



Response to the consultation on energy efficiency and condition standards in private rented housing: Scotland's Energy Efficiency Programme consultation:

Response from Crisis

June 2017

Crisis welcomes the opportunity to respond to this consultation and the intention to improve energy efficiency and conditions in the private rented sector. However we are concerned that, if not implemented carefully, these measures could make the private rented sector even less affordable for tenants at the bottom end of the market, and could ultimately result in an increase in homelessness. This is the focus of our comments in relation to this consultation, and we set them out in more detail below.

Affordability in the private rented sector

The amount of money private tenants can get to help with their rent through the benefit system, known as Local Housing Allowance (LHA), is becoming increasingly limited. As of November 2015, just over 77,000 households in Scotland were in receipt of LHA¹.

From 2011, tenants were meant to get enough support through housing benefits to access the bottom 30% of the rental market. Subsequent freezes to benefits have reduced the proportion of the market that these tenants can access even further, and analysis by the Chartered Institute of Housing² demonstrates that in parts of Scotland fewer than one in five private lets are affordable on LHA rates. Where rents continue to rise, this proportion will get even smaller.

In addition, other reforms are making it increasingly hard for tenants on LHA to find suitable accommodation. Most notably, the benefit cap is having a significant impact on the ability of larger families to afford accommodation, while people under 35 are restricted to shared properties, which tend not to be widely available in many parts of Scotland.

¹ Scottish Government (2016) <http://www.gov.scot/Resource/0050/00502470.pdf>

² Chartered Institute of Housing (2017) Mind the Gap
<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Mind%20the%20gap.pdf>

As a result, we are hearing that local authorities in Scotland are already seeing an increase in people becoming homeless from the private rented sector as welfare reforms mean that they can no longer afford to pay their rent.

Reforms in the private rented sector

While an increase in energy efficiency and condition standards in the private sector will ultimately have great benefit to tenants, and particularly those at the bottom end of the market, we are concerned that the costs of meeting these standards will be passed on from landlords to tenants through increasing rents. Alternatively some landlords may choose to leave the market altogether, especially in light of the range of other changes being brought in at present through the tax system, the introduction of the new private tenancy regime from 2018, and the possibility of future limits on rent increase in high pressure rental markets. Crisis is already aware of some anecdotal evidence to this effect.

If landlords raise rents in response then the rental market will be even more unaffordable to those at the lowest end of the market. This could result in increasing numbers of homelessness applications to councils, and fewer routes out of temporary accommodation into permanent accommodation for those who are homeless.

Solutions

In order to minimise the impact on homelessness while improving the standards for tenants, the Scottish Government should monitor the implementation of the policy carefully, particularly the impact on rents at the lower end of the market.

Crisis recommends that the Scottish Government expands the support available to improve standards in their properties through schemes such as the Home Energy Efficiency Programme Scotland. Eligibility for grants should be expanded particularly to tenants on low incomes (such as those receiving Local Housing Allowance) or at other risk of homelessness. Consideration should also be given to extending grants to landlords.

The Scottish Government should consider placing conditions on the grant by limiting rent increases or the ability to sell the property for a specified period, so that landlords cannot immediately cash in on the value of the improvements to their property to the detriment of the tenant.

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