

TIS

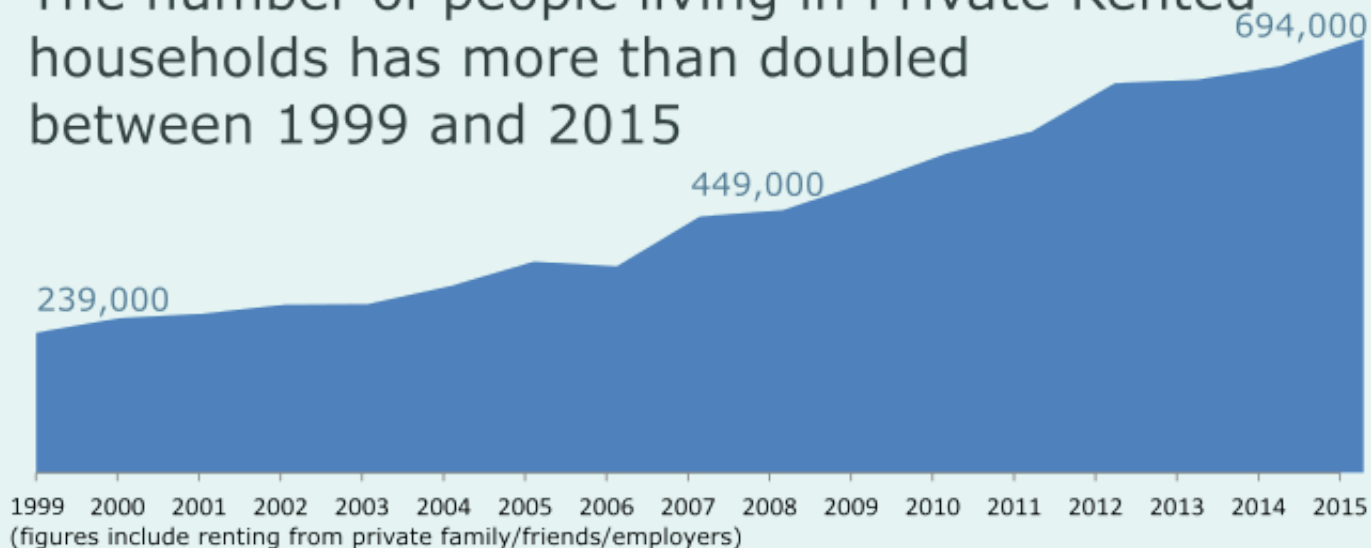
Private Rented Sector

10th June 2017

Overview

- What are the challenges?
- Strategic vision and key actions
- The regulatory framework
- Legislative change and timelines
- Non-legislative measures
- Impact of approach
- The Experience in Glasgow

The number of people living in Private Rented households has more than doubled between 1999 and 2015

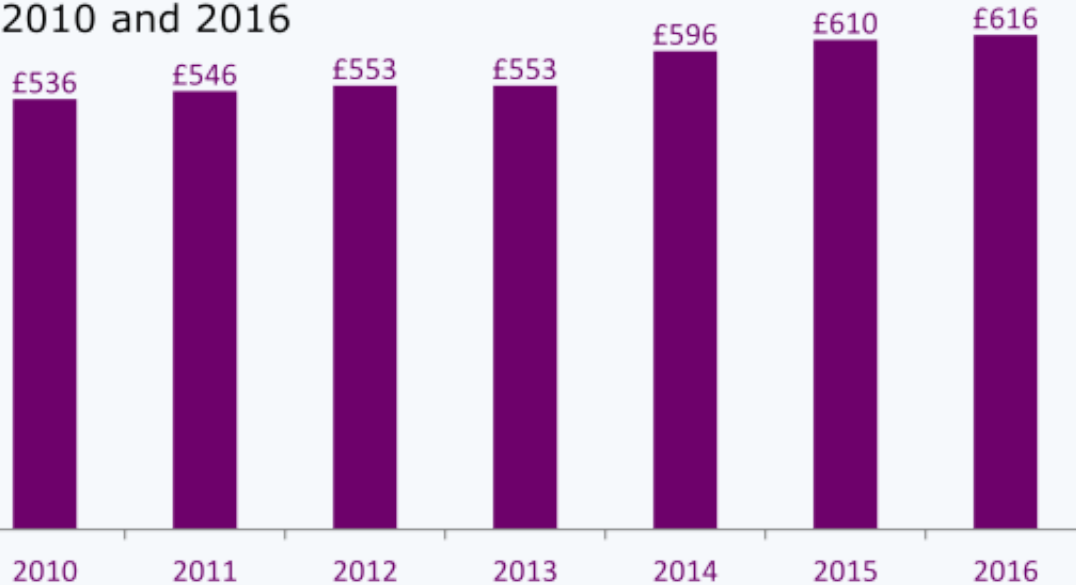


City of Glasgow : Historic tenure change and recent growth in the private rented sector

	1975	2007	2015
Owner Occupation	25%	50%	44%
Private Rented Housing	5%	9.5%	20%
Social Rented Housing	70%	40.5%	36%

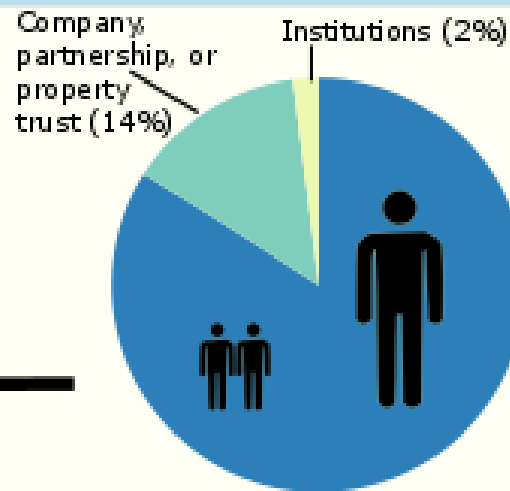


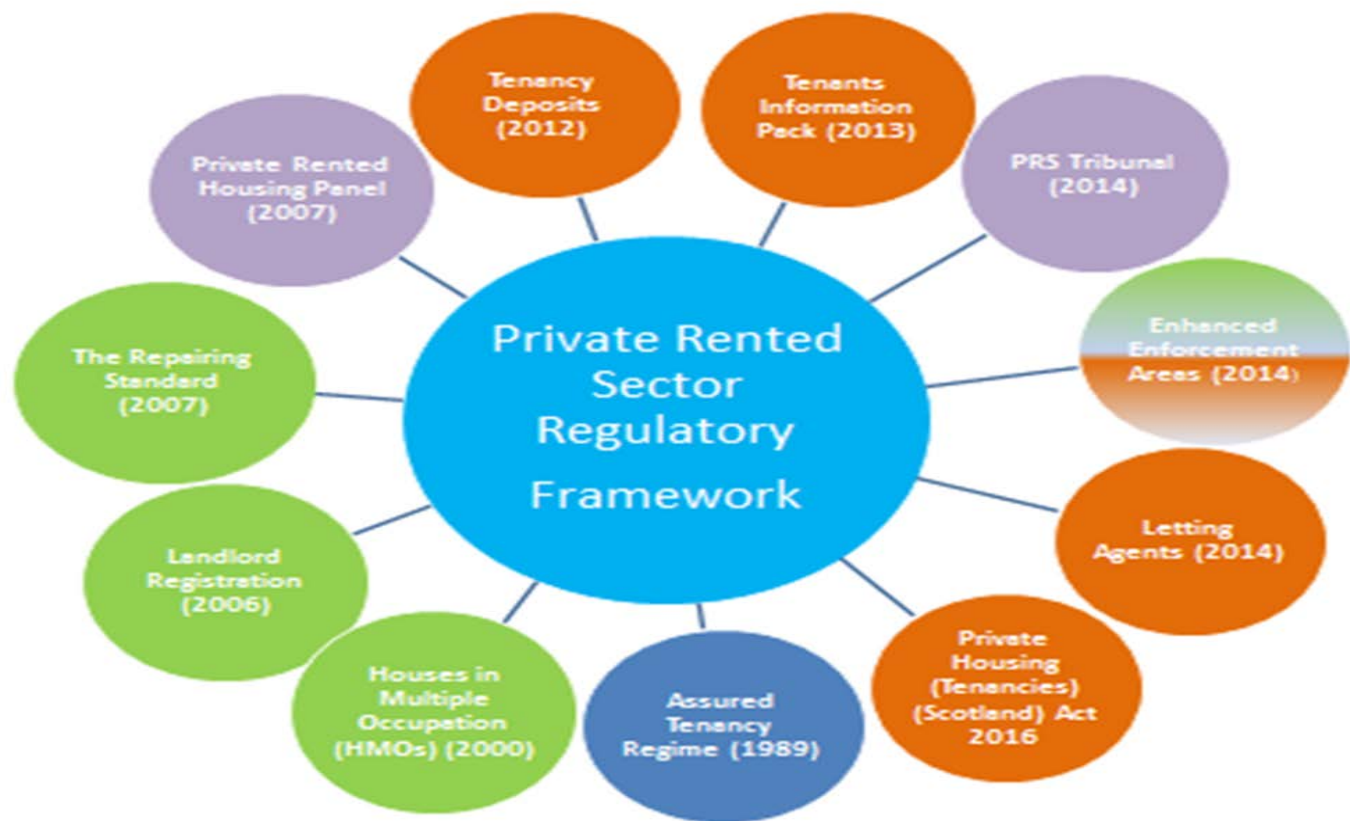
Average monthly rents for private rented 2 bedroom properties across Scotland increased by **15%** between 2010 and 2016



84% of private sector landlords were individuals or couples

(2008)







2004

Anti-social Behaviour (S) Act

2005

Private Landlord Registration (Advice & Assistance) Regulations

Private Landlord Registration (Information & Fees) Regulations

Private Landlord Registration (Appeals Against Decision as to Rent Regulations)

Private Landlord Registration (Modification) Order

2006

Housing (S) Act

The Private Landlord Registration (Information & Fees) Amendment Regulations

2008

The Private Landlord Registration (Advice & Assistance) Amendment Regulations

The Private Landlord Registration (Advice & Assistance) Amendment Regulations

2009

The Private Landlord Registration (Modification) Order

2011

Private Rented Housing (S) Act

Twelve statutory instruments

2011

Property Factors (S) Act

2014

Housing (S) Act

2016

Private Housing (Tenancies) (S) Act

Completed legislative changes

Improving quality

- ✓ Introduced Tenancy Deposit Schemes
- ✓ Clarified what tenants can be charged
- ✓ New discretionary powers for local authorities
 - ✓ - third party reporting
 - ✓ Enhanced enforcement area regulations

Legislative change and timelines

Improving quality

- Refine the landlord registration regime; Statutory guidance for local authorities – landlord registration sharing of good practice • **March 2017**
- Consultation on strengthening the fit and proper person requirements and on a review of landlord registration fees • **Summer 2017**
- Housing & Property Chamber of First Tier Tribunal - expansion to all jurisdictions • **Late 2017**
- Introduce regulation of letting agents • **Early 2018**

A sector that delivers for tenants and landlords

- New Private Residential Tenancy
- Rent Pressure Zones • **Late 2017**



GROWTH OF PRIVATE RENTED TENURE IN GLASGOW

- Dramatic increase in numbers and proportion of privately rented properties in Glasgow
- Increase largely at the expense of traditional owner occupation – many new “accidental landlords” - 81% of registered landlords own just one property
- Relative fall in proportion of available social rented housing may be contributing to sustained demand and steady rent increases
- Younger would-be homeowners unable to raise a deposit to purchase their own home



- Build to rent
- Buy to let
- The opportunity for the City Centre



CHALLENGES

- **Concentrations of PRS properties in particular areas** – mainly in pre-1919 inner suburbs
- **Resources** (of local authority) to intervene limited; owner occupiers unable to get common works carried out
- **Supply** not keeping up with demand.
- **Affordability:** particularly for families. PRS rents are 2 to 3 times higher than RSL sector, larger properties in short supply
- **Legislative framework** : Complex and constantly changing: new demands on landlords and pressure on local authorities to tackle “rogue landlords”

STRATEGIC POLICY APPROACH IN GLASGOW

- Proportionate regulation
- Area based solutions to address particular situations
- Tactical use of resources
- Partnership working with landlords, RSLs, owners, Scottish Government, institutional lenders





REGULATION AND ENFORCEMENT

- Discretionary referrals to Licensing Committee, concerns regarding fit and proper status
- Direct engagement with landlords Forums and accreditation
- Targeted strategic acquisition and estate management strategy and use of Enhanced Enforcement Area (**EEA**) designation in Govanhill
- Work with Scottish Government to strengthen powers e.g. conditions of registration linked to health and safety certification
- Revisit arrangements with Police Scotland and Procurator Fiscal to tackle serious criminality



INTERVENTIONS AND SUPPORT

- **Partner RSLs** – Acquisition, social letting and factoring
- Strategic prioritisation of Council’s own **private sector housing grant** allocation.
- **Advice and support** for single property renting “accidental landlords”
- **Property maintenance and factoring** – Funding and support for UnderOneRoof independent property management website;



EXAMPLE: BRUCEFIELD PARK, EASTERHOUSE

- Post War tenement estate on outskirts of Glasgow
- Over 200 ex-Council properties set up as Homesteading scheme in 1981 to encourage entry level owner occupation, but owners / landlords were in negative equity and unable to afford maintenance and improvement

STRATEGY

- | | |
|----------------------------|--|
| Tackle disrepair | - s30 Works Notices Housing (Scotland) Act 2006 |
| Energy management | - CESP and UHIS (Currently HEEPS:ABS and SEEP in future) |
| Abandoned flats | - Acquisition by Lochfield Park HA via grant from GCC |
| Management and maintenance | - Lochfield Park HA act as agents/managers |

BEFORE



AFTER





PRS DESIRED OUTCOMES

**CITY CENTRE RESIDENTIAL STRATEGY
IN PLACE - MIXED USE APPROACH
REALISED**

**FUTURE PROOF STUDENT
ACCOMMODATION**

**INCREASE BUILD
TO RENT SUPPLY**



**PROPERTY
VALUES
PROTECTED**

**SUCCESSFUL MIXED TENURE
HOUSING**

**AFFORDABLE
WARMTH IN HARD
TO HEAT STOCK**

**PRE-1919 TENEMENT
OWNERSHIP
CONSOLIDATION AND
SECURE FACTORING IN
PLACE**





GLASGOW'S PRIVATE HOUSING STRATEGIC FRAMEWORK





CHALLENGES FOR OUR STRATEGY

- Extension of EEAs to other “at risk” neighbourhoods not currently financially
- Property Maintenance and Factoring – Disrepair issues widespread. No legal means of forcing owners to invest in common maintenance
- Scottish Government unwilling (so far) to support selective licensing of landlords
- Build to rent in its infancy but also unlikely to fill the supply gap at the lower end of the market
- Welfare reform changes will make it difficult for under 35s to obtain quality affordable lets in PRS or RSL sectors, larger families also likely to be squeezed
- Multi funded partnership schemes bedeviled by annuality, the bidding window and strict qualifying criteria
- Low percentage of accredited landlords
- Co-ordinating regulations and enforcement of standards

Looking ahead

- Growing build to rent – purpose built, quality accommodation.
- Letting agent regulation will drive improved standards across the letting industry.
- The new tenancy will provide more security and stability for tenants with safeguards for landlords, lenders and investors.
- Continue to promote collaborative working between all parties to improve investigation of PRS offences.
- Opportunities for Registered Social Landlords to contribute to improving standards – through their subsidiaries providing properties to rent in the PRS or through a social letting agency.