

**SCOTTISH ASSOCIATION OF LANDLORDS (SAL):
NATIONAL LANDLORDS DAY 2017**

Date and Time of Engagement	Wednesday 14 November 2017 (11.45am -12.30pm)
Where	Dynamic Earth 112 Holyrood Road Edinburgh EH8 8AS Tel: 0131 550 7800
Key Message	<ul style="list-style-type: none"> • Updating the audience on key legislative changes affecting the private rented sector over the coming months; and • Highlighting the need for tougher, targeted enforcement action.
Who	The National Landlords Day conference is the largest annual private sector housing conference in the UK and will be attended by a wide variety of individual landlords, letting agents, local authorities and professionals from the private rented sector.
Why	<ul style="list-style-type: none"> • To highlight the forthcoming new Private Residential Tenancy, letting agent regulation and other legislative changes impacting on private rented landlord and tenants; and • To encourage tougher, targeted enforcement action and highlight ongoing work aimed at supporting this.
Official Support Required	{redacted}
Media Handling	<p>SAL intend to issue a press release on the day of the event, focusing on the forthcoming Private Residential Tenancy coming into force.</p> <p>Officials are currently working with Communications colleagues to ensure a Ministerial quote is included in the press release.</p> <p>At National Landlord Day 2016, the Minister was asked to take part in a BBC Scotland interview without prior arrangements. Comms colleagues have confirmed they will attend during the Ministers visit this year, to provide support should this happen again.</p> <p>Twitter: #LandlordDay</p>
Dress code	No special requirements.

Greeting Party and specific meeting point on arrival (if at a non SE Building)	<p>Should the Minister be delayed, please contact [REDACTED] on [REDACTED]</p> <p>[REDACTED], (SAL Chairman), will greet the Minister at the entrance to Dynamic Earth and will accompany him to the stage, where he will be introduced to the audience by Sally Magnusson who will be chairing the event.</p>
Specific entrance car/parking arrangements	<p>Main entrance.</p>
Briefing contents	<p>Annex A – Event Programme Annex B – Summary Page Annex C – Additional briefing on key issues Annex D – Meet and greet biographies Annex E – Map/directions</p>

Event Programme

- 09.00 – 10.30: Registration and Refreshments**
- 10.30 – 10.35: Opening and Introductions**
John Blackwood, SAL Chief Executive
Sally Magnusson, Conference Chair
- 10.35 – 10.55: Fire Safety Regulations: What next for private landlords?**
{redacted} Scottish Government
- 10.55 – 11.15: Energy Efficiency in the private rented sector (PRS)**
{redacted} Scottish Government
- 11.15 – 11.45: Dealing with common repairs, a landlord's property nightmare**
{redacted} , Under One Roof
- 11.45 – 12.30: The Interview: Scotland's Minister for Local Government and Housing**
Kevin Stewart MSP
- 12.30 – 13.45: Lunch and Exhibition**
- 13.45 – 14.30: Panel Debate One: What does the future hold for private renting in Scotland?**
{redacted} , SAL
{redacted} , Scottish Government
{redacted} , University of Strathclyde
{redacted} , Scottish Government
- 14.30 – 15.00: Scotland's new tenancy regime: What's it all about?**
{redacted} , TC Young
- 15.00 – 15.30: Refreshment and Exhibitions**
- 15.30 – 16.15: Panel Debate Two: How will private landlords embrace an ever changing sector?**
{redacted} , Citylets
{redacted} , SAL
{redacted} SAL member landlord
{redacted} , Scottish Government
- 16.15 – 16.35: Scotland's answer to Welfare Reform**
{redacted} , Scottish Government
- 16.35 – 16.45: Summing up and close of conference**
John Blackwood, SAL Chief Executive
Sally Magnusson, Conference Chair
- 16.45 Conference Close**

SUMMARY PAGE: KEY ISSUES

I Private Residential Tenancy**Key Lines:**

- The Private Housing (Tenancies) (Scotland) Act 2016 introduces the most significant change in private renting in Scotland for almost 30 years.
- On 1 December 2017, the new private residential tenancy will come into effect. From that date onwards, all new tenancies will be private residential tenancies. Existing tenancies, such as the Short Assured Tenancy, will continue until they come to an end - at the choice of the landlord or tenant.
- The underlying principle of the new private residential tenancy is that when a landlord rents out their property to a tenant, it becomes the tenant's home, over which they must have security. Its purpose is to improve security, stability and predictability for tenants, balanced with safeguards for landlords, lenders and investors.
- Rents can only be reviewed once in a 12 month period (with 3 months' advance notice) and tenants will also be able to refer perceived unreasonable rent increases for adjudication to protect them from unfair rent rises.
- On receipt of an application from a local authority, ministers can designate an area as a Rent Pressure Zone (RPZ), to cap the levels of rent increases for sitting tenants. It will be for a local authority to present evidence to Ministers, who will carefully consider this and consult key stakeholders in the area before any decision is taken. Any limit would be at least CPI+1%.

{Redacted}

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| Landlord Registration

Key Lines:

- A new online registration system was launched in February this year to replace the outdated and unsustainable legacy system. Once the full programme of enhancements has been delivered to the new system, this will help local authorities to dedicate more time to enforcement.
- New statutory guidance was issued in September this year to encourage all local authorities to make better use of the extensive range of powers available to them to take tougher, more targeted enforcement to tackle those landlords who flout the law.
- The new guidance shares practical examples of the good work that local authorities do to help landlords improve their practice and the enforcement undertaken against landlords who won't meet their legal responsibilities.
- We are also working with key partners including Police Scotland and the Crown Office and Procurator Fiscal Service to develop specific guidance to support local authority enforcement and prosecution activity within the sector. This will be published early next year.

{redacted}

{redacted}

I Letting Agent Regulation

Key Lines:

- Through the Housing (Scotland) Act 2014, we are introducing a robust framework for the regulation of letting agents. Once implemented, regulation will help to increase the standards of service and professionalism within the letting industry and given tenants and landlords an effective way to challenge poor practice.
- I appreciate the Scottish Association of Landlords input into developing the Code of Practice and other requirements, and I look forward to their continued involvement as we progress implementation. I expect all aspects of regulation to commence in early 2018, once the First Tier Tribunal Housing and Property Chamber is ready to hear letting agent cases.

{redacted}

I Tenancy Deposit Schemes

Key Lines:

- The tenancy deposit schemes were introduced to deal with the problem of landlords and letting agents unfairly withholding deposits from tenants. While the schemes are working well, as it has been five years since their introduction, I have asked that a full review of the schemes be undertaken. Work has begun on this.
- At the end of September 2017, more than 196,000 deposits were being protected, with a value in excess of £137 million.
- Tenants can apply to the court for sanctions against irresponsible landlords who fail to safeguard deposits. Financial penalties of up to three times the amount of the deposit may be ordered by the Sheriff for non-compliance.

{redacted}

I Private Rented Sector Statistics - Released today (14 November)

Key Lines:

- We have taken action to address frequent and excessive increases in existing rents. Under the new private residential tenancy, coming in on 1 December, landlords will only be able to increase rents once in 12 months, and tenants will be given 3 months' notice of changes.
- Local authorities will be able to apply to Ministers for a cap on rent increases for existing tenants who have a private residential tenancy, in areas affected by excessive increases.
- Whilst we have seen rents increase in areas such as Lothian and Glasgow, rents have been increasing below the rate of inflation in other areas of the country.

{redacted}

I The Collaborative Economy (Including AirBnB)

Key Lines:

- The collaborative economy can bring significant benefits to consumers, communities and businesses. Collaborative models, such as peer to peer accommodation and transport, allow access to the sharing or provision of goods and services, assets and resources without the need for ownership.
- However, while recognizing the benefits, we must ensure that there is a balance between encouraging competition and ensuring sufficient and proportionate regulation - as one size doesn't fit all! The Scottish Expert Advisory Panel on the Collaborative Economy is considering a number of themes, including peer to peer accommodation which was discussed at their meeting on 21 June 2017. The panel are due to present their conclusions - along with any recommendations - to Scottish Ministers by the end of the year.

ADDITIONAL BRIEFING ON KEY ISSUES

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FIRE AND SMOKE ALARMS CONSULTATION

Background:

- The immediate focus of the Ministerial Working group, set up in the wake of the Grenfell Tower tragedy in June, has been on high rise domestic buildings, and on providing reassurance to tenants and residents in these properties.
- We had planned to consult next year on measures to harmonise housing standards across tenures - based on the Report of the Common Housing Quality Standard Forum. and brought forward the fire and smoke alarm elements of this for the current consultation.
- We have also commissioned a review of evidence on fire suppression systems to ensure the appropriate and effective use of sprinklers and other preventative measures.

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Potential Q&A:

Q.	Why have private landlords been expected to meet higher standards than social landlords?
A	Standards in different tenures have developed separately over time - that is why we have undertaken the work of the Common Housing Quality Forum to look at harmonising standards across tenures. The Private Rented Sector was identified as an area of significant risk for fires when the standards were last revised.
Q.	Raising standards adds to landlords costs - isn't there a risk that this will lead to some landlords leaving the market and reducing the much-needed supply of private rented housing?
A	Our policy is to encourage growth in the sector to meet housing needs, but homes must meet reasonable expectations for minimum quality for condition and safety. In the current consultation we are seeking views on proposals for specified types of battery alarm and this would reduce the costs of compliance.

Contact: [REDACTED]

Ext: [REDACTED]

FIRST TIER TRIBUNAL HOUSING AND PROPERTY CHAMBER

Background:

- Phase I of the above project transferred the functions and members of the Private Rented Housing Panel and Homeowner Housing Panel to the First-tier Tribunal, on 1 December 2016. First decisions in relation to these jurisdictions are now heard in the First-tier Tribunal Housing and Property Chamber with a general onward appeal to the Upper Tribunal for Scotland.
- Phase II of the Project enables the First-tier Tribunal to start to hear more private rented sector housing cases from 1 December 2017 including cases to be transferred from the sheriff court, new private tenancies and the new letting agents' regime.

{redacted}

Potential Q&A:

Q.	Do the legal aid regulations ensure that we retain the status quo for ALL cases due to transfer to the First-tier Tribunal?
A	Civil legal aid is required across the range of tenancy-related applications due to transfer from the sheriff court due to the potential seriousness of the issues covered, including that a tenant could lose their home. The regulations provide for consequential transfer of all existing legal aid provisions except for applications by landlords in relation to the appeal of landlord registration matters under the Antisocial Behaviour (Scotland) Act 2004.
Q.	Why will landlords no longer be able to access legal aid to appeal against a local authority's decision to refuse registration or remove from the register when those cases transfer to the First-tier Tribunal from the sheriff court if the general policy is to retain the status quo?
A	It is Scottish Government policy to develop landlord registration and letting agent registration in parallel and to mirror existing procedures for property factors in the First-tier Tribunal. Property factors and letting agents cannot apply for legal aid in the First-tier Tribunal and landlords cannot apply for legal aid in relation to registration matters. There is general provision in the courts for legal aid subject to eligibility criteria. Whilst it is a matter for The Scottish Legal Aid Board to assess the

	eligibility of each applicant's case for legal aid, it is extremely unlikely that registration matters would fall within scope due to the financial means of a landlord. The consideration of registration cases also lack the complexity which would necessitate lengthy arguments being made to establish the facts before the Tribunal.
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Q.	Will landlords still have to pay for sheriff officers to enforce a repossession order when cases transfer from the sheriff court to the FTT?
A	Any order or decision of the FTT may be enforced as if it were a decision issued by the sheriff court. Whilst there is no fee for anyone to take a case to the FTT, there is no change in relation to eviction procedures and the involvement of sheriff officers and associated fees for landlords.

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GROWING THE PRIVATE RENTED SECTOR

Background:

- In February 2016, the SG announced More Homes Scotland, an overarching approach to support the increase in the supply of homes across all tenures. As part of this approach, the SG is working to encourage a growing Build to Rent (BtR) sector with a supportive policy framework. It includes support to deliver more investment in high quality, professionally managed private rented housing – both for Mid-Market Rent and full market rent.
- While BtR is well established south of the border - attracting large-scale investment to the likes of London and Manchester - the market in Scotland is in its infancy. Scotland's challenge is to ensure it competes effectively for investment by taking steps to bolster confidence in Scotland as an attractive, encouraging and stable environment for investment.
- The current BtR project pipeline is estimated at c.4,000 units across Scotland, comprised of projects already being built or with planning approval, and early stage opportunities with identified investor interest. Homes for Scotland estimate BtR potential in Scotland to be in the range of 7,000-10,000 homes over the next 4-5 years - provided the right conditions and supports are in place.
- Following a clear policy statement in the SG's PRS Strategy on attracting increased investment to this sector, we have taken a range of actions including: updating planning advice to recognise the contribution BtR can make to housing supply; introducing an exemption to the Land and Buildings Transaction Tax 3% supplement for large scale transactions (6 units or more); and publishing an 'Opportunity Document' – prepared by the industry – to help promote the positive investment conditions in Scotland.

Rental Income Guarantee Scheme (RIGS)

- RIGS is a key element of our support for Build to Rent with Scottish Government (SG) sharing a proportion of the rental void risk with investors, to encourage new investment in Build-to-Rent. This could lead to up to £500m new investment, building around 2,500 new homes for private rent.
- Homes for Scotland launched on the same day as RIGS (12 October) the "opportunity" marketing document. It sets out the key features of the Scottish private rented sector and highlights the Build-to-Rent investment opportunity in Scotland to attract this new investment.
- RIGS is a high-leverage stimulus to help demonstrate to investors the SG's practical support and commitment to reducing uncertainty and sharing risk. The scheme is based on a short term risk-sharing approach, either three or five years where, for a fee, a rental income guarantee will be provided.
- Following approval from the Scottish Parliament Finance and Constitution Committee for the required contingent liability to operate the scheme, we launched the scheme on the 12 October with SFT as our delivery partner.

- The launch of RIGS and the opportunity document follows through on the SG's pro-active engagement with the developer and investment community, through Homes for Scotland, to tailor an approach to BtR which meets Scotland's needs and circumstances.

Potential Q&A:

Q.	What exactly is being guaranteed by Government with RIGS?
A	A specific portion of expected rental income, carefully calculated to ensure the SG does not reward failure or poor practice.

Q.	How do you know this guarantee scheme is the right intervention?
A	Feedback from industry told us greater certainty of rental income in the initial years of letting was needed rather than directly supporting repayment of debt.

Q.	When will the scheme end?
A	RIGS will be open for applications for five years, taking build time and guarantee durations into account, the scheme could be live until 2030. We expect most Guarantees will expire well before this time.

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HOUSES IN MULTIPLE OCCUPATION (HMOs)

Background:

- Living accommodation is an HMO, within the meaning of the Housing (Scotland) Act 2006, if it is occupied by three or more persons, from three or more families; and occupied by them as their only or main residence.
- Day to day administration of HMO licensing is undertaken by local authorities, funded by fees charged. Local authorities set their own fees to meet their own running costs.
- As of March 2017, 15,289 HMO licenses are in force (a 2% increase on the previous year).

{Redacted}

Q.	What are you doing to tackle overprovision of HMO licenses in areas with high student populations?
A	The Private Rented Housing (Scotland) Act 2011 provided a discretionary link between HMO licensing and planning, allowing a local authority to consider provision of HMO's in a locality and we are aware of a number of local authorities, across Scotland, who have successfully implemented an HMO overprovisions policy.

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LANDLORD REGISTRATION

Background:

- As at January 2017 there were 361,884 properties and 262,896 approved landlords and agents on the register.
- Local authorities now have a range of discretionary powers to tackle poor standards in the sector. These include the power to inspect a property and report a breach of the repairing standard to the Private Rented Housing Panel; and powers to apply to Scottish Ministers for an area to be designated as an Enhanced Enforcement Area along with enhanced powers to require landlords to submit documents and to inspect properties.
- Local authorities have a dual role:
 - to encourage and support landlords to understand their legal responsibilities, so they deliver the standards of accommodation and services required to be registered; and
 - to take enforcement action against those landlords who can't - or won't - meet their legal requirements.

{redacted}

Potential Q&A:

Q.	The new online register is worse than the previous system. What is the Scottish Government doing to improve the service?
A	<p>The previous system itself attracted a lot of criticism that it wasn't user friendly or reliable. It was also reaching the end of its life and had to be replaced. The new system has been developed in collaboration with local authorities and the IT provider, Registers of Scotland.</p> <p>Over 10,000 landlords and agents are completing their journeys through the system each month. Whilst most of the feedback from system users is positive, we are working closely with Registers of Scotland to deliver a programme of enhancements to the system for front end users and local authorities. This will help to deliver a much more user friendly, accurate, cost effective and sustainable online registration service.</p>

Q.	Local authorities don't have adequate resources to carry out landlord registration enforcement. What is the Scottish Government doing about this?
A	<p>SG recognises that the majority of landlords act responsibly, and so it's important that local authorities use their resources effectively to target enforcement activity. The new statutory guidance encourages local authorities to take a risk based approach to tackling the poor practices of the minority of landlords who don't comply with the law.</p> <p>Within the scope of the powers that Ministers have to set fees, SG will be consulting on options for reviewing landlord registration application fees (which have not increased since 2006) to ensure that they are proportionate to the work that local authorities do to process applications. Ministers don't have the power to set fees in relation to enforcement.</p>

Q.	As a responsible landlord I don't get anything for my £55 fee?
A	<p>The £55 application fee is intended to help meet the cost of the work that local authorities do to check, process and make decisions on landlord applications.</p> <p>SG encourages all local authorities to engage with the registered landlords in their area but the costs of the work done to arrange forums, send out newsletters etc. isn't covered by the £55 application fee.</p>

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LETTING AGENT REGULATION

Background:

- Part 4 of the Housing (Scotland) Act 2014 makes provision for the regulation of letting agents and builds on previous action to prevent charging of illegal premiums and introduction of tenancy deposits. The Act enables the introduction of:
 - a mandatory Register with an associated fit and proper person test and training requirements applicants must have met to be admitted. It will be a criminal offence to operate without registration.;
 - a statutory Code of Practice, coming into force on 31 January 2018.;
 - an avenue of redress to the First-tier Tribunal for Scotland (Housing and Property Chamber). ; and
 - ministers will have the power to obtain information and of inspection. This will strengthen Ministers ability to monitor and encourage compliance.
- Work is on-going to determine the registration fee those applying to join the register of letting agents must pay; to develop an IT system to administer applications; to consider our approach to monitoring compliance and enforcement. We are working with stakeholders to raise awareness of the requirements and where we have contact details we have written directly to individual agencies as well.
- We anticipate the register beginning to accept applications in early 2018 and existing letting agents will be required to make an application to the register by 1st October 2018.
- The Code will be vital to the effective regulation of letting agents and importantly gives consumers and Scottish Ministers the ability to challenge poor practice by agents through the First-tier Tribunal for Scotland (Housing and Property Chamber). By providing consumers with a more accessible form of redress, landlords and tenants will be in a better position to assert their rights, which should in turn encourage agents to make improvements in their services.

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Potential Q&A:

Q.	Why is the Letting Agent Code of Practice not yet in force?
A.	Letting agent regulation could not start until the First-tier Tribunal is ready to hear letting agent cases. As the tribunal was expected to be ready to hear letting agent cases by the end of 2017, we have made clear our intention to commence most aspects of letting agent regulation in early 2018.

Q.	I'm often asked how will I ensure this new regime will properly enforced?
A	<p>Letting agents will be required to register with a single register for Scotland and that will be administered by the Scottish Government. The scrutiny of those applying to join the register will be broader to include the most senior individual in the business; those who own 25% or more; and those directly concerned with the control or governance of their letting agency work. There are a smaller number of agents operating in Scotland than landlords and they are more 'visible' through their shop fronts but in their advertising as well.</p> <p>The requirements of the Code of Practice, including measures that must be in place to protect client monies will go a long way to provide reassurance to landlords and tenants. The training requirements including the mandatory qualification and on-going training should help to improve standards also. Most importantly, we have worked closely with the industry in developing this regime. Letting agent regulation is something that many in this room have asked for and I am confident this support will continue as we embark on this journey to improve the sector for all.</p>

Q.	How will letting agent regulation help to tackle many of the bad practices that continue to exist amongst some letting agents?
A	<p>By raising standards across the sector through:</p> <ul style="list-style-type: none"> • the introduction of a statutory Code of Practice; • providing a means for landlords and tenants to challenge those who fail to comply with the Code through a specialist housing tribunal; and • ensuring all those admitted to the Register have met a minimum level of training. <p>All of these measures will help to improve the reputation of the sector and give consumers greater confidence in using letting agents.</p>

Q.	Why do letting agents need to have professional indemnity insurance and client money protection insurance, these are additional costs to agents?
A	<p>The Consumer Rights Act made it compulsory for all letting agents to display in their offices and on their websites whether or not they are part of a Client Money Protection Scheme. In our consultation on the draft code we specifically sought views on whether we should go further and require letting agents to hold client money protection insurance.</p> <p>73% of the respondents to our public consultation on the draft Code agreed that it should include a requirement for agents to hold client money protection insurance. Letting agents have an important role to play in helping to create a professional, well managed sector. Unfortunately, we have probably all heard examples of clients' money being misappropriated by a letting agent. That is why requiring letting agents to hold such protection is so important.</p>

Contact: [REDACTED]
Ext: [REDACTED]

PRIVATE HOUSING REPAIRS

Background:

- The Scottish Housing Condition Survey (SHCS Key Findings 2015) found that in the 61% of homes in the PRS had some critical disrepair and 37% had critical and urgent disrepair. These figures are roughly equal to those for local authority owned social housing.
- Estimates in the SHCS of PRS housing show the percentage of homes in the sector failing to meet the Scottish Housing Quality Standard decreased from 88% in 2005 to 63% in 2015. PRS housing is not required to meet this standard, but it shows a general improvement in quality over the period.
- However, it is a concern that 5% of PRS homes fail to meet the tolerable standard - the minimum standard for housing to be fit for human habitation. This reflects the poor quality of the worst housing in the sector.
- Private landlords are required to meet a statutory repairing standard and this can be enforced by the First-tier Tribunal for Scotland (Housing and Property Chamber). The Housing (Scotland) Act 2014 made changes to the repairing standard - introducing new minimum standards for electrical safety and carbon monoxide alarms.
- Earlier this year we consulted on proposals for further changes to the repairing standard. The analysis report on the consultation was published this morning (14 November) and can be found on the Scottish Government website. Informed by the consultation responses, a number of proposed changes to the repairing standard will be taken forward in 2018, some will not be taken forward at this time and others are being considered further. A discussion with officials (yet to be arranged) will help finalise what action should be taken in respect of those proposals still under consideration (including the extension of the repairing standard to include crofts and agricultural tenancies). We have proposed a further consultation next year on measures to harmonise housing standards across tenures - based on the Report of the Common Housing Quality Standard Forum.
- I am also committed to improving the condition of PRS properties, to help ensure a fair deal for all private tenants. With the report from our consultation on energy efficiency and condition standards in private rented housing published this morning, and response analysis now complete, we will be taking forward secondary legislation in 2018 to amend the repairing standard in a number of areas, including electrical safety and the safety of heating systems, and for the tolerable standard - the most basic threshold of fitness for human habitation - to become part of a private landlord's duties under the repairing standard. Further information on the outcomes from the consultation is available from the Scottish Government website.

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Potential Q&A:

Q.	Raising standards adds to landlords costs - isn't there a risk that this will lead to some landlords leaving the market and reducing the much-needed supply of private rented housing?
A	Our policy is to encourage growth in the sector to meet housing needs, but homes must meet reasonable expectations of tenants for minimum quality for condition and safety.

Q.	What further changes will you make to the repairing standard?
A	The responses to the recent consultation have been independently analysed and the analyst's report was published today. The report informed proposals around what changes should be made to the repairing standard at this time.

Contact: [REDACTED]
Ext: [REDACTED]

PRIVATE RENTED SECTOR STATISTICS

Background:

- 2 Bedroom monthly rents in Scotland increased by 4.4% from £616 in 2016 to £643 in 2017, above the rate of inflation of 3.0% and the largest annual increase since this data series started in 2010.
- At the Scotland level there were also above inflation increases in average rents across all other property sizes.
- 15 out of 18 areas saw increases in average 2 bedroom rents between 2016 and 2017, with 6 above the rate of inflation, including 6.9% in Lothian and 7.0% in Greater Glasgow.
- Aberdeen and Shire saw a decrease of 9.6%, the third consecutive annual fall, likely to reflect decreased demand following the downturn in the oil industry.
- Over the longer period from 2010 to 2017, 2 bedroom average rents have increased above the rate of CPI inflation in both Lothian and Greater Glasgow, but have risen below the rate of inflation in all other areas.
- The statistics presented are largely based on market-level advertised new let rents, and therefore do not represent changes in rents for existing tenants.
- If a local authority wishes to apply for a 'Rent Pressure Zone' (RPZ) after 1 December 2017 they will be required to demonstrate that rents have increased excessively for existing tenants who have had a rent increase in the same property, and also that these increases have caused undue hardship to tenants, and that the rises are having a detrimental effect on the local authority's broader housing system.

{redacted}

Potential Q&A:

Q.	What are you doing to tackle excessive rent levels?
A	Rent pressure zones will be a valuable tool for local authorities to act against unreasonable rent increases, and the detrimental impact this can have on tenants and housing services. It will be for each local authority to determine which areas may require this designation and make an application to Ministers on the basis of strong evidence of unreasonable increases.

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PRIVATE RESIDENTIAL TENANCY

Background:

Key features of the new tenancy

- a more streamlined system with no confusing pre-tenancy notices, an easier-to-understand model tenancy agreement and a simplified eviction notice.
- a modern open-ended tenancy where landlords cannot evict a tenant simply because their tenancy agreement has reached its end date;
- landlords will be required to use one of the 18 new grounds for repossession which offer a modernised process for regaining possession in all reasonable circumstances;
- rents can only be reviewed once in a 12 month period (with 3 months' advance notice). Tenants will also be able to refer perceived unreasonable rent increases for adjudication to protect them from unfair rent rises (which takes their rent beyond the market rate for other comparable properties);
- on receipt of an application from a local authority, ministers can designate an area as a rent pressure zone to cap the levels of rent increases for sitting tenants. It will be for a local authority to present evidence to Ministers, who will carefully consider this and consult key stakeholders in the area before any decision is taken. Any limit set would be at least CPI+1%.
- The Short Assured and Assured Tenancies, currently used for most PRS tenants, were developed in the 1980s. The new tenancy will replace these and will be much clearer and simpler to use.
- This new tenancy represents a significant change in private renting, offering predictability and security to around 760,000 tenants who call it home and creating a tenancy which is fit for the modern PRS in all respects.
- The Recommended Model Tenancy Agreement and the information a landlord must provide to a tenant was published on the Scottish Government website on 18 October 2017. This information will be 'Easy Read Notes' when the Model Private Residential Tenancy is used and 'Private Residential Tenancy Statutory Supporting Notes' for when the written terms of the tenancy are drafted by the landlord.
- The supporting policy and documents have been developed through public consultation and through regular consultation with the 16 key stakeholders in the Private Housing (Tenancies) (Scotland) Act 2016 Implementation Group (membership included Shelter Scotland, Scottish Association of Landlords, ALACHO, Scottish Property Federation, Citizens Advice Scotland, Living Rent and others). Detailed comments and feedback from members of the Group at key stages was very important and helped considerably in readiness for implementation and with content of the required documentation.

- The new tenancy will be used for all future lets from 1 December 2017, on the same day that the remit of the Housing and Property Chamber of the First-tier Tribunal for Scotland is broadened to include all civil cases in the private rented sector.

Rent Pressure Zones

- Scottish Ministers have 18 weeks to consider a valid application. If they are satisfied that the criteria for a Rent Pressure Zone (set out in the 2016 Act) is met, then they must lay regulations in Parliament setting out the designated area, the percentage at which rents will be capped (CPI+1%).
- The Scottish Government is required to consult with tenant and landlord representatives in the area to be designated and, if satisfied that the evidence is there, we must lay regulations in Parliament within 18 weeks of receiving that valid application.

Student Accommodation

- It is anticipated that the majority of students will continue to leave at the end of term.
- Student tenants could give their landlord more than the minimum notice required for the end of their tenancy if they were in a position to do so. It is important that landlords exercise good practice such as engaging with tenants effectively to help mitigate any potential impacts.
- A property is Purpose Built Student Accommodation if the landlord lets other properties in the same building or complex as the let property, together it includes at least 30 bedrooms and the landlord uses the other properties predominantly for letting to students.
- Prior to 1 December 2017 students living in PBSA were usually given a Short Assured or a Common Law tenancy. From 1 December 2017 the Short Assured Tenancy will no longer exist and it will be for the PBSA provider to set out the terms of the tenancy within the framework of Common Law.
- At the time the Act was passed a commitment was given to review the repossession grounds in the new tenancy within five years of its commencement, to ensure they are as effective as they are expected to be.

{Redacted}

Potential Q&A:

Q.	Some local authorities have already stated publicly that they want to apply for a rent pressure zone for their whole area, City of Edinburgh Council for example.
A	The City Council would have to submit a valid application, which sets out full evidence (as detailed in the Scottish Government's Requirements document) that the criteria defined in the legislation are met and to specify the cap that they wish to be applied (CPI +1%).

Q.	Providing the evidence requirements is going to be extremely time consuming and expensive to do for local authorities.
A	<p>Local authorities will need to give careful consideration as to how they will collect the robust evidence required. It may be that collecting data on a particular hot-spot area will not be straightforward. It will be for the local authority to consider how they can evidence the criteria for a RPZ.</p> <p>While it may be easier to collect evidence and statistics for a whole local authority area it is unlikely that those would show that rents are rising significantly across the entire area. As I've said, the policy intention is that an RPZ application will target a specific area within a local authority where rents, in private residential tenancies, are showing higher than average increases.</p>

Con

Ext:-----

PROSECUTIONS AND ENFORCEMENT WORKING GROUP

Background:

- On 17 May 2017, the Scottish Government - in partnership with the Crown Office and Procurator Fiscal Service (COPFS) and Police Scotland - brought together stakeholders involved in private rented sector enforcement activity and prosecutions, to discuss issues in relation to the investigation of private rented sector offences and share best practice in relation to current work being taken forward by partners.
- A key outcome from the event, was the agreement for key partners to work together in order to develop guidance for practitioners involved in taking forward PRS enforcement and prosecution work.
- The Scottish Government, Police Scotland, COPFS, the Scottish Courts and Tribunal Service and local authority colleagues have all agreed to take part in a short life working group that will support the development of this guidance. The group met for the first time in September 2017 and are currently working towards publication of guidance in 2018.
- The guidance is expected to provide information and support on key areas such as:
 - a summary of all legislation relating to the PRS, grouped by penalty/sanction and responsibility for who leads (i.e. local authority, police etc);
 - contact details for all 32 local authority Police Scotland liaison officers;
 - submitting cases to the First Tier Tribunal;
 - educating landlords on their rights and responsibilities;
 - guidance and templates in relation to Information Sharing Protocols between Police Scotland and local authorities;
 - dealing with serious and organised crime;
 - effective witness statement taking; and
 - good practice COPFS templates.

{redacted}

REGULATION OF ENERGY EFFICIENCY

Background:

Energy efficiency proposals

- We set up the REEPS (Regulation of Energy Efficiency in Private Sector housing) stakeholder working group in April 2013 to develop proposals for regulations. The Scottish Association of Landlords (SAL) were on the group, along with Scottish Land & Estate, and fuel poverty, consumer and environmental and local authority interests.
- Modeling suggested that the consultation proposal for an EPC band E at change in tenancy from 1 April 2019 (and in all PRS properties by 31 March 2022) would affect around 30,000 properties at an average cost of £1,100, and of EPC band D from 1 April 2022 (and in all PRS properties by 31 March 2025) a further 65,000 properties at an average cost of £2,100. Some properties would cost significantly more (particularly in rural areas) and others, significantly less.
- The Scottish Association of Landlords (SAL) submitted a response to the consultation. Their main views were:
 - landlords should be supported and encouraged to improve the energy efficiency of their properties, with a focus on simple grant aid schemes targeted at the worst performing properties;
 - the standard should only ever apply at a change in tenancy, with no backstop date;
 - a much longer lead in time of at least 5 years is required before the minimum standard requirement comes into force;
 - the standard should not increase above E in the future;
 - local authorities should be required to decide on exemptions within 2 weeks of application and have a formal appeals process.
- We appointed external contractors to carry out an analysis of the 198 responses to the consultation. The analysis report was published this morning (14 November) and can be found on the Scottish Government website. [this was supported by social media coverage].

Wider energy efficiency and fuel poverty action

- The social sector is already working towards EESSH, the Energy Efficiency Standard for Social Housing, which is set to deliver significant fuel-bill savings for tenants and reductions in carbon emissions. The first milestone for EESSH sets a target for landlords to meet by the end of 2020, which is expected to provide benefits to social tenants of an average of around £210 per year per household in reduced fuel bills and reduce carbon output from the sector by 760kT every year. The EESSH review group is currently looking at the future milestones to lead improvements in energy efficiency and carbon output in the social sector up to 2050.
- We are already investing heavily to improve the energy efficiency of all our existing housing stock. By the end of 2021 we will have allocated over £1 billion

since 2009 on tackling fuel poverty and improving energy efficiency - we are delivering the 2016 PfG commitment to make half a billion pounds available over the next four years. This funding will be used to build on the 1 million measures delivered through a range of [UK and Scottish] programmes to over 1 million households since 2008.

- We now have proportionately 29% more homes with the top three EPC ratings (A-C) than England. However, three out of five of all Scottish homes have an EPC band D rating or below, and this is why we need to consider the role of regulation, as we develop the wider SEEP vision.

{Redacted}

Potential Q&A:

Q.	So what are the standards you are going to impose on the Private Rented Sector?
A	We recently consulted on proposals for new energy efficiency and condition issues in the private rented sector and we have just published our response. We will confirm minimum energy efficiency standards in the private rented sector as part of the SEEP route Mā next year.

Q.	What support will be available to landlords to help to achieve these ever increasing standards?
A	<p>We are already investing heavily to improve the energy efficiency of all our existing housing stock. By the end of 2021 we will have allocated over £1 billion since 2009 on tackling fuel poverty and improving energy efficiency - we are delivering the 2016 PfG commitment to make half a billion pounds available over the next four years.</p> <p>Through our Home Energy Efficiency Programme for Scotland many households in the PRS sector have been able to access funding to help improve the warmth of their homes. Landlords can also access Home Energy Efficiency Programme (HEEPS) loan finance to help spread the costs of improving energy efficiency of their stock. As we develop SEEP, we will look</p>

	carefully at how we should tailor support for different owners to suit their needs.
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Q.	So why are you picking on private landlords? What about owners?
A	<p>We need to improve standards because tenants living in the private rented sector are more likely to live in the least energy efficient housing. Currently 14% of Scotland's housing is in the Private Rented Sector.</p> <p>/Is committed to in the Programme for Government, we will seek the views of owner-occupiers on improving the energy efficiency of their homes, including the role of standards and the use of financial and fiscal incentives.</p>

Contact: [REDACTED]
Ext: [REDACTED]

RIGHT TO RENT

Background:

- The Immigration Act 2014 contained provisions to make it compulsory for private landlords to check the immigration status of all new adult tenants, sub-tenants and lodgers in order to assess whether they have the "Right to Rent" in the UK.
- The Immigration Act 2016 received Royal Assent in May 2016 and includes new measures which will enforce the Right to Rent:
 - landlords will be liable for a fine or for imprisonment for up to 5 years, if they let out a property to a migrant without a "right to rent"; and
 - two new measures to make it easier to evict existing tenants who do not have the "right to rent" - a new possession ground; and a legal notice from the Home Office which would bring tenancies to an end.
- From 1 February 2016, the 'right to rent' policy was extended across England and the UK Government's intention is for the policy to be extended to the devolved nations, although no time scales have been provided for this, despite repeated requests for further detail by Scottish Government Ministers and officials.
- The Scottish Government considers that the measures in the 2014 and 2016 Acts will further marginalise vulnerable families, create additional pressure on front line homelessness services and consequently additional pressure on the finances of local authorities in Scotland.
- Scottish Government officials met with the Joint Council for the Welfare of Immigrants (JCWI) in July 2017, after the JCWI published an evaluation of the impact of Right to Rent in England, which claimed it was resulting in discriminatory behaviour by landlords. JCWI advised that they have issued a pre-action letter to the Home Office, calling for the legislation to be judicially reviewed and for any further roll-out to be halted, pending that review.
- Following on from this, you issued a further letter to the Secretary of State for Immigration, repeating our concerns and calling for clarity on the legislative timescales for rolling out Right to Rent in Scotland. To date, this letter remains unanswered.

Potential Q&A:

Q.	Right to Rent places an unfair burden on landlords - what are you going to do to stop this coming into force in Scotland?
A	Immigration is a reserved matter and the Scottish Government has no powers to influence when Right to Rent is rolled out in Scotland. We have repeatedly made our concerns clear to the UK Government, highlighting that the legislation directly impacts on matters that are fully devolved to the Scottish Parliament, whilst also potentially marginalising vulnerable families, creating additional pressures on front line homelessness services and consequently additional pressure on the finances of local authorities in Scotland.

Cont {redacted}

Ext:-----

SOCIAL SECURITY

Background:

New social security powers

- The successful transition of the new social security powers in Scotland (including 11 benefits) is possibly the largest, most complex programme of change in the history of devolution.
- Our Social Security (Scotland) Bill will establish the first social security system in the UK based on the statutory principle that social security is a human right.
- The new social security system will be directly delivered through a local presence providing face-to-face advice and support across Scotland, supported by central administrative functions in Dundee and Glasgow.

Universal Credit choices

- The Scottish Government believes that there are fundamental flaws in the current Universal Credit system and especially in relation to the impact Universal Credit has on landlords' revenue streams.
- From 4 October the Scottish Government is giving people in Scotland more choice in how they manage their household budget, by making Universal Credit payments more flexible and adaptable.
- The new Universal Credit choices will help tenants manage their money in the way that best suits them, by giving them the choice to be paid either monthly or twice monthly and to have housing costs in their Universal Credit award paid direct to their landlord.
- We are also committed to using our new powers to abolish the bedroom tax as soon as practicable. Regulations will be laid using the Universal Credit choices and we plan to bring forward an amendment at stage 2 of the Social Security Bill to provide full legislative cover. The Universal Credit choices that will be delivered within the limited powers the Scottish Government have will help in working towards our ambition of a housing system that works for everyone.

{Redacted}

Contact {REdacted}

TENANCY DEPOSITS

Background:

- All deposits must be protected within 30 working days of the tenancy start.
- Tenants' deposits are safeguarded by an independent third party. Tenants and landlords can access a free and independent dispute resolution service, as an alternative to taking legal action, to return deposits quickly and fairly.
- Local authorities are notified of landlords who submit deposits to an approved scheme. Enforcement action can be considered where unregistered landlords or properties are identified. Evidence of poor tenancy deposit practice can also be taken into account as part of the fit and proper person test.

{Redacted}

Potential Q&A:

Q.	What is happening to deposits that are sitting unclaimed?
A	The schemes will protect all deposits until they are repaid and they will continue to do all they can to return deposits to their rightful owners. I believe the time is right for a full review of the schemes and amongst many other things, it will consider options for how to best deal with deposits that remain unclaimed for some time.

Q.	What can a tenant do if their deposit is not being protected?
A	Tenants have a right to expect that landlords and their letting agents will comply with the law and protect their deposits with one of the three schemes. Where this does not happen, tenants should not be afraid to use the full force of the law to ask Sheriffs, and soon the new Tribunal, to impose sanctions on those that continue to flout the law.

Contact {redacted}

THE COLLABORATIVE ECONOMY

Background:

- The Cabinet Secretary for the Economy, Jobs and Fair Work established an independent **Scottish Expert Advisory Panel on the Collaborative Economy** to make recommendations to Scottish Ministers on how Scotland can position itself to take advantage of the opportunities of the collaborative economy and overcome any regulatory, economic and social challenges.
- The Panel, chaired by {Redacted} of the Young Foundation, met for the first time on 4 May 2017 and will report back by the end of the year. Building on evidence gathered during the call for evidence which was open between 24 April – 29 May 2017, the panel is holding a number of thematic evidence sessions from June – October 2017.
- The first Panel evidence session focused on short term rentals and peer to peer accommodation and took place on 21 June 2017 with nine key stakeholders presenting evidence to the panel. These included Airbnb, Association of Scotland's Self-Caters, British Hospitality Association, Edinburgh Council, Highland Council, Indigo House, Scottish Enterprise, Scottish Tourism Alliance & UK Short-Term Accommodation Association.

AirBnB

Background

- There is ongoing concern amongst some members of the public around what is perceived to be a growth in short-term lets, via platforms, such as Airbnb. As well as concerns re impact on housing supply drying up, stories of noise and nuisance are featuring in media – and being picked up by Andy Wightman MSP.
- Earlier in the year City of Edinburgh Council (who also gave evidence to the Expert panel) approached SG to gain additional powers to deal with short-term lets. This was rejected with SG stance being that councils already had sufficient powers – see separate section below).
- 24 August, City of Edinburgh agreed to a motion around the Edinburgh Festivals to examine the city can continue to offer a positive experience for visitors and residents. However, a Green amendment was also agreed, which states
“In particular the report should cover the impact of short term lets, the possibility of expanding public transport during festival periods and recycling and waste services”

Statutory Powers

Short term lets are exempt from landlord registration under the Antisocial Behaviour, etc, (Scotland) Act 2004. Part 7 of that Act enables local authorities to deal with anti-social behaviour in properties used for holiday purposes.

The Antisocial Behaviour Notices (Houses Used for Holiday Purposes) (Scotland) Order 2011, enables local authorities to serve a notice on a landlord of a property

where there has been antisocial behaviour by a person using a property for holiday purposes, or visitors while it is being used.

Local authorities can require owners to seek planning permission when there is a material change of use from residential property to short term commercial visitor accommodation.

{redacted}

ANNEX D

Meet and Greet Biographies

Stephen Peasnall, Chairman, Scottish Association of Landlords

Born and brought up in the north of England, Stephen left to work in South Africa. On his return, he relocated to the south of England where he opened his first retail outlet. With his business growing rapidly, he quickly opened more outlets in quick succession, producing the funds for the start of a parallel career as property investor. By the early 1980s, property had become the dominant factor.

Looking for new markets and a better quality of life for his family, Stephen relocated first in Perthshire, then St Andrews and finally the Highlands – where he has concentrated his property portfolio around the inner Moray Firth.

John Blackwood, Director, Scottish Association of Landlords

John has worked in the private rented sector for over 20 years and is widely recognised as one of the foremost experts on all aspects of the Scottish private rented sector (PRS). He represents SAL on Scottish Government committees, working to inform and influence housing policy.

John is chief executive of SAL, managing director of Gladstones and chairman of Landlord Accreditation Scotland (LAS). John also holds a judicial appointment as a member of the First Tier Tribunal for Scotland (Housing and Property Chamber) and is a Chartered Institute of Housing chartered member.

Dr Sally Magnusson, Broadcaster, Journalist and Writer (Guest Chair)

Sally is a Scottish broadcaster and writer, currently working as the presenter of Reporting Scotland for BBC Scotland. Born in Glasgow, she studied English at Edinburgh University and began her journalistic career on The Scotsman, before joining the BBC's new and current affairs department in London, where she presented breakfast news for many years.

Based in Glasgow, she is the author of several books and juggles her life as a broadcaster with being a mother of five.

Sally who founded Playlist of Life in 2013, after being impressed by the effect of personally meaningful music on her late mother's dementia and then researching the evidence for her, received an honorary degree from the Open University on 29 October 2016.

Event Address

Dynamic Earth
112 Holyrood Road
Edinburgh
EH8 8AS

Tel: 0131 550 7800

Dynamic Earth is located at the bottom of Holyrood Road, neighbouring the Scottish Parliament and the Palace of Holyrood House.

