



## UNISON Scotland response: A New Deal for Tenants April 2022

### Introduction

UNISON is Scotland's largest trade union representing over 150,000 members delivering services across Scotland. UNISON members deliver a wide range of services in the public, community and private sector – including in the provision of social housing through councils and Registered Social Landlords. Our members deliver a range of services including managing homes, housing advice, maintenance work and administrative support. They provide housing related social care and support to people facing problems arising from inequality, poverty, unemployment, insecure and low paid work, homelessness and other social issues, including many in the private rented sector.

High private rents and house prices are pricing public service workers out of housing. Our younger members especially experience high rents, insecurity and poor-quality accommodation in the private rented sector (PRS). They tell us that they are struggling with their rent, are unable to get a mortgage and have given up on getting social housing.

We are supportive of the key actions set out in the draft Strategy and are responding to selected key questions within the consultation.

### Context

Market-driven housing policies have played a major role in rising wealth and income inequalities in Scotland over the past forty years. To reduce child poverty, sex and racial inequality, and enable disabled people to live dignified lives, we need an approach to housing which is people-centred rather than market-driven. UNISON set out this approach in its Scottish Housing Manifesto, *Social Housing at the Heart of the Recovery*, published last year.<sup>1</sup>

While we welcome the human rights approach underpinning the draft Strategy we believe that to implement this and achieve its aims requires intervention to tackle the broken housing market. We support the aim of strong and robust regulation of the PRS but we believe a significant increase in the supply of homes for **social rent** must accompany this. The massive unmet demand for social housing is clear: there are 315,625 council homes across Scotland (2019) and currently 130,000 households including 60,000 children on local authority waiting lists. Statutory homelessness dominates new social housing lets and has a knock-on effect on those waiting for social housing. Compounding this is the dire shortage of particular types of accommodation most especially for disabled children and adults, which social housing providers could meet if sufficient funding was available.

<sup>1</sup> [Social Housing at the Heart of Recovery - Our Housing Manifesto - UNISON Scotland \(unison-scotland.org\)](https://unison-scotland.org)

Ending housing need requires council housing and RSL homes **for social rent** to be *the* priority for housing supply.<sup>2</sup> Housing associations and local authorities including West Lothian, Fife, North Ayrshire and Edinburgh have a vision for RSL and council housing in their areas but could do much more for their communities with greater access to public funding and borrowing powers for councils.

The statistical trends outlined in the consultation paper reflect how public policy over recent decades has transformed the demographic of social housing tenants and helped construct an idea of social housing as a ‘safety net’ for those who have no other options. The parallel growth of the private rented sector is neither a ‘natural’ phenomenon or an expression of choice, but the result of public policy decisions promoting housing as a commodity, rather than homes for people to live in.

UNISON believes that the aims of the draft Strategy will best be met by rapidly increasing the supply of well-designed, good quality energy efficient social rented housing and reversing the expansion of rented housing for profit. Quality homes for social rent are one of the most effective and proven anti-poverty measures.<sup>34</sup> We believe the current cost of living crisis and the collapse of living standards for people in low to medium level waged work underlines the importance of affordable homes at a social rent.

In the principles underpinning its housing strategy to 2040, the government draws a distinction between commercial investment in the private rented sector for capital appreciation (‘negative’), and commercial investment for rental income (‘positive’). However, the evidence shows that commercial investment in housing based on rental income return is not socially benign but has fueled inequalities and distorted local housing markets, contributing to labour shortages in some rural areas and shortages of permanent housing in others. UNISON has previously expressed criticism of the Building Scotland Fund which in its first two years gave £100m to private developers some of whom delivered not a single affordable home.<sup>5</sup>

## HOUSING SECURITY

We believe that the grounds regarding evictions should be reviewed, with all grounds made discretionary. Regarding evictions, there should be a shift of the burden of proof on landlords, the introduction of meaningful penalties for breaches of the law regarding evictions and the continuation of pre-action requirements. We believe that the government should not allow evictions to be carried out during winter months. We are supportive of joint tenants having the same rights as other private tenants regarding how they terminate their tenancies.

## AFFORDABLE HOMES & RENT REGULATION (Questions 40-54)

Households on low to moderate incomes are precisely those most affected by the cost of living crisis: the difference between a MMR level and a social rent is critical to their standard of living. At a time when these are collapsing, access to homes at a social rent for those on low to moderate incomes is both a vital anti-poverty measure and beneficial for local economies. We believe the balance of emphasis within the housing supply programme on the new build private rented and ‘intermediate’ sector (Build-to-Rent

<sup>2</sup> [A decent place to live: Homes fit for Key Workers - apse](#)

<sup>3</sup> <https://www.jrf.org.uk/break-grip-of-poverty-to-truly-level-up-our-uneven-nation>

<sup>4</sup> <https://povertyinequality.scot/publication/advice-on-the-scottish-governments-child-poverty-delivery-plan-2022-2026/>

<sup>5</sup> <https://unison-scotland.org/response-housing-to-2040-february-2020/>

and MMR) is misplaced and at odds with affordability. These should not be the priority for public funding. (Q53 & Q54).

Housing supply should focus on homes for social rent.<sup>6</sup> The priority must be on maintaining and increasing the supply of council housing and RSL homes for social rent both through new build and a range of other measures. These need to be adequately resourced by the Scottish Government through the Affordable Housing Supply Programme and the Local Government Finance Settlement and include:

- Providing an adequate level of dedicated staffing and resources so councils can bring the thousands of empty homes in Scotland back into use;
- Raising the level of government subsidy for new build council housing to match the subsidy for RSL housing;
- Cutting the waiting lists for housing adaptations for disabled people by resourcing this properly and funding councils so they are enabled to buy back specially designed and adapted disabled housing.
- Increasing the level of resources available to councils through the Affordable Housing Supply Programme to buy back social housing previously in their ownership when returned to the market.
- Legislate to allow councils to purchase land at its existing use value for new social house building.
- Introduce a new system of land value capture so that a significant proportion of the uplift in land value from major public infrastructure works is made available to councils to invest in the supply of social housing.
- Enable the conversion of vacant retail premises in town centres into homes and zero rate the refurbishment and conversion of existing buildings into housing use.

### **Defining affordability (Q40)**

We support a definition of affordability based on tenants' residual incomes rather than pegged to market rents.

### **Rent controls**

The Rent Pressure Zones introduced by the Private Housing Act 2016 were intended to help regulate rents in the PRS. In practice these have failed, proving too impractical to use. We do not think these can be reformed.

We want these to be replaced by a points-based system of rent controls that links rent levels to both local incomes and housing quality. The measure of housing quality should link to the new housing standard embracing energy efficiency and heating costs, and to the council tax level and access to amenities and public services. Linking rent levels to housing quality has the advantage of tackling the significant problem of low-quality accommodation in the PRS (see section on Raising the Quality).

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<sup>6</sup> The government's housing supply programme commits to achieving 110,000 homes by 2032, at least 70% of which will be in the social rented sector but not necessarily for social rent.

The estimated cost of installing energy efficiency measures and decarbonised heating systems in existing homes across the rented sector is considerable. How this will be achieved without transferring the cost onto tenants through higher rents is a major unresolved concern.<sup>7</sup> The assumption within the Strategy to 2040 of an increasing reliance on private finance conflicts with the aims of rent affordability. In our view there is a contradiction between the aspiration to meet housing needs, especially of individuals and families experiencing poverty and use of private finance, which requires future rental income streams to be maximised. The higher rent levels paid by MMR tenants – by definition on low to moderate incomes – is an example of this.

We are aware of the continued expectation that RSLs and councils will first seek private or charitable investment for new build developments before applying for public funding sources. Reliance on private finance seeking returns on investment, and the growth of MMRs – although filling a need – in our view conflicts with the aims of rent regulation. As already stated, rent regulation has to be accompanied by increasing the supply of housing for social rent. The Affordable Housing Supply Programme was cut by £147 million or 17% in 2021/22, with a further cut of £5.2 million in 2022/23. Government funding has reduced just as building costs have rocketed. Combined with the current supply chain problems there is a real danger that the funding allocated by government will not be sufficient to meet its 2032 target. The government must address this in its 2023/24 and subsequent budgets.

### **Data collection**

We welcome the data collection proposed. We think this will help provide the information needed to inform the development of a system of rent controls. However we think a range of other data indicative of the wider cost of living is also needed to provide the broader context of financial pressures on tenants. The Landlord Registration Scheme should be adapted so landlords are required to provide data when they register or renew their registration. Landlords must face penalties for failure to provide accurate rental data as soon as changes are made.

We agree that rental and property information should be publicly available for tenants and others to view. For a housing market to operate effectively and for tenants to feel empowered to challenge rent levels, that information should be freely available.

### **RAISING THE QUALITY OF PRS HOMES**

Linking rent levels to housing quality and the required energy efficiency standards will incentivise PRS landlords to invest in upgrading their properties. Improving energy efficiency and cost-effective heating in the PRS is a major challenge but vital for anti-poverty and meeting climate targets. The system of rent regulation provides an important point of leverage which can be used alongside effective penalties for non-compliance. Given the huge rises in energy bills, we are disappointed in the delayed introduction of higher energy efficiency standards for the PRS: one in 5 PRS homes in Scotland (20%) are in the worst EPC ratings (E, F or G).<sup>8</sup>

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<sup>7</sup> [https://www.sfha.co.uk/news/news-category/sfha-news/news-article/retrofitting-properties-for-netzero-what-do-social-landlords-need](https://www.sfha.co.uk/news/news-category/sfha-news/news-article/retrofitting-properties-for-net-zero-what-do-social-landlords-need)

<sup>8</sup> <https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/pages/5/>

## **Enforcement of housing standards**

Improving the standard of private rented housing requires more than legislation. Strong *proactive enforcement* is critical if regulation is to be effective. Including the whole of the PRS within a new Housing Standard will significantly increase the workload for existing staff.

If the legislation is to make a difference for tenants, then there must be investment to increase the capacity of the local authority workforce responsible for enforcement. Without this it will not be possible to hold private landlords to account and enforce tenants' rights in a meaningful way. Additional investment is needed in environmental health, trading standards and other roles that are needed to provide effective regulation and enforcement in the private rented sector. There are currently too few staff engaged in PRS inspection and enforcement activity within local authorities for this to be carried out effectively.

UNISON housing members in local authorities have described the difficulty of trying to maintain standards of service in the face of declining resources and staffing not just in enforcement but factoring and maintenance, lettings, rent teams, and housing officers of all kinds.<sup>9</sup> Housing departments and homelessness services must be resourced in line with need. That requires an uplift in the Local Government Finance Settlement.

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<sup>9</sup> <https://unison-scotland.org/open-the-door-the-homes-we-need/>