



Matthew Pennycook MP
Minister of State for Housing
Ministry of Housing, Communities and Local Government
2 Marsham Street, London, SW1P 4DF

Thursday 28 October 2024

Dear Minister,

Thank you very much again for the opportunity to give evidence to the Renters' Rights Bill Public Bill Committee last week, and for all of your ongoing work on this important legislation.

We write to follow up an exchange we had with you towards the end of our evidence session.¹ Due to the session ending, we were not able to provide an answer to your final question, which was:

“But you do not dispute that rents have risen faster in Scotland than anywhere else in the UK since those rent controls were introduced-”

For your benefit and for that of the Bill Committee, who we are copying to this letter, we will set out here our response to this question.

Rents in Scotland

It is not clear that rents have increased in Scotland by more than the rest of the UK.

The ONS Price Index of Private Rents (PIPR) tracks sector-wide rents in England and Wales – i.e. existing tenancies as well as new tenancies – but predominantly new tenancy rents in Scotland². As a result, these measures are not comparable. This was cited by Rent Better report author Anna Evans during evidence to the Committee.³

Scotland's rent inflation figure has been higher than England's for a few years, but we would expect this because landlords tend not to raise the rent every year, which would be captured in England's figure but not Scotland's. The latest data indicate that Scotland's rent inflation rate on new tenancies is actually lower than England's – though we caution against drawing conclusions from this, either.

Zoopla publishes roughly quarterly data on advertised rents across the same regions as the ONS. As you know, over the past few years, inflation for rents on new tenancies has been much higher than before the pandemic – reaching double figures in most regions in late 2022⁴. Some factors we see as driving this across the UK include⁵:

¹ [https://hansard.parliament.uk/commons/2024-10-22/debates/bfd92a11-efd0-46f7-8291-d53a1ec87ff5/RentersRightsBill\(FirstSitting\)#contribution-F510AFDA-12DB-4A37-9229-075C900EF6F5](https://hansard.parliament.uk/commons/2024-10-22/debates/bfd92a11-efd0-46f7-8291-d53a1ec87ff5/RentersRightsBill(FirstSitting)#contribution-F510AFDA-12DB-4A37-9229-075C900EF6F5)

² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/october2024>

³ [https://hansard.parliament.uk/commons/2024-10-22/debates/489d963d-e042-421c-b587-0108f6857af2/RentersRightsBill\(SecondSitting\)#contribution-8D46B3FF-5611-4EFE-8F98-953DC7B336F4](https://hansard.parliament.uk/commons/2024-10-22/debates/489d963d-e042-421c-b587-0108f6857af2/RentersRightsBill(SecondSitting)#contribution-8D46B3FF-5611-4EFE-8F98-953DC7B336F4)

⁴ [Rents reach least affordable level in 10 years - Zoopla](#)

⁵ [The real reason rents have been rocketing - Generation Rent](#)

- Growth in the overall housing stock failing to keep pace with the growth in the population.
- The pandemic causing rents to fall in many regions in 2020, leading to more volatility in rents when people returned to cities in 2021-22.
- High wage growth feeding into rents.

Since December 2019, advertised rents have increased by more across the UK as a whole (41%) than in Scotland (31%), which is on a par with London (31%). The latter saw rent inflation reach 21%, but only after hitting a low of -5%. The North East housing system is arguably more similar to Scotland's than the rest of the UK – in terms of rent as a proportion of income (lower) and private renters as a share of population (lower). These two regions have had broadly similar inflation on advertised rents since 2022, indicating that there is no clear link with rent regulation, which has been absent in North East England.⁶

Rent Stabilisation as a measure to improve security of tenure

As you know, both Generation Rent and the Renters' Reform Coalition support a cap on in-tenancy rent increases at the lowest of inflation or wage growth.

This is aimed at improving security of tenure for renters – it is not primarily aimed at improving affordability.

Instead, we argue for our position based on the benefits it would have to preventing rent increases that would otherwise force some of the poorest renters from their homes, undermining one of the core purposes of the legislation which is to improve security of tenure for renters.

We have real concerns about the effectiveness of the government's proposed tribunal approach as set out by Tarun Bhakta, Policy Manager at Shelter, during oral evidence. We also set out our own concerns in evidence about the deeply flawed concept of 'market rents' that form the basis of tribunal decisions.

What we believe was missing from the discussion of the Scottish example during the Committee's first sessions were as follows:

- The failings of the tribunal approach when it was in place in Scotland, which saw less than 1% of tenants challenge a rent increase⁷. Of those, two-thirds were successful, suggesting it was likely many more tenants had been subject to an unfair rent increase than challenged their increase at tribunal.
- The number of tenants who have benefitted from the rent cap. The Nationwide Foundation's Rent Better research in Scotland shows that rent stabilisation measures have had positive impacts on security⁸. Scottish legislation limited in-tenancy rent rises

⁶ The Scotland/NE tenure profile comparison is from [English Housing Survey headline report 2022-23](#) and [Scotland Household Survey](#) data

⁷ <https://rentbetter.indigohousegroup.com/wp-content/uploads/sites/3/2022/05/Wave3-FINAL-Main-Report-AE090924-publication.pdf>

⁸ See reference 7 above

to a maximum of 3%. Prior to this legislation being introduced, the research shows that in-tenancy rent rises were on average higher than 3%. Assuming compliance with the cap, a majority of tenants who were subject to an in-tenancy rent increase would therefore have benefitted. Any tenant who would have might otherwise have been unable to afford a higher rent increase was able to stay in their home.

International examples

We understand the government and the Committee's focus on Scotland, particularly given the similarities between the 2017 reforms and those proposed through the Renters' Rights Bill.

We would add a note of caution, however, in extrapolating too much, particularly as it relates to the effects of capping in-tenancy rents. As we set out in our oral evidence, the Scottish Government have changed the policy several times at short notice. The 3% rent cap was in place for less than 2 years, from September 2022 to March 2024, and this came concurrently with a surge in advertised rents that we saw all over the UK, which was influenced by a number of factors as set out above.

We would encourage the government and the Committee to look to other European countries where in-tenancy rent caps often co-exist with large private rented sectors. Germany, for instance, where more than half of the population rent privately, has in-tenancy rent caps. It is obvious from many other jurisdictions that in-tenancy rent caps needn't deter capital investment. For instance, Greystar, one of the world's biggest landlords, recently said that rent controls need not stop big investors from funding new homes: "You do not have to have the windfall of a year of 14 per cent rent increases in order to have a viable investment product.... we operate in a lot of markets around the world where rent control does exist", their CEO Bob Faith said recently⁹.

Thank you again for the opportunity to give evidence, and we look forward to continuing to engage with you on this and other matters as the legislation progresses.

Yours sincerely,



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Renters' Reform Coalition



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⁹ <https://www.ft.com/content/8e6197f8-45f7-402f-a4f2-ccf67fa057ca>