

Scotland's approach to rent regulation: Rent Pressure Zones

Gillian Young

Director Newhaven Research Scotland

email: young@newhavenresearch.co.uk

The re-emergence of rent regulation

- **Political spotlight has been fixed on PRS for some time**
- **The modernisation of the regulatory framework and bring into closer alignment with much of Europe**
- **Open-ended tenancies and measures to enhance the predictability of in-tenancy rent increases**
- **Joined Germany, France and Ireland in permitting tighter rent stabilisation in identified Rent Pressure Zones (RPZs)**

Summary of RPZs

Councils can apply to limit annual 'rent increases within a proposed 'area' for up to 5 years of at least CPI+1%

- **Applies solely to private residential in-tenancy rents**
- **Landlords can seek exemption if improve property**

Councils must demonstrate to Scottish Ministers:

- **In-tenancy rents in the proposed RPZ are rising by too much**
- **Rising rents in the area are causing tenants undue hardship**
- **It has faced mounting pressure to provide or subsidise the cost of housing due to rent rises within the proposed RPZ**

Who must submit draft regulations to Scot 'Parliament: 18 wks

RPZs' struggling to get off the ground

RPZ is an irrelevance in many areas of Scotland

Application process unwieldy

Not always easy to know where focus RPZ application

Data on existing tenant rents and uplifts is scant

Mystery how 'prove' undue hardship & fuelling pressure for housing etc

Resource intensive and technically challenging process

Advertised Rents 2018 (Q4) City Lets				
Area	Ave Rent	Rent Change		
		1 year	5 years	10 years
Scotland	£728	4.6%	12.9%	18.6%
Edinburgh	£1,017	7.5%	31.7%	43.2%
Glasgow	£794	5.2%	26.4%	34.1%
Aberdeen	£659	-6.8%	-34.4%	-19.5%
Dundee	£571	1.4%	6.7%	NA

RPZ: a thorny issue

- **Introduced late in the Bill's progress and arguably not subject to adequate political scrutiny**
- **Response to growing MSP sensitivity about the costs of private renting**
- **Scottish Government view the 'hard' rent ceiling or freeze would create more problems than they would solve**
- **Both rent measures seek to stop rent rises being used as a proxy for evictions and to smooth out rent increases**
- **Others had different expectations**

Potential downsides

- **May result in more regular in-tenancy rent increases**
- **Unlikely to benefit mobile private renters such as young professionals and students**
- **Unlikely to prevent landlords seeing a return on investment but fears could see further drift to short letting**
- **Does not address other pressures building up in system that are adding to non-affordability**
- **No evidence hard rent controls work: countries with large PRS permit 'regulated' rents to adjust to near-market levels**

Moving forward

- **Not time for more legislation- new policies need time bed-in**
- **Better enforcement of existing regulations**
- **Improve take up of Universal Credit/ Housing Benefit**
- **Corresponding improvement in advice and support**
- **Improve hard evidence on private renting and impact of recent regulatory changes**
- **More thought how ease access to other tenures**

THANK YOU



Until there's a home for everyone

Shelter
Scotland