



31 October 2022

Ariane Burgess MSP
Convener,
Local Government, Housing and Planning Committee
The Scottish Parliament
EH99 1SP

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By email

Dear Convener,

Cost of Living (Tenant Protection) Act 2022 – Review

We write on behalf of our members in the Scottish Property Federation, to raise our concern and interest with you on the matter of the review of the Cost of Living (Tenant Protection) Act 2022 legislation. This legislation requires a review of the necessity and proportionality of the emergency legislation now enacted by the Scottish Parliament.

The review is to be related to wider economic circumstances, but at this stage we feel there is little direction or guidance available on how the review will be conducted or the evidence it will gather. We ask the committee to use its influence with the government to establish certainty on how this legislation will be reviewed and scrutinised.

The impact of the legislation on investment and therefore future supply at this stage is highly significant. The committee will be aware of some significant decisions to pause investment in the affordable housing sector, we are also aware of investments for the build to rent residential sector that have been 'paused'. This reflects investor concern and uncertainty with the direction of future policy that affects residential investment decisions. At this stage, the modern large scale 'build to rent' sector in Scotland remains in its infancy with only just over 13,000 units seen to be within this category. The vast majority of these units remain at the planning or pre-planning stages and we fear that delay and uncertainty could lose some of this important investment. But more broadly, the potential of BTR for sizeable and rapid increases in the number of new homes built, and growing the diversity of modern rented homes has been seen to be significant in other UK locations. This sector is seen as a major opportunity for investment in Scotland if it can be encouraged by the regulatory environment.

More widely, many of our members who work to attract interest from investors for Scottish residential investment are finding that there is a sudden lack of appetite for Scottish rental projects. We feel this is a huge concern for the future delivery of more homes for the rented sector across Scotland. Such investment can easily choose other UK locations and we fear



Scotland could miss significant opportunities for new homes across all tenures, unless we find a sustainable approach that will support tenants, landlords and major investors in the sector. Unless we act to support new investment across all residential tenures in Scotland, we fear there will continue to be upwards pressure on the rental market as the demand for rented accommodation continues to exceed the ability of the sector to supply homes.

Earlier in 2022 the SPF had in its reply to *A New Deal for Tenants* suggested that investors could work with a form of sustainable rent regulation. We made the point as well that data on in-tenancy rental increases needed to be hugely improved and this remains a weakness that was accepted by the government during evidence to your committee. We do continue to believe there remains an opportunity to discuss a way forward on rents that will support investment, and also meet the concerns of the government over the affordability of rents in the private rented residential sector. One persistent refrain from investors is the lack of consultation prior to the Programme for Government announcement, and we feel that it would be helpful to rebuild investor confidence through genuine collaboration with the sector.

We urge the Committee to consider these key issues and to seek a review of the legislation that is holistic, balanced and proportionate. We would be pleased to offer further information on our experience of investment perspectives since the legislation was announced and we may be contacted via myself on the details provided below.

Yours sincerely,

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