



What you need to know: Fair Rents (Scotland) Bill 2020

Background

Following consultation in 2019, the [Fair Rents \(Scotland\) Bill 2020](#) (the Bill) was introduced on 1 June by Pauline McNeill, Housing Spokesperson for the Labour party.

The Bill aims to improve conditions for tenants in the private rented sector (PRS) by allowing tenants to have their rent reviewed, capping the amount that rent can be increased by and requiring landlords to provide information about the rent they charge.

Provisions in the Bill

Limiting rent increases

The [Private Housing \(Tenancies\) \(Scotland\) Act 2016](#) (the 2016 Act) limits the frequency of rent increases to one in a 12 month period. It also introduced a discretionary power for local authorities to apply to designate a particular area as a Rent Pressure Zone (RPZ) if there is evidence that rents have been increasing unreasonably in that area. If an RPZ designation is granted, the amount that rent can be increased by will be limited to inflation plus a percentage to be agreed by Ministers.

Despite some local authorities expressing their intention to make use of RPZ powers, to date no RPZs have been granted. This is because the regulations require very detailed evidence to be submitted and there is a lack of robust data available to support applications.

If passed, the Bill would amend the 2016 Act to limit the amount that rent could be increased to inflation, based on the consumer price index (CPI), plus one percent across Scotland, not just in designated areas.

It also includes a power for Ministers to introduce regulations to amend the fair rent CPI cap. This could either increase or reduce the cap, potentially below CPI.

The Bill would not set a cap on the rent of a new let but the [policy memorandum](#) suggests that market forces should ensure that rents are not set unreasonably high. The Bill also seeks to make it easier for tenants to challenge what they perceive to be unfair rents (as set out in the next section).

Regulations could also be introduced to make exemptions to the cap under certain

circumstances. For example, where improvements have been carried out on the property. This is also the case under the current RPZ arrangements.

Appeals against unfair rent

Under the 2016 Act, a tenant can appeal against a proposed rent increase put forward by their landlord and the First Tier Tribunal (the Tribunal) will make a determination on the appropriate rent. This can include increasing the rent above the amount proposed by the landlord.

The Bill would allow the tenant to request a determination from the Tribunal once a year without having to wait for their landlord to propose a rent increase, and would not allow the Tribunal to increase the rent, only to maintain or reduce it.

Providing data on rents

The Bill would require private landlords to report rent rates through the landlord registration system when they first register and every three years on renewal.

What is the CIH view on the Bill?

Existing [Scottish Government data](#) on PRS rents shows that there is significant variation in rent increases across Scotland. In hot spots such as Edinburgh and Glasgow, affordability is a serious and growing concern. However, other areas have only seen modest increases over the last nine years with most areas experiencing cumulative increases below inflation.

The available data does not suggest that a blanket approach to rent capping is necessary and consultation with CIH members suggests that a number of interventions need to be given consideration to address affordability in the PRS including increasing housing supply, better regulation of short term lets (preventing loss of residential supply) and ensuring that benefits are set at a level that reflects the actual cost of rent.

The collection of additional data on private rents would certainly be welcome. However, we would like to see more detail on how this would be managed and resourced. The [financial memorandum](#) to the Bill suggests that costs to local authorities would be minimal.