



Glasgow City Council

**Economy, Housing, Transport and Regeneration
City Policy Committee**

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Regeneration and Sustainability**

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Item 2

18th April 2023

**Cost of Living (Tenant Protection) (Scotland) Act 2022 and Implications for
Glasgow's Rented Sector**

Purpose of Report:

To provide members with an overview of the Cost of Living (Tenant Protection) (Scotland) Act 2022 and implications for Glasgow's rented sector.

Recommendations:

The Committee is asked to consider and note:

- a) Key provisions of the Cost of Living (Tenant Protection) (Scotland) Act 2022.
- b) Amendments to the regulations introduced affecting social housing providers and student rental accommodation.
- c) Scottish Government's plans to revise and extend protections up to March 2024 as set out in the 'Proposed extension of the Cost of Living (Tenant Protection) (Scotland) Act 2022 Statement of Reasons' (27/01/2023).
- d) Analysis of key features and trends for Glasgow's rented sector.
- e) The establishment of a working group, which includes higher education institutions and Glasgow City Council Services, to investigate and develop options that will increase the supply of student accommodation in Glasgow.
- f) How priorities and actions to address rented sector housing are being taken forward in Glasgow's draft Local Housing Strategy 2023 to 2028.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1. Cost of Living (Tenant Protection) (Scotland) Act

- 1.1. The Cost of Living (Tenant Protection) (Scotland) Act came into force on 28th October 2022. It developed as a response to the emergency situation caused by the impact of the cost of living crisis on people who rent their home in Scotland.
- 1.2. The legislation included measures to protect existing tenants by stabilising their housing costs with a temporary cap on rent increases. It also included measures to prevent tenants being evicted from the rented sector by implementing a temporary moratorium on evictions (a pause on enforcement of an eviction order or decree, similar to what was in place in response to the Covid-19 pandemic) except in a limited number of circumstances.
- 1.3. The measures were put in place until 31 March 2023 and the act includes a duty for the Scottish Ministers to review the measures regularly to check that there is still a need for them. It also includes a power to extend these measures for two further six-month periods if it is necessary and proportionate to do so.

2. Regulation Amendments

- 2.1. The Cost of Living (Tenant Protection) (Scotland) Act (Early Expiry and Suspension of Provisions) Regulations 2023 were laid in Parliament on 19 January 2023 to expire the rent cap provisions relating to the social sector (on 26 February 2023) and suspend the rent cap provisions relating to the student residential sector (on 30 March 2023).
- 2.2. In the regulations, the Scottish Government set out the reasons for these amendments. The social sector rent cap expiry follows the development of an agreed approach on rent setting for 2023-24, taken forward on a voluntary basis, with social housing landlords. Under the [agreement on social rents for 2023-24](#), COSLA has committed to keeping local authority rent increases to an average of no more than £5 a week. The rent cap for social housing will be expired and Registered Social Landlords (RSL) have agreed to ensure rents remain affordable and below inflation for 2023/24. Members of the Scottish Federation of Housing Associations and Glasgow West of Scotland Forum of Housing Associations have reported planned increases averaging 6.1%.
- 2.3. The suspension of the rent cap in relation to student residential tenancies is due to the evidence of minimal impact that the rent cap is having in this sector. Tenancies are regulated by the terms of the contract between the accommodation provider and the student, and by common law. These contracts typically cover the whole academic year and there is only a very slight possibility of a contract that permits in-tenancy rent increases arising. As such, the rent cap measures are having minimal impact on the student residential sector.

3. Extending Tenant Protections into 2023/24

- 3.1. Scottish Government published a [report](#) covering the period from 28 October to 31 December 2022, which reviewed the provisions of Part 1 of the Act and to consider whether those provisions remain necessary and proportionate in

connection with the cost of living. The report determined that the extension of provisions is required.

- 3.2. The review found that 63% of social rented households and 40% of private rented households in Scotland were estimated to be financially vulnerable (defined as households with savings which would cover less than one month of income at the poverty line). This compares to 24% of households buying with a mortgage and 9% of households owning outright.
- 3.3. Additional factors were noted in the review including the Scottish Fiscal Commission Forecast (Dec 2022) projections that high inflation over 2022/23 and 2023/24 may result in the largest fall in the real value of disposable income per person since records began in 1998 and will take time to recover, only reaching its 2021-22 level in 2027-28.
- 3.4. In addition, Local Housing Allowance (LHA) 2023/24 rates are to remain frozen at 2020 levels. For sitting tenants whose rents are close to or above the relevant LHA rate, this would mean that an increase in their rent would result in little or no increase in their benefit payment.
- 3.5. The review concluded that the economic data demonstrates that the cost crisis continues to have a significant and detrimental impact on household finances, with fuel poverty increasing, continued high levels of inflation, and other costs. Rented households are more likely to have lower household incomes, higher levels of poverty, and to be financially vulnerable. Therefore, the Scottish Government considers that it is necessary and proportionate for the measures, which cap rents in the private rented sector, to be extended in order to ensure that tenants continue to be protected against the impact of the wider economic conditions through the stabilisation of their housing costs at a time when the cost of living crisis continues to place exceptional financial pressure on households.
- 3.6. Changes to the Cost of Living (Tenant Protection) Act will mean that from 1 April 2023, if landlords choose to increase private rents they will be capped at 3%. The amended safeguard would allow a landlord to apply to increase the rent to recover up to the lower of either 50% of the increase in the prescribed

operty costs, or 6% of the existing rent. Prescribed property costs have been defined as follows:

- The interest payable in respect of any mortgage or standard security over the rental property.
 - Any insurance premium payable by a landlord relating to insurance connected to offering the property for rent, for example 'landlords insurance' (excluding building and property insurance).
 - Any 'service charge(s)' related to the rental property that are recoverable from the tenant as part of the tenancy agreement between tenant and landlord.
- 3.7. Only one rent increase is possible in any 12-month period so that if the landlord increases rent using the increased cap of 3% they cannot also apply to increase rent using the safeguard.
- 3.8. The rent cap only relates to residential tenancies in place and does not apply to new tenancies.
- 3.9. Enforcement of evictions will continue to be prevented for all tenants except in a number of specified circumstances. Such circumstances include:
- Where a tenant is to be evicted for antisocial and criminal behaviour and the negative impact on the community delaying enforcement of an order would have.
 - Where landlords themselves are in financial hardship and need to sell or live in the let property.
 - In cases where there are substantial rent arrears given the negative impact of accruing further significant debt on both tenant and the landlord.
- 3.10. These temporary measures are intended to be extended to 30 September, provided they remain necessary, with the option to extend for another six-month period if required.
- 3.11. Further legislation relating to rent controls is expected to be published by the Scottish Government during 2023. The existing Rent Pressure Zone system has been challenging to implement and there are limitations, particularly in relation to gathering the required evidence, for example, discrepancies in rent levels across a geographical area. There are no Rent Pressure Zones in Scotland.

4. Glasgow's Rented Sector

- 4.1. In Glasgow, 55% of homes are rented (either social or private rented) compared to around 39% for Scotland as a whole. As of February 2023, there were 59,505 properties legally entitled to be let by private landlords in Glasgow, approximately 19% of all homes. There are around 108,500 social rented

homes provided in Glasgow by Registered Social Landlords (RSLs), which is approximately 36% of all homes.

- 4.2. The Scottish Housing Regulator (SHR) reports on average rent costs per local authority area broken down by property size and for all rents. In September 2022, the SHR published a report '[Rent increases by Scottish social landlords a Thematic Review](#)'. The report provided a table of percentage rent increases for all RSLs in Scotland. Using this data to filter for RSLs with housing stock in Glasgow showed an average annual rent increase of 3.43% for 2022/23. Table 1 shows the estimated average annual Rent Change across RSLs with Housing Stock in Glasgow. The average social rent during 2021/22 charged by RSLs that operated in Glasgow was £394 per month.

Table 1 – Average Annual Rent Change Across RSLs with Housing Stock in Glasgow

Year	2018/19	2019/20	2020/21	2021/22	2022/23
Rent change	3.15%	3.07%	2.45%	1.24%	3.43%

- 4.3. In Glasgow and Scotland, there is no single source of data that outlines demand for social housing. During 2022, NRS officers engaged with RSL partners to collate and analyse housing register data to determine the nature and extent of need and demand for social housing in Glasgow. This housing pressure analysis indicated there were over 64,000 applications held on RSL housing registers across the city and an equivalent of 10 applicants waiting on housing registers for every home let during the previous 12 months. As Glasgow does not have a Common Housing Register it is difficult to calculate the number of duplicate applications that were made during this period. However, the data does highlight considerable need for affordable housing in the city and continued investment in new supply.
- 4.4. There is a commitment within Glasgow City Council's Strategic Plan to 'explore establishing a city-wide single housing register' for the city. NRS officers will continue to work in partnership with RSLs to improve access to social housing in Glasgow. Work has recently been undertaken by NRS and RSLs to improve the sharing and analysis of RSL waiting list demand data. This data has informed the development of the draft Local Housing Strategy and, will going forward, inform future investment plans and services.
- 4.5. In October 2022, NRS officers engaged with RSL partners to consider any trends in tenancy management and allocations from April 2022. Various RSLs indicated that the turnover of properties during 2022/23 is projected to be lower than previous years. This has been reflected in the forecast reduction of lets by RSLs to homeless households through the Section 5 process as shown in Table 2. Factors influencing this trend include less tenants moving due to the cost-of-living crisis as well as the successful impact of tenancy sustainment measures.

Table 2 – Lets by Registered Social Landlords to Homeless Households

Years	2018/19	2019/20	2020/21	2021/22	2022/23
Lets	2,322	2,412	3,288	3,311	2,700 Projected

- 4.6. Glasgow City Council receives the largest number of homeless presentations in Scotland, disproportionate to the size of its population. In 2021/22, Glasgow received 6,995 homeless presentations, approximately 20% of all in Scotland despite having 11% of Scotland's total population. As of the beginning of April 2023, there were 5,311 live homeless applications. Homelessness Services regularly shares data that relates to the number homeless households who are receiving support from Glasgow City Health and Social Care Partnership with NRS. Both Homelessness Services and NRS will continue to work closely to ensure the needs homeless households are met going forward including monitoring trends and the impacts of recent changes to legislation (for example, the abolishment of the local connection requirement for homeless households).
- 4.7. Mid-Market Rent (MMR) housing is provided by RSL partners in Glasgow and is suitable for households that have low to moderate incomes which are generally between £20,000 and £40,000 and set by RSL depending on rental levels and local market conditions. Rent levels are set between social and private rented sectors and are at similar levels to the Local Housing Allowance (which is currently £648 per month for a 2-bedroom property). At present, there are 1,535 MMR homes in Glasgow, which are provided by 10 RSLs. Continuing to work with RSLs to develop new homes for MMR is a key part of Glasgow's Affordable Housing Supply Programme and regeneration plans to create mixed tenure communities.
- 4.8. Going forward, NRS officers will work with RSLs to analyse MMR housing in Glasgow including the supply of homes, the role the tenure provides in delivering tenure diversification in communities, rent levels, and trends relating to turnover/letting. This action will be taken forward as part of Glasgow's draft Local Housing Strategy (LHS) 2023-28.
- 4.9. City Lets market information is provided in Table 3 and provides insight into the private rental market in the city between 2011 to 2022. To note, City Lets only has a proportion of the private rented sector market, however, it is understood that this data gives an indication of the trends in the private rented sector market generally and the reduction in listings is not a reflection of this data losing market share. The data in Table 3 relates to the average rents for all property sizes that information is available.

Table 3 – Average Private Rents and Listings in Glasgow 2011 to 2022

Indicator	2011	2016	2021	2022
Average Rents	£587	£702	£855	£1,015
% change	0%	20%	46%	73%
Number of listings	9,570	6,237	5,253	4,551
% change	0%	-35%	-45%	-52%

- 4.10. This data indicates that average listed rents increased 73% from 2011 to 2022 and the average number of listings decreased by around half (52%).
- 4.11. There is no indication through the Private Landlord Registration system that private landlords are choosing to exit the sector in the city since Cost of Living (Tenant Protection) (Scotland) Act in came into force in October 2022. Private

landlords are only required to reregister every three years, and therefore, if landlords and/or properties are exiting the private rented market, this may not be able visible for some time through this system.

- 4.12. The private rented sector has provided people living in Glasgow with flexibility and choice including both short and long term housing options, with the sector contributing positively to the city's economy and labour market as well as the construction sector.
- 4.13. Demand for private rented sector accommodation is increasing in Glasgow. One of the areas that has seen increasing demand is from higher education students seeking accommodation. Figures on student numbers published via the Higher Education Statistics Agency (HESA) indicate that across Glasgow's five higher education institutions the number of enrolled students increased 41% from 2014/15 to 2021/22 (compared to 33% for Scotland).
- 4.14. GCC is in discussion with higher education institutions to investigate how the needs of households studying in the city can be met. A working group, which includes five higher education institutions and NRS officers, has recently been launched to investigate and develop options that will increase the supply of student accommodation in Glasgow. The group will ensure an evidence-based approach and work together to ensure future student accommodation is developed within the City Development Plan and planning guidance including the 20-minute neighbourhood and place making principles.

5. Glasgow's draft Local Housing Strategy 2023 to 2028

- 5.1. Glasgow's draft LHS 2023-28 builds on progress made through our 2017-22 strategy. The draft LHS Vision is that "Everyone in Glasgow will have access to an affordable, suitable, climate friendly home, which promotes good health and wellbeing and connects to communities and the opportunities the city offers".
- 5.2. To achieve the proposed LHS vision and realise the wider ambitions set out in the Glasgow City Council Strategic Plan 2022-27, five LHS priorities are proposed and these include:

LHS Priority 1: Delivering more homes and great places that reduce poverty and inequality and increase opportunity and prosperity for all.

LHS Priority 2: Improving the energy efficiency of Glasgow's homes, reducing fuel poverty and supporting a Just Transition to Net Zero through decarbonising domestic heating and energy.

LHS Priority 3: Improving the condition of Glasgow's homes and preserving Glasgow's tenements and built heritage.

LHS Priority 4: Supporting people to live independently and well at home in the community.

LHS Priority 5: Improving housing options, affordability and sustainability for tenants and owners, to prevent and reduce homelessness.

- 5.3. Under Priority 5, there are three associated missions, which set out to reduce homelessness, support vulnerable tenants and families in the private rented sector to prevent homelessness wherever possible, and work with tenants to determine priorities and actions for improving affordability, standards and security within the rented sector.
- 5.4. During August 2022, Glasgow's Tenant-Led Housing Commission (Private Rented Sector) set out 16 recommendations covering a wide range of issues that require consideration from a strategic, policy and financial perspective at a local and national level. The report and recommendations have informed the development of Glasgow's draft LHS 2023-28.
- 5.5. Increasing the supply of affordable housing options is a core aim for the draft LHS 2023 to 2028. Glasgow has resource planning assumptions for grant funding of £313million to deliver affordable housing over the first three years of the strategy between 2023 and 2026. Glasgow City Council's [Strategic Housing Investment Plan \(2023-28\)](#) identifies potential resources of up to £535million with capacity to deliver over 6,500 new affordable homes over this period. Key investment priorities include:
- Contributing towards housing supply targets.
 - Increasing the supply of larger (4+ bedrooms) affordable homes.
 - Deliver readily adaptable accessible housing options and support people to live independently in their homes.
 - Targeting strategic acquisitions to increase affordable housing options and address issues within private sector housing and tenements.
 - Prioritising low and zero carbon homes with low-cost heating systems ahead of the Scottish Government target for zero carbon emissions heating systems in new homes from 2024.
- 5.6. Going forward, NRS officers will continue to work with a range of partners to reduce housing pressures in the city. Examples include:
- Working with RSLs to deliver new affordable homes via Glasgow's Affordable Housing Supply Programme albeit development constraints, inflation and shortages are making delivery challenging at present.
 - Continuing to provide support to vulnerable households and families living in Glasgow's private rented sector during 2023/24. Glasgow's Private Rented Sector Housing and Welfare Hub, which is located within NRS, provides a range of housing advice, financial inclusion, property and support services to households and landlords. Since 2017, the Hub have supported over 1,300 households and families including around 2,000 children. The current homeless prevention rate is 85% and a total of 398 properties have been inspected (243 properties were identified as having safety critical issues). This service brings benefits in avoiding costs of providing temporary accommodation, which are estimated to be over £14

million since 2017 and reducing the potential impacts of homelessness on families and children living in the private rented sector.

- Working together with institutions to explore how to meet the housing needs of students which support and enhance local communities.
- Engaging with providers of Build To Rent accommodation to understand any implications that rent controls may have in relation to future developments/investment strategies.

5.7. Glasgow's Local Housing Strategy 2023-28 will be submitted to Glasgow's City Administration Committee for approval in May 2023. The finalised LHS will include an action plan, which will set out a framework for corporate monitoring and reporting on the LHS.

6. Policy and Resource Implications

Resource Implications:

Financial: There are no direct financial implications arising from the report.

Legal: There are no direct legal implications arising from the report.

Personnel: There are no direct personnel implications arising from the report.

Procurement: There are no direct procurement implications arising from the report.

Council Strategic Plan: The measures outlined in the report will contribute towards the following the following Grand Challenges (GC) and Missions

Grand Challenge 1 – Reduce poverty and inequality in our communities:

Mission 1 – End child poverty in our city using early intervention to support families.

Mission 3 – Improve the health and wellbeing of our local communities.

Grand Challenge 2 – Increase opportunity and prosperity for all our citizens:

Mission 1 – Support Glasgow residents into sustainable and fair work.

Mission 2 – Support the growth of an innovative, resilient and net zero carbon economy.

Grand Challenge 3 – Fight the climate emergency in a just transition to a net zero Glasgow:

Mission 2 – Become a net zero carbon city by 2030.

Grand Challenge 4 – Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities:

Mission 1 – Create safe, clean and thriving neighbourhoods.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.

The measures outlined in the Cost of Living (Tenant Protection) (Scotland) Act 2022 and the consultation activity undertaken to develop the draft LHS support Equality Outcomes 2,3, 4 and 6. Glasgow's LHS is subject to an Equalities Impact Assessment which will be included with the finalised strategy.

What are the potential equality impacts as a result of this report?

There are no potential equality impacts because of this report. Actions outlined in the consultative draft LHS 2023 to 2028 will have positive equality impacts. An Equalities Impact Assessment will be included with the finalized strategy.

Please highlight if the policy/proposal will help address socio-economic disadvantage.

The measures outlined in the Cost of Living (Tenant Protection) (Scotland) Act 2022 will help address socio-economic disadvantage in response to the cost-of-living crisis and housing pressures in Glasgow.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

The measures outlined in the Cost of Living (Tenant Protection) (Scotland) Act 2022 do not directly support any Climate Plan actions. However, Glasgow's draft LHS directly supports all five themes identified in Glasgow's Climate Plan and specifically the following actions:

Action 8: Continue to work with Scottish Government to maximise funding for Area Based Schemes to invest in improving energy efficiency and tackling fuel poverty in private sector housing.

Action 14: Adopt the Local Heat and Energy Efficiency Strategy (LHEES) which will identify areas suitable for investment in renewable energy generation and heating in the city.

Action 23: Require Glasgow's Gold Hybrid plus 20% low and zero carbon generating technologies (LZCGT) or better, to be achieved for all new build new homes.

Action 29: Ensure that historic buildings are resilient to the impacts of climate change, protecting Glasgow's rich heritage.

Action 37: Identify and utilise Vacant and Derelict Land for greening and rewilding in combination with renewable energy generation measures and reducing flood risk.

Action 39: Encourage and enable retrofit of all existing owner-occupied housing to EPC level C or above, and to reduce flood risk (where appropriate).

Action 42: Require low carbon heating systems in all new buildings within the city boundary.

What are the potential climate impacts as a result of this proposal?

There are no potential climate impacts as a result of the Cost of Living (Tenant Protection) (Scotland) Act 2022. Actions outlined in Glasgow's draft LHS will have a positive impact such as the construction of new homes to higher sustainability, low and zero carbon standards.

Will the proposal contribute to Glasgow's net zero carbon target?

The measures outlined in the Cost of Living (Tenant Protection) (Scotland) Act 2022 will not directly contribute to Glasgow's net zero carbon target. The draft LHS outlines investment and action to retrofit existing homes and develop homes that are constructed to high sustainability standards.

Privacy and Data Protection Impacts:

No privacy or data protection impact identified.

7. Recommendations:

7.1. The Committee is asked to consider and note:

- a) Key provisions of the Cost of Living (Tenant Protection) (Scotland) Act 2022.
- b) Amendments to the regulations introduced affecting social housing providers and student rental accommodation.
- c) Scottish Government's plans to revise and extend protections up to March 2024 as set out in the 'Proposed extension of the Cost of Living (Tenant Protection) (Scotland) Act 2022 Statement of Reasons' (27/01/2023).
- d) Analysis of key features and trends for Glasgow's rented sector.
- e) The establishment of a working group, which includes higher education institutions and Glasgow City Council Services, to investigate and develop options that will increase the supply of student accommodation in Glasgow.
- f) How priorities and actions to address rented sector housing are being taken forward in Glasgow's draft Local Housing Strategy 2023 to 2028.