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**The Private Rented Sector
Review in Detail**

24th June 2009



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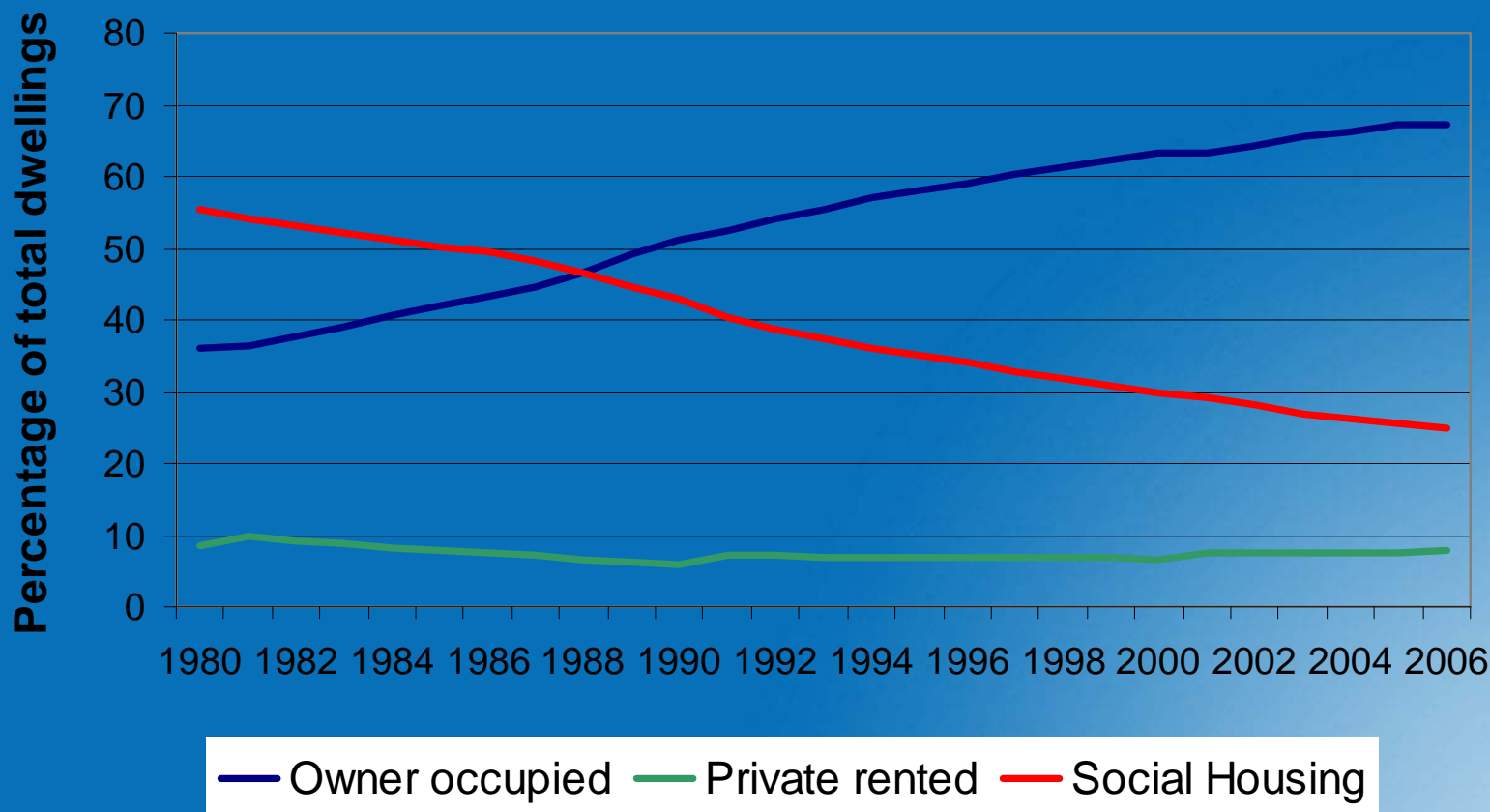
Objectives of the Review

- To take stock, providing a detailed primary evidence base and inform an understanding of the effectiveness of current legislation and policy
- To look at the role of the private rented sector in meeting housing needs, including households presenting as homeless, low-income families
- To support strategic engagement between Local Authorities and the sector
- To identify methods to bring empty houses into use
- Most extensive Scottish study - 1,000 tenants: 1,500 landlords



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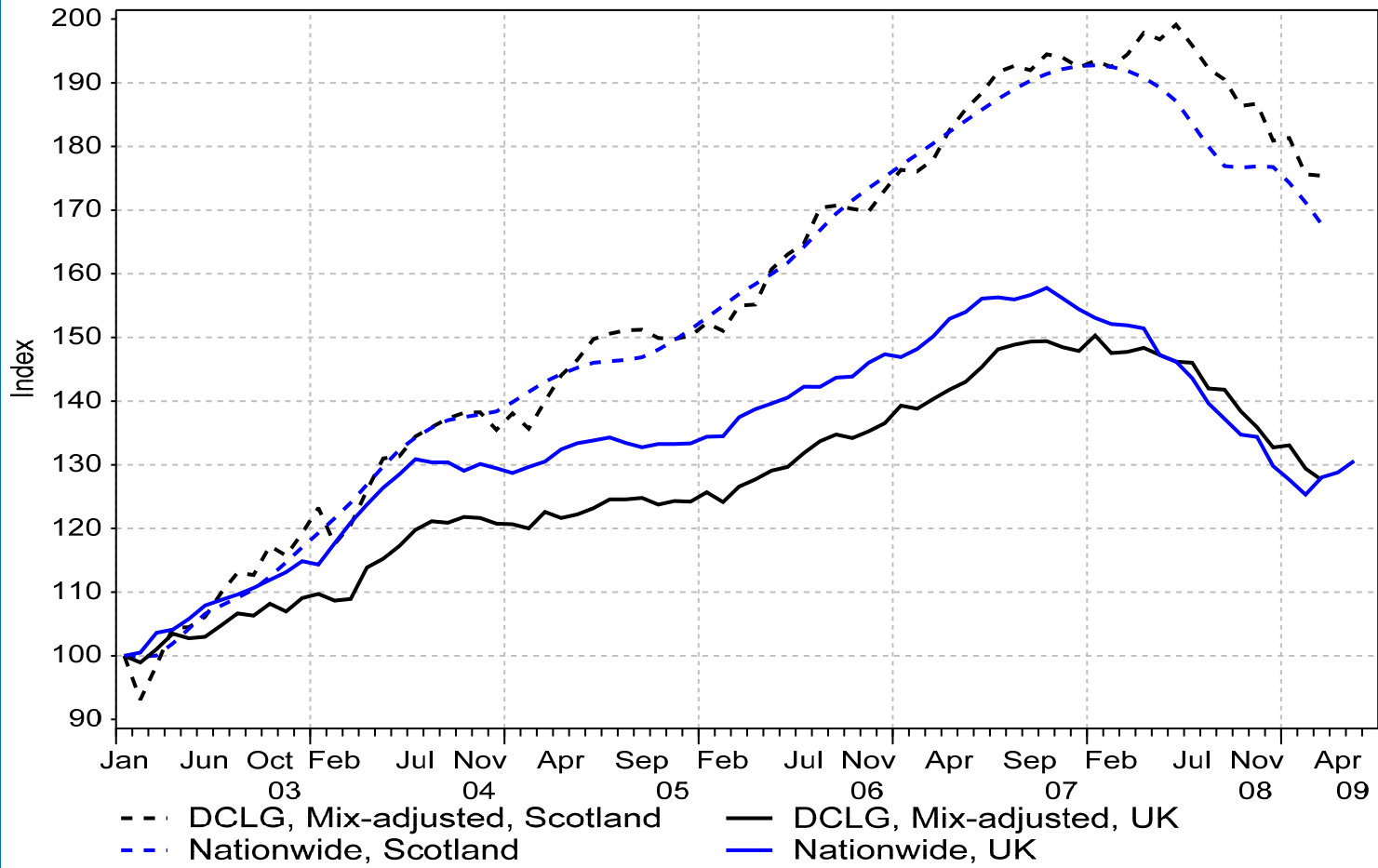
Percentage of housing stock by tenure: Scotland





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Scottish and UK House Prices Indices (Jan 2003 = 100)

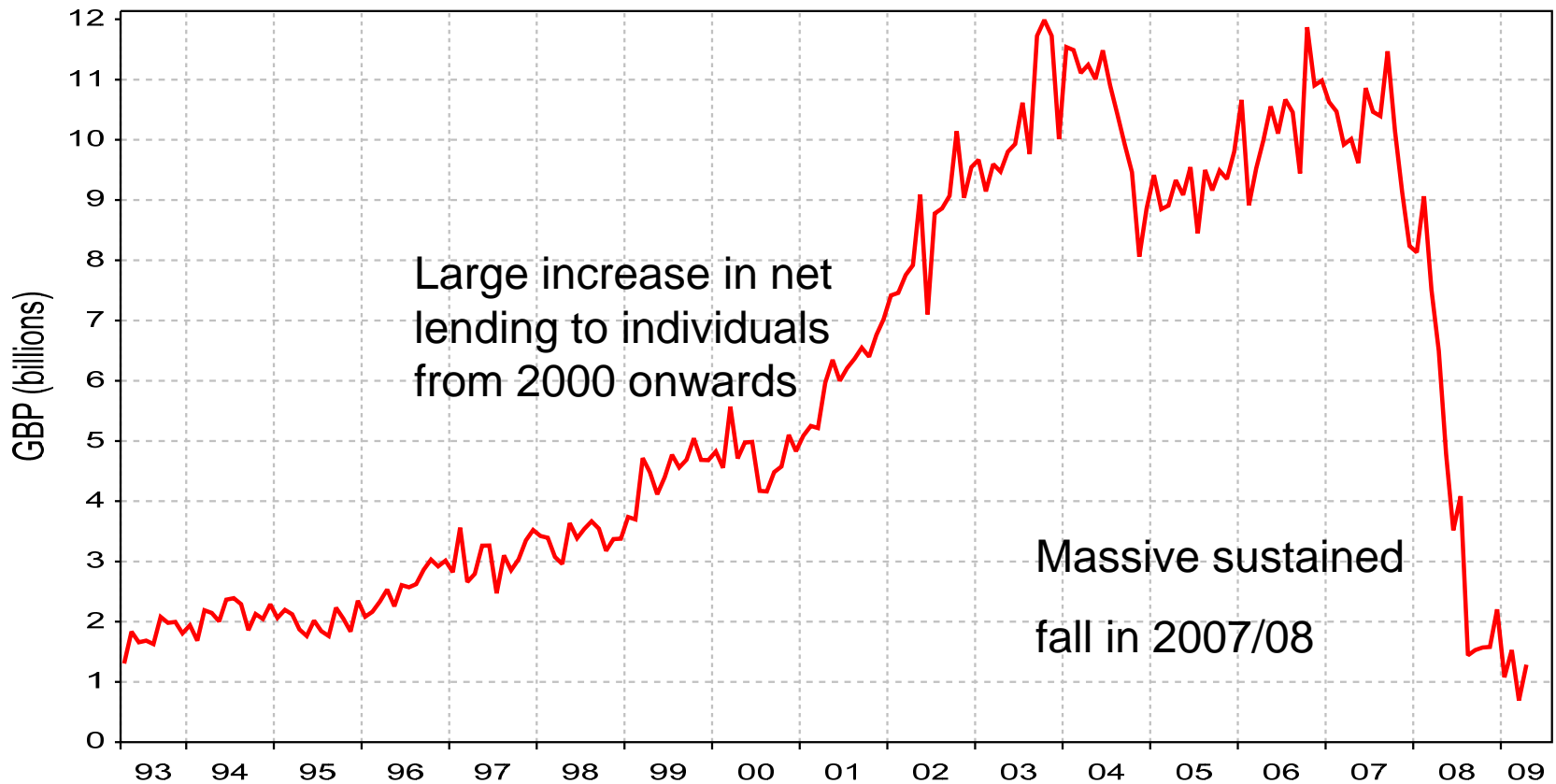


Source: Reuters EcoWin



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Credit crunch: UK net lending to individuals (SA)



Source: Bank of England



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Key Findings – the nature of the Private Rented Sector

1. The size of the sector varies markedly by area.
2. Particularly important in some rural areas, where the landlord-tenant relationship tends to be more informal
3. Approximately 233,000 households in the sector, made-up of students, young professionals, lower income households (including HB) and migrant workers. Demand is increasing
4. 95% of landlords are individuals, owning 75% of properties. They have 1-4 properties each, often financed by borrowing, and can be “part-time”

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Key Findings – quality and satisfactory operation of the sector

- High tenant satisfaction with landlords, agents, accommodation. Tenancy regime operating satisfactorily. Most tenancies ended by tenants.
- **But** - Issues with repairs and tenancy deposits. Serious problems for some tenants
- Disrepair and energy efficiency worse than other tenures – may be due to prevalent property type.
- Wrongly withheld deposits may be between £2.2 and £3.6m per annum

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Key Findings – supporting professionalism

- Lack of knowledge of rights and responsibilities e.g. repairing standard and landlord registration
- Local authorities have crucial role – providing advice and assistance all the way up to statutory enforcement

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Key Findings – the role of the sector in housing homeless households

- The sector is a suitable option for some homeless households. It could play a role in helping meet the 2012 target
- Most landlords would not house homeless households. A significant minority would with the right guarantees and support.
- The Good Practice Resource Pack aims to help.

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Looking Forward

- Demands on the sector increasing further with credit crunch. New tenants and landlords
- Requirements for information and training increased – must use all possible routes
- Both tenants and landlords have concerns about the other getting into financial difficulties
- Can we boost quality supply, by facilitating institutional suppliers and build-to-rent? Stamp-duty and new funding models relevant.

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Short-term actions

- Tenancy deposit working group meets tomorrow – to try to reach consensus on this key issue
- Consultation on a few more straightforward issues for inclusion in forthcoming Housing (Scotland) Bill: adjustments to improve landlord registration; addressing short-term HMO lets; and technical changes for councils to tackle disrepair in privately owned houses

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Looking Forward

- Aim for stakeholders to have the chance to consider the more complex issues together— PRS stakeholder working group to be established
- Intention to develop a consensus around detailed proposals that could be taken forward in a possible future Private Housing Bill, should a legislative opportunity arise



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Web References

Vol 1 www.scotland.gov.uk/Publications/2009/03/23153136/0

Executive Summary

www.scotland.gov.uk/Publications/2009/03/23134949/0

Vol 2 www.scotland.gov.uk/Publications/2009/03/23153402/0

Findings

www.scotland.gov.uk/Publications/2009/03/23153325/0

Vol 3 www.scotland.gov.uk/Publications/2009/03/23140128/0

Findings

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Vol 4 www.scotland.gov.uk/Publications/2009/03/23135229/0

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Findings

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