do on just our pensions.”* We welcome these measures which will improve the lives of many hard working but low paid workers and their families in Scotland.

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