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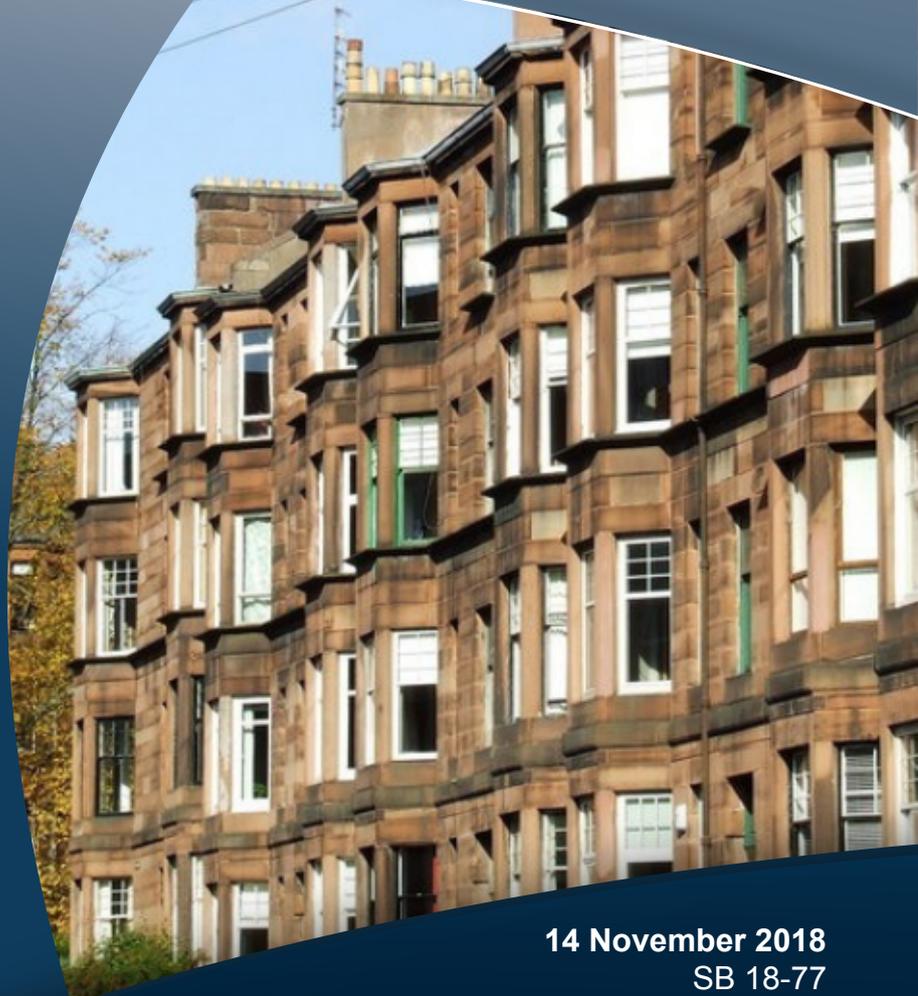
SPICe Briefing

Pàipear-ullachaidh SPICe

# Private Renting Reforms: how to evidence the impact of legislation

**Dr. Mark Livingston, Kate Berry, Professor Kenneth Gibb and Professor Nick Bailey**

This briefing paper considers how to evidence the impact of three pieces of Scottish legislation that directly affect tenants living in private rented housing. It sets out a framework for monitoring the impact of legislation using readily available data, identifies data gaps and considers possible solutions for filling those gaps.



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# Executive Summary

This briefing is the result of a project with the Urban Big Data Centre (UBDC) at the University of Glasgow and the UK Collaborative Centre for Housing Evidence as part of SPICe's academic engagement programme. It complements another briefing, *Private renting reforms in Scotland: overview and analysis* (forthcoming), prepared as a part of the same programme.

This paper considers three pieces of Scottish legislation that directly affect tenants living in the private rented sector (PRS). It sets out a framework for monitoring the impact of legislation using readily available data, identifies data gaps and considers possible solutions for filling those gaps.

## The PRS in Scotland

Since 1999, the PRS in Scotland has expanded rapidly. In 1999, 5% of households lived in private rented housing, but by 2016, this proportion had grown to 15%. Now many younger people, 'generation rent', are expected to spend most, or all, of their adult lives living in the PRS. Also, more families, and an increasing number of poorer families, now live in the PRS.

The PRS is complex. It is composed of a number of different sub-markets aimed at different tenant groups, for example, young professionals, students, and key workers. On the supply side, a range of different types of landlords exist. Furthermore, the PRS is also affected by changes in other tenures as well as wider and economic and social changes. These factors complicate analysis of the sector.

## Legislative change

The Scottish Government has implemented legislative changes affecting the PRS over the 15 years or so. However, relatively little is known about the impact of these measures. The UK Government has also implemented changes to tax and welfare policy that affects private landlords and tenants.

This briefing sets out what data could usefully inform an evaluation of three of the main legislative changes affecting the PRS in Scotland:

1. The implementation of the private landlord registration scheme from 2006.
2. The introduction of the tenancy deposit scheme in 2011.
3. The introduction of the new private residential tenancy arrangements from 2017.

## Data limitations and gaps

There are some good data already available, mainly related to tenants, gathered by large scale surveys such as the Scottish Household Survey and the Census. However, there are some limitations to these data and there are key data gaps. In particular, there is a lack of low level geographical information. Such data are necessary to assess the impact of legislation, given the complexity of the sector and its potential differential impacts on sub-markets. There is also a lack of data on landlords.

## Potential data sources

The briefing suggests ways in which these data gaps could be filled. Data collected for administrative purposes or as part of specific legislative requirements, for example, the provision of statistics from sources like the tenancy deposit schemes and the First-tier Tribunal (Housing and Property Chamber) would help increase our knowledge and understanding of the PRS. Other potential data sources include:

- ***The private landlord register***

Every landlord in Scotland must register themselves and the properties they own with the relevant local authority. The private landlord register has the potential to produce a rich source of high-quality data on landlords. Making low level aggregate data available may require legislative change.

The information collected by local authorities when landlords register could also be extended to include, for example, questions on rent levels and property size. Making the provision of this data compulsory rather than voluntary would add considerably to our ability to analyse this sector.

- ***Online property adverts***

Most property for rent is advertised online. Major online advertising sites, like Zoopla and Citylets, collect detailed data on advertised property.

The UBDC has undertaken initial analysis of Zoopla data and suggest that there are also clear potential uses of the data, such as, for example, in providing information on rents and flow of new lets. Modelling and blending such data from a range of sources may provide a good insight into the sector.

While these data may also provide better geographical data than is currently available, they are not without limitations. Firstly, the flow of new vacancies and turnovers cannot always be connected to the relevant stock figure. Secondly, the data is not mix-adjusted or disaggregated by the sub-markets mentioned earlier. Without making progress in this area it is highly likely that interdependencies and feedback effects into other parts of the housing system will be missed.

The combination of property advert data with data from landlord registration could be particularly powerful. The former provide detail on current rents and other property information, while the latter provide the best information on the current stock. Adjusting (weighting) adverts data to reflect the distribution of data on the landlord register would give much greater confidence that the picture was representative of the whole sector. This would be particularly effective if the landlord register also asked about size of property.

## **Role of Scottish Government**

The Scottish Government has a key role to play in tackling poor data availability this area. Many of the solutions suggested in this briefing may require action on the Government's part to make even aggregate data available.

Aggregate data from landlord registration, the First-tier Tribunal and tenancy deposit schemes could all be made available at little or no cost with the support of the Scottish Government. This would fill huge gaps in our current knowledge of the PRS. Making such data available chimes exactly with the Scottish Government's latest *Programme for Government* it states (p35): " We will make more of our rich public sector data open for social and economic good." <sup>1</sup>

# Introduction

This briefing begins by providing some [context to the growth of private rented housing in Scotland](#). It outlines the most recent legislation on the private rented sector (PRS) and particularly legislation relevant to tenancies.

If the PRS continues to increase in size and importance and is to be part of a long -term solution to meeting housing needs, then recent legislation may be important in stabilising the market, making it a viable tenure for long term residence.

It is important to understand the impact of current legislation in the PRS to ensure it is both achieving what is intended but also to minimise and, where necessary, mitigate unforeseen consequences.

To this end, this briefing discusses the factors which are important in assessing the impact of legislative changes in this area.

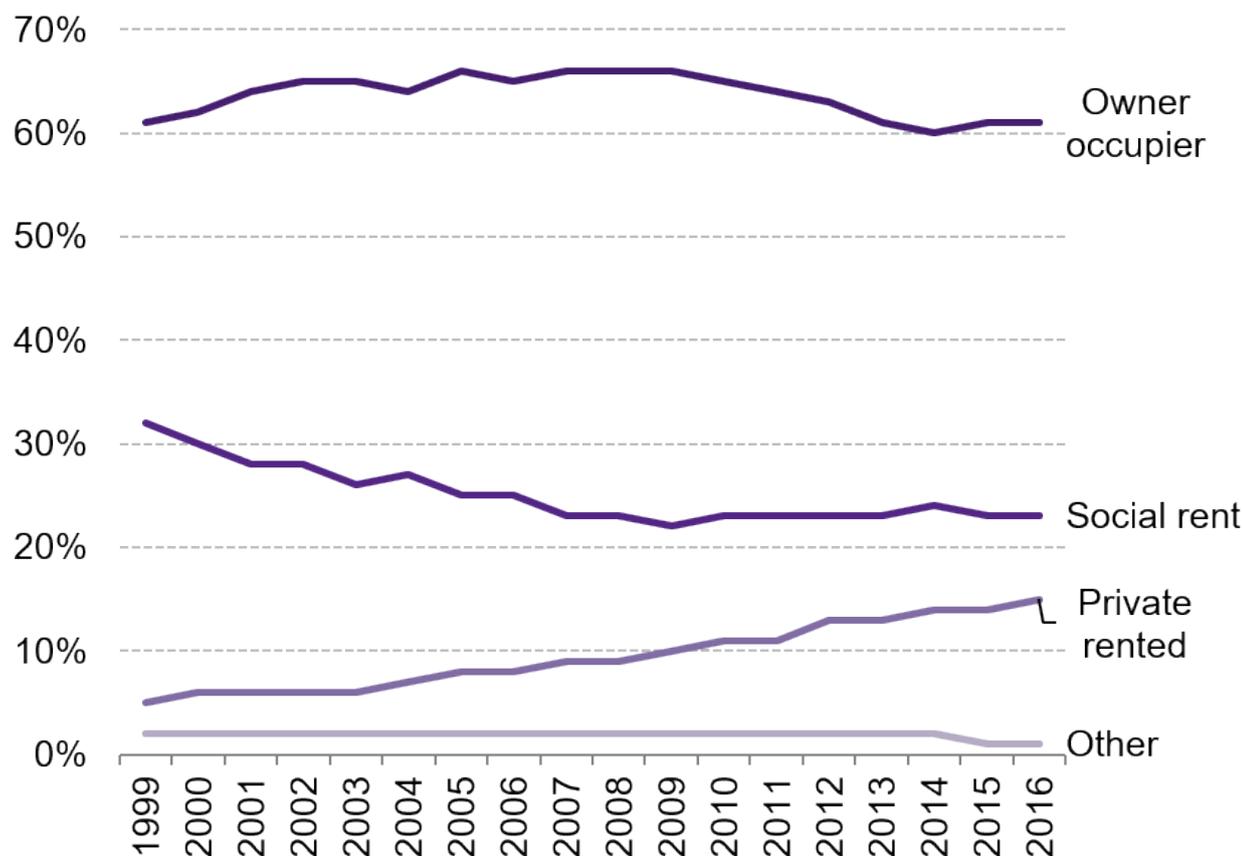
The briefing also explores what data are available and how such data can help us understand the impact of recent legislation affecting the PRS. Finally, the [briefing considers the gaps in this data and how these gaps could be filled](#).

In preparing this briefing, the authors also consulted with a number of people with a role in the PRS. This consultation ranged from charities working in this area to landlord organisations and letting agencies. The paper does not present an analysis of this consultation but rather uses the views expressed to inform our understanding of what data might be useful.

# Background and growth of private renting

Historically, the PRS has been small relative to other sectors of the housing market, but the sector has grown considerably in the last 20 years. In 1999, 5% of households lived in private rented housing. By 2016, this proportion had grown to 15% (Fig 1). In 2016, around 370,000 households in Scotland lived in private rented accommodation, treble the number in 1999.

**Figure 1: Tenure of Households 1999-2016**



Source: Scotland's People Annual Report: Results from the 2016 Scottish Household Survey, 2017<sup>2</sup>

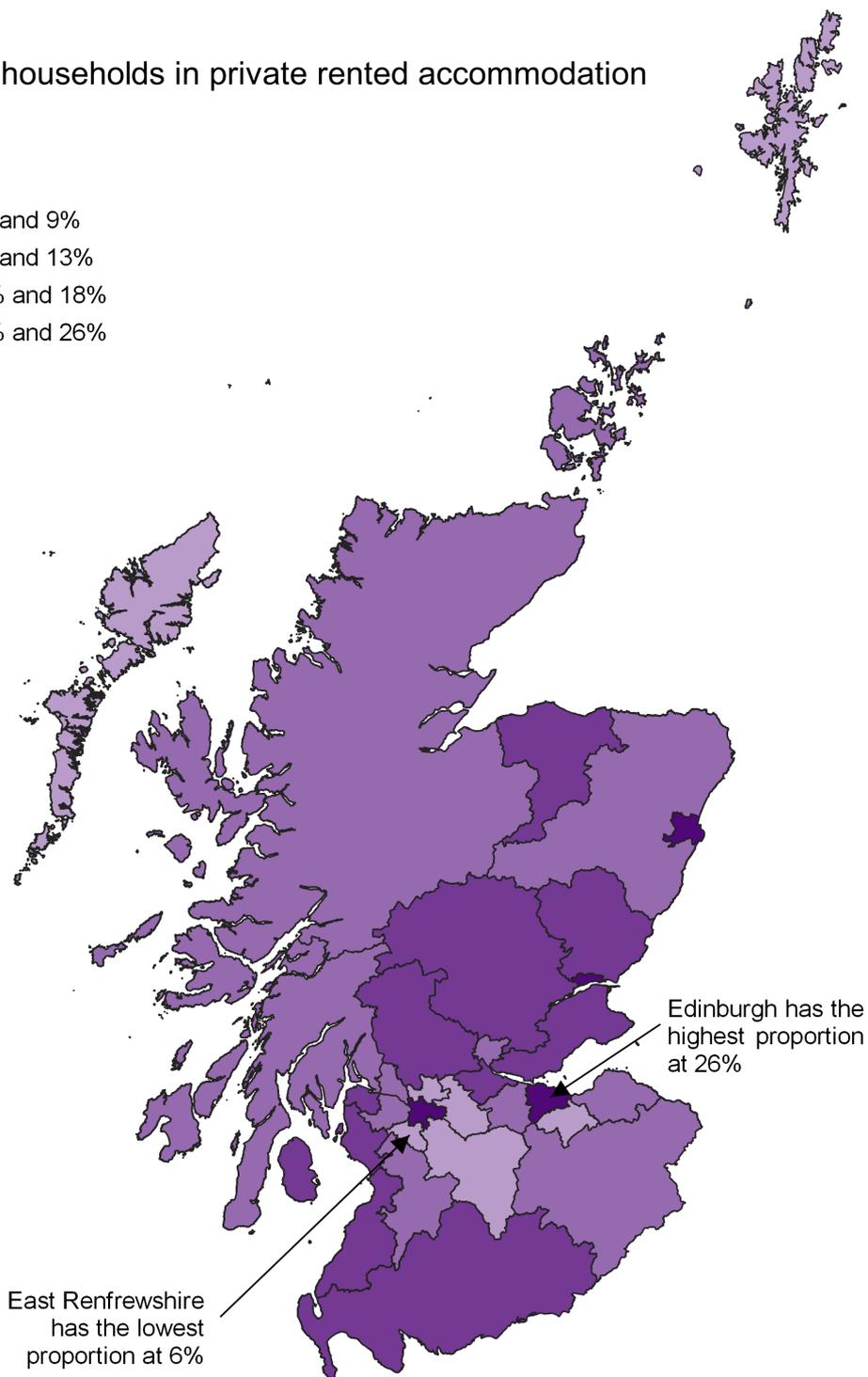
Across Scottish local authority areas, there are wide variations in the numbers of households living in the PRS. This ranges from 26% of households in Edinburgh to 6% in East Renfrewshire (see Fig 2.) Urban local authorities have also experienced higher growth rates in private renting compared to more rural local authorities (see Fig 3).

**Figure 2: Proportion of households in private rented accommodation, by local authority, 2016**

Proportion of households in private rented accommodation  
2016

By Local Authority

- Between 6% and 9%
- Between 9% and 13%
- Between 13% and 18%
- Between 18% and 26%



Based on OS material with permission from OS. SPCB 10039291

Source: Scottish Government, 2017<sup>3</sup>

**Figure 3: Change in the proportion of households in private rented accommodation between 1999 and 2016**

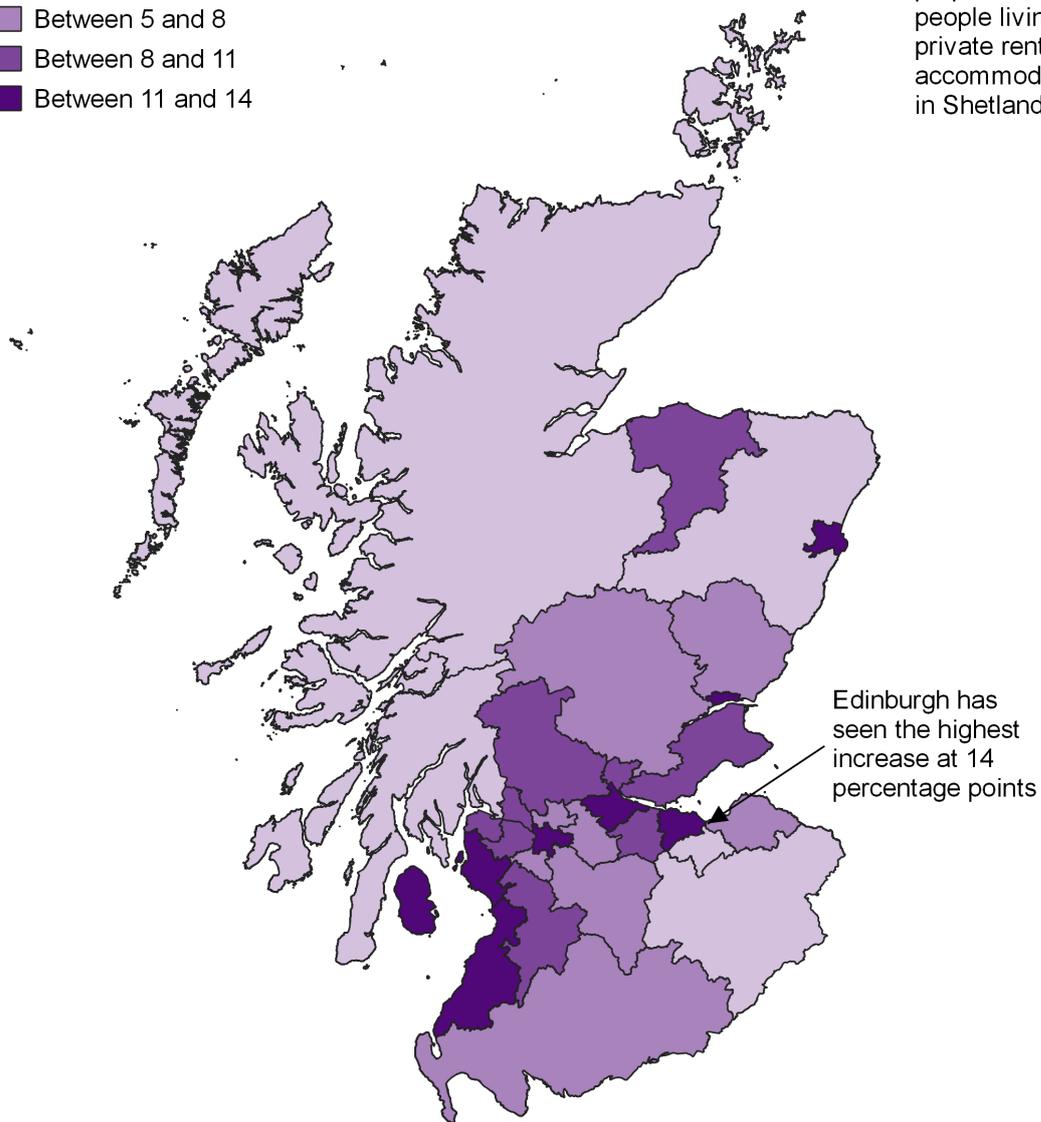
Change in the proportion of households in private rented accommodation between 1999 and 2016 (percentage points)

By Local Authority

- No change
- Between 2 and 5
- Between 5 and 8
- Between 8 and 11
- Between 11 and 14



There has been no change in the proportion of people living in private rented accommodation in Shetland



Based on OS material with permission from OS. SPCB 10039291

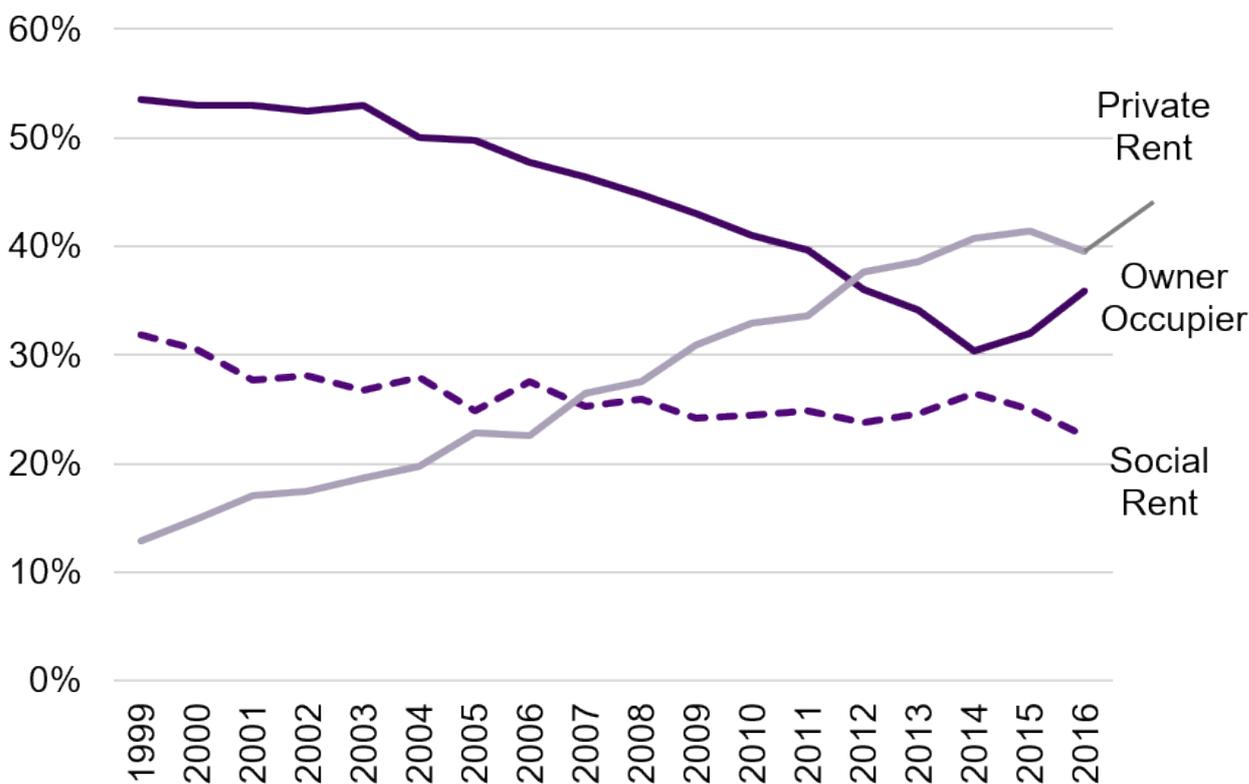
Source: Scottish Government, 2017<sup>3</sup>

While still relatively small, the sector plays an important part in the housing market. In particular, the sector's flexibility means that it plays a vital role in filling a gap in housing needs which cannot be met by the owner occupier and social renting sectors.

Since the 2008 Global Financial Crisis, levels of home ownership have reduced, largely due to stricter mortgage requirements. Over the last 20 years, there has also been a reduction in the stock of social rented housing as a result of the right to buy and of restrictions on councils' ability to invest in this area. The PRS has, expanded to fill much of the gap created by this reduction in owner occupation and in the size of the social rented sector.

The PRS has, in the past, largely been dominated by young adults. This is still the case. Furthermore, for younger households, private rented housing is now the most common tenure (see Fig 4).

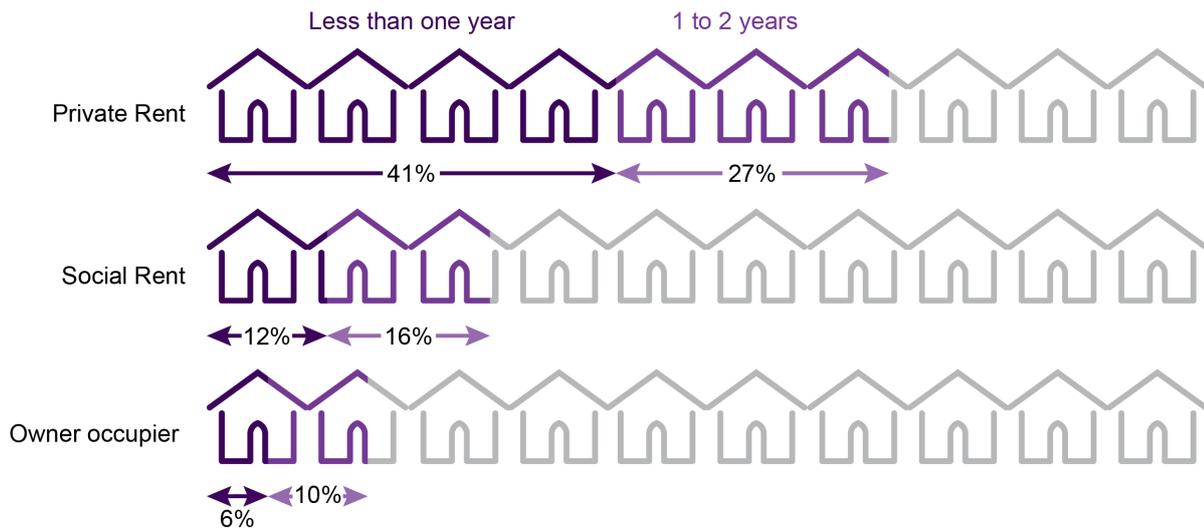
**Figure 4: Tenure of households by year for households where the highest income householder is aged between 16-34 years (1999-2016)**



Source: Scotland's People Annual Report: Results from the 2016 Scottish Household Survey, 2017<sup>2</sup>

The PRS has a high turnover. About 40% of adults living in private rented accommodation have lived at their current address for less than a year (Figure 5). On average, private tenants stay at their address for just under 3 years, compared to 11 years for those living in social rented housing and 16 years for those living in owner-occupied housing.<sup>2</sup>

**Figure 5: Length of time at current address by tenure, 2016**

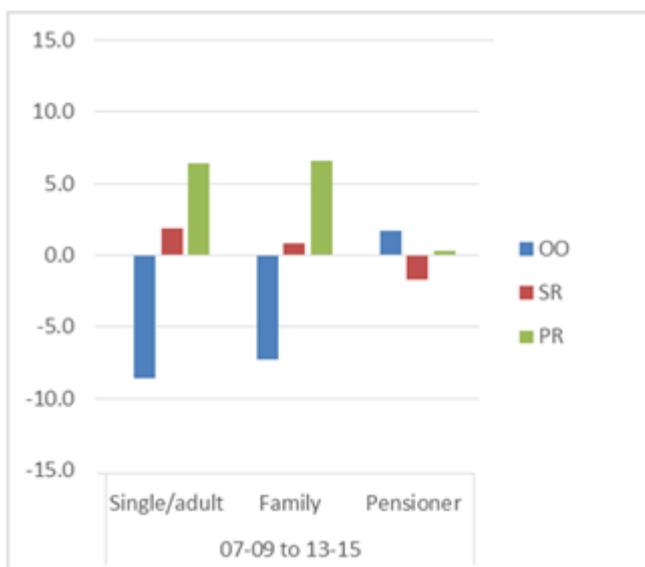


Source: Charts and Tables, Table 3.4 Scotland's People Annual Report: Results from the 2016 Scottish Household Survey, 2017<sup>2</sup>

## Increasing numbers of families living in private rented housing

The recent changes in the tenure system have led to more families living in the PRS (Figure 6).

**Figure 6: Changes in proportion of each household type by tenure**



Source: Scottish Household Survey, authors own analysis

Around 86,700 households with children lived in the PRS in 2016.<sup>2</sup> Evidence from the Family Resources Survey suggests that, while the overall number of children in the PRS has increased, the growth in the number of children living in poor households in the sector

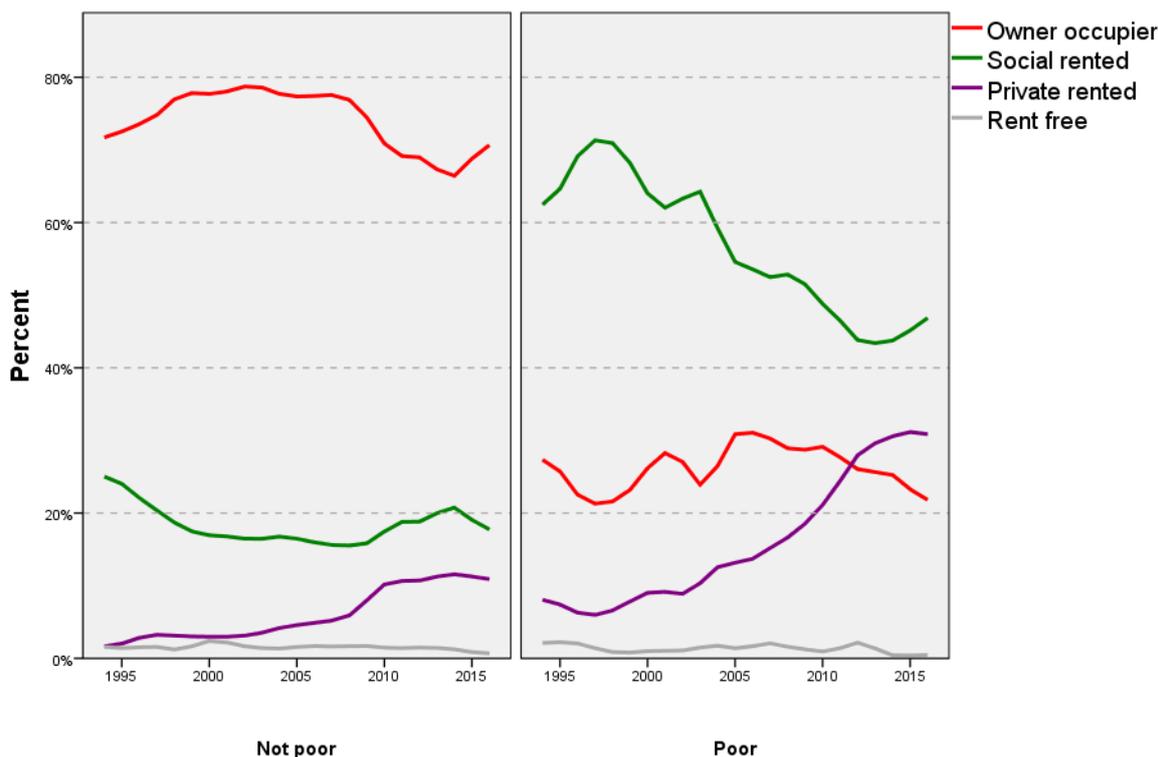
has been much greater. More than 30% of children in poor households now live in the PRS (Figure 7).

The number of families living in the PRS may still be relatively small compared to the number of single adults. However, the growth of families in the PRS, and the particular focus on poorer families, raises questions about whether this tenure is suitable for this group of tenants.<sup>4</sup>

The flexibility of the PRS fits more clearly with the needs of young adults who are known to be the most mobile group with the highest migration levels.<sup>5</sup> On the other hand, stability for families is seen as important for the health and well being of children. Those who move house regularly may face disruption to their education and to friendships.

Although the PRS is made up of a number of sub-markets, it is often portrayed in the media as an unstable tenure with greedy and exploitative landlords.<sup>6 7</sup> However, this view has to be viewed in the context of evidence from the 2017 Scottish Household Survey which showed 87% of people living in the PRS are either very or fairly satisfied with their housing, compared to 97% in owner occupied housing and 83% in social rented housing.

**Figure 7: Percentage of children in different tenures 1994 to 2016**



Source: Family Resources Survey, authors' analysis. Poverty is defined as 60% below the median income.

Over the last 10 years, the Scottish Government has introduced legislation which has sought to offer more protection to tenants. This is covered in detail in the section [Evaluating and monitoring Scottish private rented housing legislation](#).

## The complicated nature of private rented housing

As noted earlier in this briefing, the PRS is a very complex housing sector . It is made up of many sub-markets which attract tenants from a variety of backgrounds and providers with a variety of motives . We can start to get a better picture of this complexity when we consider:

- the demand on the sector from different groups of people;
- the number of people who act as regulators or intermediaries in the sector;
- the range of people that are working to satisfy this demand and supply accommodation in the sector

**Figure 8: Private Rented Sector sub-markets**



Each of these sub-markets works in different ways. For example, it is likely that a larger number of unregistered landlords operate in the lowest end of the market. On the other hand, landlords operating in the more expensive end of the market might be more likely to adhere to the regulations regarding private landlord registration. Legislation is likely to impact different sub-markets differently, and understanding these differences is important.

As noted previously, the PRS has undergone a period of rapid change , trebling in size over the last 15 years. One of the challenges we face in trying to understand the changing nature of the PRS is the lack of regular data on many aspects of the sector which would enable us to carry out more detailed analysis .

Historically, the provision of data on private rented housing has been relatively poor. This is discussed more in the section, [Current Data and Data Gaps](#).

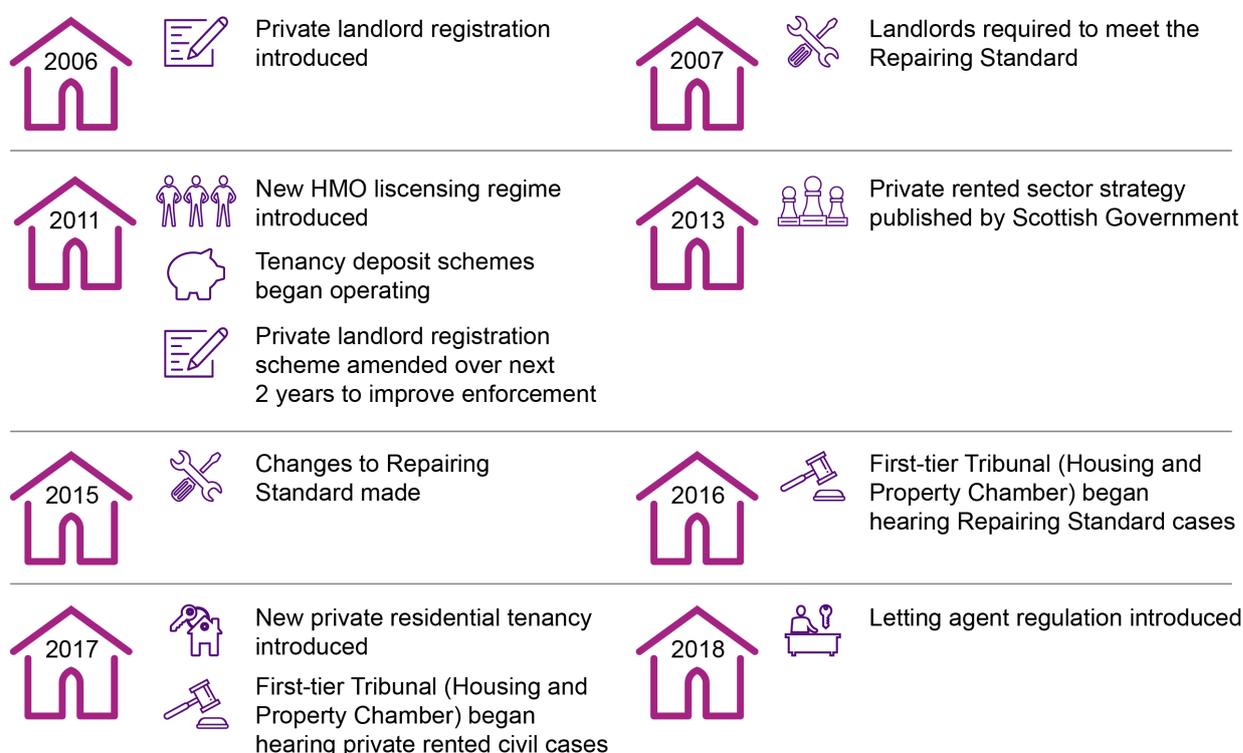
# Evaluating and monitoring Scottish private rented housing legislation

Over the last 15 years, different Scottish Governments have legislated on the PRS.

Most of this legislation has been consistent with the current Government's broader objective of supporting the growth of a professional, high quality private rental sector which contributes to a desirable and sustainable housing solution.

Figure 9 provides an overview of the main developments in private rented legislation and policy (Annex 1 provides a summary of the relevant legislation).

**Figure 9: Main developments in private rented housing legislation and policy**



Source: SPICe

This briefing focuses on three pieces of legislation that are most relevant to tenancies:

- Landlord registration, introduced as part of the Antisocial Behaviour etc. (Scotland) Act 2004 ('the 2004 Act');
- The Tenancy Deposit Schemes (Scotland) Regulations 2011 ('the 2011 regulations');
- The Private Housing (Tenancies) Scotland Act 2016 ('the 2016 Act');

The following section outlines a potential framework for evaluating the impact of this legislation. It considers what the legislation aimed to achieve and what needs to be measured to assess whether those aims have or have not been achieved. The availability of relevant data and what other factors might need to be considered in any evaluation are also discussed.

Clearly the evaluation must address the original aims of the legislation and how successful or otherwise it has been in delivering the intended outcomes. However, it is also important that the evaluation considers the impact of this legislation on the wider PRS.

In looking at the wider impact on the PRS of recent legislative changes, we have taken account of the views of those involved in the consultative process. It is also worth saying at this point that it is not possible to identify all of the unintended impacts of this legislation, which is why ongoing monitoring of the sector is so important.

Of course, there are a number of factors, unrelated to the direct or indirect effects of these legislative changes, which have influenced the development of the PRS in recent years. (e.g. UK Government tax and welfare changes). The other briefing prepared as part of this project, *Private renting reforms in Scotland: overview and analysis* (forthcoming), refers in more detail to these UK reforms.

## Private landlord registration

The private landlord registration scheme requires all landlords to register themselves, and the properties they own, with the local authority where their properties are situated. To be admitted to the register, landlords must pass a 'fit and proper person' test administered by the local authority. Landlords pay an administrative fee for each listing (i.e. for each local authority where they have properties and for each property registered).

When the Antisocial Behaviour Bill was first introduced in the Parliament in 2003, it proposed that local authorities could designate registration areas where there was a persistent problem with antisocial behaviour associated with private rented housing. However, at Stage 2 of the Bill, Cathie Craigie MSP lodged amendments, accepted by the government, that replaced these provisions with a compulsory registration scheme for all private sector landlords.

At that time, there was some debate about whether landlord registration should be part of housing, rather than antisocial behaviour legislation.

The reasons for the inclusion of the landlord registration provisions within the antisocial behaviour legislation do not seem particularly clear. The main aims of the amendments, as explained by Cathie Craigie were:

- assurance for the public, tenants and communities that all private landlords are fit and proper persons, and
- the provision of a register of all properties in the private rental sector

She argued that the amendments, in conjunction with other proposals in the Bill, would give local authorities a tool with which they could challenge landlords who ignore or exploit antisocial behaviour. It was not the intention of the amendment to propose an all-encompassing scheme that included property conditions and tenancy management. She believed that such measures were best left to a future housing bill.

While the original introduction of landlord registration appeared to be linked to antisocial behaviour, the emphasis seems to have shifted to raising standards generally and to enforcing the registration requirements.

The Private Housing (Scotland) Act 2011 introduced changes to the landlord registration scheme with a view to helping local authorities enforce the scheme. The changes sought, “to offer additional support to local authorities to help them deal with landlords who are not committed to the highest standards of service for tenants, are unregistered or who are providing substandard accommodation.”<sup>8</sup> The changes included:

- A strengthened ‘fit and proper person’ test;
- The requirement for ‘property to let’ adverts to include the landlord’s registration number;
- Powers for local authorities to obtain information about private landlords;
- An increase in the maximum fine for landlord registration offences from £5,000 to £50,000

The Scottish Government published an evaluation of the landlord registration scheme in 2011.<sup>9</sup> The evaluation consisted of: an analysis of the financial and administrative information provided to the Scottish Government by local authorities; an online survey of local authorities and case study analyses. The results suggested that there were more than 175,000 landlords registered, though the report indicated that it was not possible to get an accurate picture of how many landlords had not registered.

The research indicated that the scheme had gone some way to achieving its goal of raising standards, stating that, “there is evidence that the sector is more aware of its obligations... and there have been some improvements in landlord behaviour.” However, these findings were qualified.

The Scottish Government has recently consulted on proposed changes to the information that must be included in an application for registration. These changes include strengthening the fit and proper checks on landlords. In particular, it is proposed that applicants are required to confirm whether they comply with various legislative requirements when letting houses. This proposal is aimed at ensuring that landlords are aware of their responsibilities. An increase in the landlord registration fee was also proposed. The Scottish Government argued that an increase to the fees would provide vital resources for local authorities to pursue non-compliant landlords who do not register.

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## **Monitoring the private landlord registration scheme**

The aims of the registration scheme are fairly straightforward. However, measuring whether the scheme has achieved its goals is much more difficult to ascertain. It is only possible to estimate the number of landlords or how many private rented properties there are. There will be some landlords who choose not to register. Other landlords may be unaware of the requirement to register. Some landlords (e.g. those with agricultural tenancies) are not required to register which means that rural sector data is less complete.

It is possible to use other data sources (Scottish Household Survey; Scottish Core Question Survey) to estimate the number of households living in the PRS in a local authority to allow comparison with data from the register (if data from the register were available). The Census also provides largely complete data on rental households, but these data are only updated every ten years.

The main problem at the moment is that not even aggregate statistics from the register are available. The data are collected online through a system created by Registers of Scotland and maintained by local authorities. The system does not collect historic records, with fresh data simply overwriting previous data.

A ruling from the [Scottish Information Commissioner](#) confirms that, while the register is public, publishing of the full database is not allowed. However, this does not mean that data from the register cannot be used for research and statistical purposes. Indeed, the specific exclusion of full publication is an implicit acknowledgement that these data may be used for these purposes.

Deciding on the effectiveness of the legislation to ensure that only 'fit and proper persons' become registered landlords is more difficult. The number of landlords that are refused entry to the register and the reasons they failed to meet the criteria for registration could be useful (if these data were made available).

However, this data would not identify any incidences of where people are registered as 'fit and proper' when perhaps they should not be. The robustness of the process for assessing what constitutes fit and proper person status, is unclear.

Consultation with different landlords and landlord groups suggests that landlords support the idea of registration but feel that little is done to identify those who operate outside the register, or who are registered but should no longer be. The view being that these are the rogue landlords and that action should be taken to prevent them from operating outside the statutory registration scheme.

Table 1 suggests possible measures and considers data availability for assessing whether the aims of the private landlord registration scheme have been achieved, while Table 2 suggests measures which might be used to assess other, unintended or unplanned, outcomes of the scheme. These may be specific to a particular sub-market and, consequently, harder to measure.

**Table 1: Private Landlord Registration: Scottish Government aims and possible outcome measures**

Aims	Outcome Measure	Data Availability	Sources	Geography
<b>Registration of Landlords</b>	% of landlords registered.	Not available	N/A	N/A
	Differences between estimated rental households and landlords.	Available Available Collected	SHS Census Landlord register	Local authority Output area Unknown
<b>Registration of properties</b>	% of properties registered.	Not Available	N/A	N/A
<b>Fit and proper test</b>	Number of landlords refused registration.	Collected by Local Authorities	N/A	N/A
	Numbers of landlords who have their registration revoked.	Collected by Local Authorities	N/A	N/A
	Other enforcement activity e.g. rent penalty notice served.	Collected by Local Authorities	N/A	N/A
	Number of landlords prosecuted for not registering.	Not collected	N/A	N/A

Available: Currently available to researchers. Estimates available: Reliable estimates available. Collected: These data are collected but not currently made available. Not collected: Data is currently not collected

**Table 2: Private Landlord Registration: Other possible unplanned impacts**

Possible impacts	Outcome Measure	Data Availability	Source	Geography
<b>Landlords leave the sector</b>	<b>Changes to landlords on register</b>	These data are not available	Landlord Register	Not known

Available: Currently available to researchers. Estimates available: Reliable estimates available. Collected: These data are collected but not currently made available. Not collected: Data is currently not collected

## Tenancy deposit schemes

The Housing (Scotland) Act 2006 provided Scottish Ministers with powers to make regulations to establish a framework for tenancy deposit schemes in Scotland. Evidence from the Scottish Government's *2009 Review of the Private Rented Sector*, had indicated that a significant minority of tenants in Scotland may have had their deposits withheld unfairly.<sup>11</sup>

The objectives of the The Tenancy Deposit Schemes (Scotland) Regulations 2011 were to:<sup>12</sup>

- Reduce the number of unfairly withheld deposits;
- Ensure that deposits are safeguarded throughout the duration of the tenancy;
- Ensure that deposits are returned quickly and fairly, particularly where there is a dispute over the return of the deposit, or proportion of it, to the tenant or landlord

The main changes introduced by the legislation was that any landlord in receipt of a security deposit from their tenant must lodge the deposit with an approved tenancy deposit scheme. This must be done within 30 working days of the beginning of the tenancy.

Landlords must also provide the tenant with specified information, including the name of the tenancy deposit scheme provider used and what happens to the deposit at the end of the tenancy.

There are three deposit schemes in Scotland:

- MyDeposits Scotland
- Safe Deposits Scotland
- Letting Protection Service Scotland

If the landlord receives a deposit and does not use a tenancy deposit scheme, or does not provide the tenants with the required information, the tenant can apply to the First-Tier Tribunal for Scotland (Housing and Property Chamber). If the Tribunal finds that the landlord has not complied with the law, it can order the landlord to pay the tenant up to three times the deposit.

At the end of a tenancy, if a landlord and tenant cannot agree on how much deposit is to be returned to the tenant, the schemes offer a dispute resolution service. An independent adjudicator will consider evidence from tenants and landlords and decide how much deposit should be returned. Tenants and landlords can ask for a review of this decision. However, after a review, the decision made will be final and binding on both parties.

## **Monitoring the tenancy deposit schemes**

With access to data from the three tenancy deposit schemes it would be possible to examine its aims but only for people who register deposits with the approved schemes.

The 2011 regulations provide that scheme administrators must provide the Scottish Government with an annual report containing a range of data, including:

- The number of tenancy deposits paid to the scheme
- The value of tenancy deposits held in designated accounts
- The number and outcomes of disputes

However, these statistics are not published by the Scottish Government and are not routinely available in any other way. There are also no data or estimates of compliance with the requirements, for example, how many landlords are taking deposits but not lodging them with one of the approved schemes.

As already noted, the tenancy deposit schemes are intended to ensure that security deposits are not unfairly withheld in whole or in part by landlords or their agents. Any evaluation would have to address the following key questions:

- How often do landlords return deposits in full?
- How often are there calls on the deposit that are not challenged by the tenant?
- How often do these favour the landlord?
- How often are deposits unreturned or unclaimed?

These data would help improve our understanding of the processes around the tenancy deposit schemes. However, this would not, in itself, tell us much about how well the scheme works. For example, statistics on unchallenged claims from landlords say nothing about whether these claims are just. Rather, it could be that tenants were unaware of the dispute resolution process, were unwilling to get involved in the process, or did not have time to complete the process. There is some evidence that a large number of deposits go unclaimed/unpaid.<sup>13</sup>

To get a more complete understanding of tenant and landlord behaviour, we need to ask more specific questions, the answers to which are probably best gathered through qualitative research or a national survey such as the Scottish Household Survey.

Approved schemes collect data for administrative purposes, but also to fulfil their obligations to the Scottish Government. These data, if available, would make it possible to examine the working of the three schemes in more detail and which deposits held by the scheme are returned fully/ in part/ or not at all.

There are likely to be commercial sensitivities which would inhibit any of the three schemes publishing such administrative data. However, the Scottish Government could require these companies to provide aggregate data to the Government, which could then be aggregated and/or anonymised for release to others.

Table 3 provides more detail on what data might be required to measure outcomes to test whether the legislation has met its aims. Table 4 outlines other possible impacts and outcomes we might want to measure.

**Table 3: Tenancy Deposit Schemes: Scottish Government aims and possible outcome measures**

Aims	Outcome Measures	Data Availability	Sources
<b>Reduce number of unfairly withheld deposits</b>	Number of referrals to the dispute resolution mechanism	Collected	Tenancy deposit schemes
	% Deposits returned in full;		
	% Deposits partially returned without tenant objection;		
	% of deposits not returned or returned following adjudication;		
	% of unreturned/unclaimed deposits		
<b>Deposits are safeguarded during tenancy</b>	Number of deposits taken by landlords but not lodged with a scheme	Not collected	n/a
	Number of applications to the Tribunal regarding landlord failure to lodge a deposit	Collected	First-tier tribunal
<b>Deposits returned quickly and fairly</b>	Range and median time to return after tenancy	Collected	Tenancy deposit schemes
	Results of adjudication	Collected	Tenancy deposit schemes
	Examination of adjudication process including qualitative survey of tenants and landlords about their experience	Not collected	n/a

Available: Currently available to researchers. Estimates available : Reliable estimates available. Collected: These data are collected but not currently made available

**Table 4: Tenancy Deposit Schemes: Other possible unplanned impacts**

Possible impacts	Outcome measures	Data Availability	Source
Landlord behaviour has changed	Number of landlords no longer taking deposits	Not Available	n/a
	Landlords increasing advertised rents	Estimates available through Zoopla	Zoopla

Available: Currently available to researchers. Estimates available: Reliable estimates available. Collected: These data are collected but not currently made available

## Private residential tenancy

The 2016 Act introduced a new private residential tenancy to supersede short assured and assured tenancies. The private residential tenancy applies to new private lets from 1 December 2017.

The policy objective behind the introduction of the new tenancy was to, “improve security of tenure for tenants and provide appropriate safeguards for landlords, lenders and investors.”<sup>14</sup>

A key change is that the new tenancy is open-ended. To end a tenancy, landlords must use one or more of the 18 eviction grounds specified in Schedule 3 of the 2016 Act. This contrasts to the short assured tenancy which lasts for a minimum of six months and can be ended by the landlord relatively easily at the end of the fixed term (this is commonly known as the ‘no-fault ground’ for possession).

If the tenant has left the property and thinks that they have been misled into leaving the property, they can apply to the Tribunal for a ‘wrongful termination order.’ If the Tribunal finds that the tenancy has been wrongfully terminated they can order the landlord to pay the tenant compensation.

Other changes introduced by the 2016 Act included measures to provide rent predictability, including giving tenants protection against excessive rent increases. In particular, the Act provides for:

- **New limits on rent increases:** rents can only be increased once every 12 months and tenants must be given at least three months’ notice of proposed increases. Tenants can refer any rent increase to a rent officer who can decide the open market rent.
- **Rent pressure zones: in certain circumstances, including where rents are rising excessively,** local authorities can apply to Scottish Ministers for approval to establish a rent pressure zone in their area. This would limit rent increases for existing tenants with a private residential tenancy to a specified amount (but at least CPI+1%), for up to five years. These areas can be of any spacial scale within a local authority area but it would clearly be more difficult to find evidence for rent pressure zone in smaller areas. Some have questioned the ease with which the need for a rent pressure zone could be evidenced.<sup>15</sup>

**Disputes about the new tenancy will be heard by the** First-tier Tribunal (Housing and Property Chamber) (‘the Tribunal’).

The Tribunal was established by the Tribunals (Scotland) Act 2014. It now considers civil private rental cases instead of the sheriff court. The aim of this move was to, “provide more efficient, accessible and specialist access to justice for landlords and tenants in the sector.”<sup>16</sup>

## Monitoring the 2016 Act

It is possible to identify potential outcome measures as a means of assessing progress towards meeting the aims of the 2016 Act. However, this is by no means straightforward as data availability is a limiting factor in constructing such measures.

### ***Security of tenure***

Security of tenure may be real or perceived. Perceived security is in some ways the most important of the two. If people perceive their tenure to be insecure they are more likely to move more frequently and this does little to support the development of the PRS as a long-term viable housing option. Measuring perceived security is problematic however; conducting a bespoke survey would be expensive and would not provide longitudinal data to enable us to measure how people's feelings on security changes over time. An alternative would be to include questions on a regular national survey like the Scottish Household Survey, which does not currently carry such questions.

It is possible to examine a number of factors for indications of how secure people feel in their tenancies. For example, by looking at whether tenancies are increasing in length. A reduction in the number of evictions might also be an indicator of increased feelings of security, though it may be difficult to establish a benchmark given the lack of data on evictions from short assured tenancies and the fact that most of these tenancies could be ended relatively easily at the end of their term.

Tenants' willingness to enforce their rights might also be an indication of increased feelings of security. For example, an increase in the number of applications to the First-tier Tribunal to enforce the Repairing Standard, or an increase in the number of applications for rent adjudication following a rent increase notice, might be an indication that people feel more secure in their rented properties. Currently, it is not clear that all of these data would be available.

It should also be noted that the 2016 Act only applies to those taking out a new tenancy. Those with an existing tenancy prior to December 2017 will remain on that tenancy agreement as long as they do not move. Given that the average length of stay in private rented accommodation is just under 3 years, it will be at least December 2020 before the full effects of the tenancy change will become apparent.

### ***Protection from unreasonable rent rises***

[As explained earlier](#), the 2016 Act also aimed to protect tenants from unreasonable rent increases. Currently, rent officers estimate and publish median rents for Broad Rental Market Areas (BRMAs), a geography which is larger than local authority boundaries.<sup>17</sup>

The published data on BRMAs tell us very little about the sub-markets which exist in any large urban area and in which the impact of the legislation may be felt differently. It is possible that new big data sets, like online rental adverts, might provide data that will help us to better understand the impact of the 2016 Act on sub-markets. This is discussed more in the section [Potential Data Sources](#).

***Appropriate safeguards for landlords, lenders and investors***

The Act's other main objective, "to provide appropriate safeguards for landlords, lenders and investors", appears to be similarly hard to measure through quantitative data alone.

Table 5 suggests what outcomes might be measured to test the success of the legislation. Table 6 outlines other possible impacts we might want to measure.

**Table 5 : Private Residential Tenancy: Scottish Government aims and possible outcome measures**

<b>Aims</b>	<b>Outcomes Measure</b>	<b>Data Availability</b>	<b>Sources</b>	<b>Geography</b>
<b>Security of tenancy</b>	Number of applications for eviction orders.	Collected but not yet clear if aggregate data will be made available	First-tier tribunal	unknown
	Outcome of eviction order applications.			
	Change in length of stay. Change in turnover rates.	Estimates available	SHS Zoopla	Local Authority  Address of individual properties
	Tenants' feelings of security: measured through qualitative study; Survey;	Not currently available	N/A	N/A
	Number, and outcome, of rent adjudication referrals to rent officers.	Collected but not made available on an aggregate basis.	Rent Service Scotland	unknown
	Number, and outcome of, appeals to the Tribunal against rent officers' decisions.	Collected but not yet clear if aggregate data will be made available	First-tier Tribunal	
	Number, and outcome of, wrongful termination order applications to the Tribunal.	Collected but not yet clear if aggregate data will be made available.	First-tier tribunal	unknown
	Number, and outcome of, application to Tribunal about the Repairing Standard.	Collected but not yet clear if aggregate data will be made available  The previous Private Rented Housing Panel's Annual report provided information on the situation before the new tenancy came into effect.	First-tier tribunal	unknown
	<b>Protection from unreasonable rent rises</b>	Number, and outcome of rent adjudication referrals to rent officers.  Number and outcome of appeals to the Tribunal against rent officers' decisions	Collected- not made available on an aggregate basis.  Collected but not yet clear if aggregate data will be made available	Rent Service Scotland  First-tier Tribunal
	Changes in median rents: at submarket level.	Estimates available	Zoopla	Accurate at intermediate zone
	Annual changes in rents for existing tenants.	Not collected	N/ A	unknown
	Number and outcome of rent pressure zones applications.	Collected	Scottish Government	unknown
	Tenants perceptions of protections regarding rent rises through qualitative survey.	Not available	N/ A	unknown
<b>Provide appropriate safeguards for landlords, lenders and investors</b>	Number of applications for eviction orders.  Outcome of eviction order applications	Collected but not yet clear if aggregate data will be made available	First-tier Tribunal	unknown

Aims	Outcomes Measure	Data Availability	Sources	Geography
	Time for evictions process.	Not clear if aggregate data will be made available	First-tier Tribunal	unknown
	Landlord views on the range of eviction grounds available and the process for ending a tenancy (qualitative survey.)	Not collected	N/A	N/A
	Increase in institutional investment.	Not collected	N/A	N/A

Available: Currently available to researchers. Estimates available : Reliable estimates available. Collected: These data are collected but not currently made available

**Table 6: Private Residential Tenancy: Scottish Government aims and possible outcome measures**

Possible impacts	Outcome Measure	Data Availability	Source	Geography
<b>Landlords leave sector</b>	Changes to number of landlords on the private landlord register.	Not collected as part of the Landlord register	N/A Though not currently collected this data could be collected	Geography of the register is at the postcode of all the rented properties
<b>Supply of lets decreases</b>	Change in number of properties to let adverts over time.	Available	Zoopla	Intermediate level geography
<b>Impact on lower socio-economic groups</b>	Measures of length of stay in PRS in more deprived areas.	Estimates available	SHS	Down to Local Authority level
	Measures of length of stay in PRS in more deprived areas.	Estimates potentially available	Zoopla	Not clear at the moment
<b>Impact on submarkets: eg Student submarket</b>	Landlords' behaviour /views regarding letting to students measured through qualitative survey	Not available	unknown	unknown

Available: Currently available to researchers. Estimates available : Reliable estimates available. Collected: These data are collected but not currently made available

# Current Data and Data Gaps

The briefing has shown that there are many gaps in the data needed to evaluate the legislation discussed in this briefing.

This section discusses the [availability of data in more detail](#), highlighting the areas where there is good coverage and where there are [data gaps](#).

## Current Private Rented Sector Data

The best quality information on the PRS comes from data drawn from large scale national surveys. The most relevant large surveys are:

- **The Scottish Household Survey** collects data from a randomised representative sample in Scotland from all local authorities annually since 2012. Before 2012, annual data was only available for larger authorities and biennially for smaller authorities. Up to 2012, the sample size was in the region of 14,000 people but since the sample size has reduced to in the region of 10,000 but is now available to all authorities on an annual basis. While the overall sample size of the survey has reduced, improvements in survey design have meant that the validity of the survey findings have not been affected significantly. As well as collecting a large amount of data on income, the survey includes significant modules on tenure and, specifically, private rental. The survey provides data to local authority level but not at lower geographies.<sup>2</sup>
- **The Scottish Survey Core Questions** (SSCQ) compiles harmonised questions from three large Scottish Surveys: the Scottish Crime and Justice Survey; the Scottish Health Survey; and the Scottish Household Survey. The survey provides more limited data on rental housing but, because it combines surveys, it has a much larger sample size.
- **The Census** provides detailed information about all people and households who live in private rented accommodation. The data are also available at a low geographical scale. The weakness of these data are that it is only collected every 10 years and it is 2 years or more before it is made available, with the result that it gives an accurate picture for only a brief period in time.
- **Other national Surveys.** There are a number of other national surveys which have the potential to increase our understanding of the private rented sector in Scotland. Surveys such as the Family Resource Survey, the Annual Population Survey (includes Labour Force Survey) all produce data which has the potential to add to our understanding of the sector.
- **Longitudinal Surveys** play an important part in our understanding of what is happening to individuals living in the private rental sector. There are two major longitudinal surveys that cover Scotland; the Scottish Longitudinal Survey and Understanding Society, which covers the whole of the UK but draws from a major sample in Scotland.

Other data that are regularly available are **aggregated statistics on rents** published by the Scottish Government. Rent data are collected by rent officers for the purposes of setting local housing allowance rates (used to determine housing benefit in the PRS). Rent

officers use a range of sources, including data provided by selected landlords and letting agencies. About 97% of the evidence is based on advertised rents rather than actual rents. The analysis excludes some private rented accommodation, for example, private tenancies known to be the subject of housing benefit and mid-market rented accommodation.<sup>17</sup>

Statistics are only released on Broad Rental Market Areas (BMRA), of which there are eighteen in Scotland. For each of the BRMAs, statistics on the mean, median, lower quartile and upper quartile are available for each year since 2012. BRMAs are large geographical areas which do not correspond to other geographical boundaries.

Together, the above sources tell us a lot about where renters are concentrated, the type of accommodation they live in, and the income levels of those living in private rented housing.

These data allow us to examine change in the private rental market over time. However, there are also some limitations to the above data. A key problem is the **lack of low level geography data**. Furthermore, there are a range of data gaps.

## Data Gaps

While the [national surveys described earlier](#) give us considerable amounts of data on private renters, there are still a number of data gaps that hinder our understanding of the sector. Key data gaps include:

- **Landlords and letting agents:** there is little or no information available on landlords or letting agencies and their behaviour. These are areas of the PRS for which there is no real understanding of change. This can create problems for planners and policy makers.
- **Sub-markets** (e.g. students, mid market rent, buy to let): As we noted earlier, the PRS is complicated and made up of number of sub-markets. All the different sub-markets exist in different geographical spaces and it is not possible to understand what is happening in these sub-markets without geographically specific data. At the same time, the PRS system as a whole interacts with other housing tenures as well as economic and demographic pressures.
- **Rents:** There is a lack of information on accurate and verifiable data on rents in the sector and the extent that different rental values are changing in sub-markets. There is also a lack of information on rents for existing tenants. Most data available relates to advertised rents for new lets.

## Rural Data Needs

It could be argued that rural private housing is a sub-market of the PRS, but this may be an oversimplification. In reality, the rural PRS is made up of many sub-markets. However, a common feature across the rural sub-markets is that they are more likely to be geographically dispersed, with properties dotted across a local authority area. This contrasts with the PRS in urban areas which is more likely to be concentrated in particular

geographical areas. This makes the lack of low level geography data on private rented housing an even more acute problem in rural areas.

Furthermore, private rental properties in rural areas are more likely to be advertised by word of mouth than through online advertisers, making them less open to alternative sources of data like Zoopla ([see section Exploring New Data Sources](#)).

In general, the characteristics of private rented housing in rural areas differs to those in urban areas. The length of stay in rural private rental housing is, on average, much longer - over 8 years compared to 18 months in urban areas.<sup>i</sup> This difference in average length of stay is a reflection of a number of factors, including:

- Lower availability of social housing
- Limited availability of private rental housing
- The high percentage of tied accommodation
- Competition with holiday lets or AirBnB (in some areas) and properties being bought as second homes reduce the pool of private rental homes available, making people more reluctant to move
- Rural landlords and tenants have good relationships
- People feel settled and secure because the properties are not ‘investments’ – they are part of a stable long term business
- There are fewer students living in rural areas, so accommodation isn’t used on a short term-time basis

The rural PRS also offers affordable options, particularly for larger households.

The availability of private rental properties may also have been more adversely affected in rural rather than urban areas by new rules introduced by the Treasury.<sup>ii</sup> The rural private rental sector may be less attractive to institutional investors because of the low levels of population and relatively high cost of providing low density housing.

Some of the solutions we suggest later in this briefing do not apply to rural areas. However, the statutory collection of data through the landlord register might offer a solution to some of the data issues associated with the rural PRS.

There is a concern that the supply of rural privately rented properties is decreasing as housing policies have not been adequately ‘rural-proofed’.

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<sup>i</sup> Information supplied by Scottish Land and Estates, based on a survey undertaken with their members

<sup>ii</sup> The Treasury has introduced three tax changes: a 3% land and buildings tax surcharge; reduction in mortgage interest relief; and an 8% Capital gains tax surcharge.

# Potential Data Sources

There are a number of data sets which are currently collected, but which are not made widely available, such as data sets collected for administrative purposes or as part of specific legislative requirements. There are other data which could be collected with relatively few resource implications.

## Landlord registration

As described in the section [private landlord registration](#), private landlords are required to register online with their local authorities who maintain an administration portal as part of a central IT system. This system is provided by the Scottish Government in collaboration with the Registers of Scotland who are the system developers. The data owners are the local authorities with the Scottish Government providing the searchable database to allow users to search for individual landlord or property information.

The register collects landlords' home addresses and the addresses of their rental properties. The register also collects personal information from the landlord, details of their rental properties and any information relevant to the 'fit and proper' test such as criminal convictions and previous breaches of housing legislation. Data on joint owners, who are obliged to register in their own right, is also collected.

Changing the prescribed information to require landlords to supply, as part of their registration application, information on rents and size of property provides the opportunity to create a dataset which could prove invaluable to understanding landlords and their stock profile.

The legislation as it stands expressly forbids local authorities from publishing the entire register (i.e. names and addresses of properties and landlords) but there is no exclusion for data to be aggregated and shared. Indeed, as noted above, the express banning of full publication implicitly acknowledges that some information may be published in other forms (for example, aggregate statistics for local areas) or shared with researchers without being published (perhaps suitably anonymized and subject to appropriate data protection safeguards).

The Scottish Government has recently consulted on the changes to the information landlords are required to provide local authorities when registering. This creates an opportunity to change the data required from landlords<sup>iii</sup> and to make explicit to them that this data may be used for research and statistical purposes.

## Tenancy Deposit Scheme Data

All landlords in Scotland requiring a security deposit from their tenants at the beginning of a lease must lodge the deposit with an approved scheme (see [The Tenancy Deposit Scheme section](#)).

The scheme providers are then responsible for overseeing any claims on the deposit and also for the dispute process. While the schemes are required to provide the Scottish

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iii The Prescribed Information for Application for Registration (SSI 2005/558) sets out the information that landlords must provide when registering.

Government with a range of aggregate data, including number of deposits lodged and value of deposits, these data are not made available to others.

Time series data on the aggregate number of security deposits in small area units, such as datazones, would allow us to examine changes in landlord behaviour with regard to taking security deposits. For example, this might allow us to answer questions such as, "Are landlords forgoing deposits and charging higher rent in an effort to compensate for loss of control over the deposit?" The deposit schemes dispute services collect data which would provide valuable insight into the working of this legislation. Aggregate statistics might be provided on the following:

- the number of disputes;
- how often the claims on the deposit are upheld or resolved in favour of the tenant;
- changes in the number of disputes over time.

Comparisons of number of landlords lodging a deposit could also be made with the numbers of landlords on the private landlord register.

### **First-tier Tribunal (Housing and Property Chamber)**

Another potential source of data is the First-tier Tribunal (Housing and Property Chamber). The Tribunal is responsible for dealing with a range of civil private rented housing disputes.

Legislation<sup>iv</sup> requires that, each year, the President of the Tribunal must prepare an annual report on the operation and business of the Scottish Tribunals explaining how they have exercised their functions during the financial year.

The recent [Scottish Tribunals Annual Report](#) covered the period 1 Dec 2016 ending March 2018.<sup>18</sup> It contained only very high level statistics on private rented housing cases. In the period covered by the report, the Tribunal had not considered any private residential tenancy cases. It is not clear if the presentation of the Annual Report may change as more cases are considered.

Data on the type of private rental disputes, where these happen and dispute outcomes has the potential to provide vital information on the impact of legislation in different sub-markets. For example, such data would aid understanding of whether tenants are becoming more willing to enforce their rights. As discussed earlier, this could be an indicator that the 2016 Act is having a positive impact on the security of tenants. It would be interesting to know whether many landlords are involved in disputes with tenants (suggesting a widespread and genuine problem) or whether only a small number of landlords are involved (suggesting the problem lies there).

### **Rent Service Scotland**

Rent Service Scotland is required to publish rent adjudication decisions under section 34 of the 2016 Act. The service intend to produce a register similar to the existing [Fair Rents Register](#). However, there is currently no plan to publish aggregated data. Rather, individual decisions will be searchable. To date the rent decisions that have been made have been [published online here](#).

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iv Section 78 of the Tribunals (Scotland) Act 2014

# Exploring new data sources

Given the lack of data available to evaluate recent legislation and to monitor the private rental market, the [Urban Big Data Centre](#) has begun to explore new and innovative data sources for understanding the PRS.

This section of the briefing outlines work that has been undertaken using [private landlord registration data](#) and [Zoopla data](#).

## Private landlord registration data

As [discussed in the section on potential data sources](#), landlord registration data has enormous potential for helping us to understand the rapidly growing PRS and for understanding more about landlords' role in how the sector is changing.

UBDC has been investigating the value of using landlord registration data and has obtained anonymized register data from three local authorities: Renfrewshire, under a voluntary data sharing agreement, and Aberdeen and Edinburgh following Freedom of Information requests. It is worth noting that both Aberdeen and Edinburgh City Councils initially refused access to these data, citing the statutory position prohibiting publication of the register. The UBDC was able to satisfy these authorities that release of an anonymized extract from the register did not contravene the 2016 Act.

UBDC has produced a number of blogs as well as a working paper on these data, all of which can be accessed through the [UBDC web site](#).

The focus of this work has been to examine both the potential of the data and to examine its veracity when compared to other data sources.

Using Census data for Aberdeen, estimates of landlords to property ratios from the Renfrewshire register, Scottish Government estimates of household change, and estimates of private rental growth from the Scottish Survey Core Questions, UBDC estimated the number of rental properties in Aberdeen for 2017.

These estimates were very similar to the estimated number of properties based on the landlord registration data. If anything, the landlord registration numbers, for Aberdeen, are slightly higher than expected.

Confirming the veracity of the landlord register data gives us confidence that compliance with registration and the legislation is high (in Aberdeen at least). We can then start to drill down to lower levels of geography which is not possible with survey data.

Figure 10 shows our estimates of PRS households based on landlord registration in Aberdeen compared to the number of households at the Census.

The left pane compares the number of PRS households at the Census with our estimate for 2017, while the right pane shows both as a proportion of all households (using the Census household numbers).

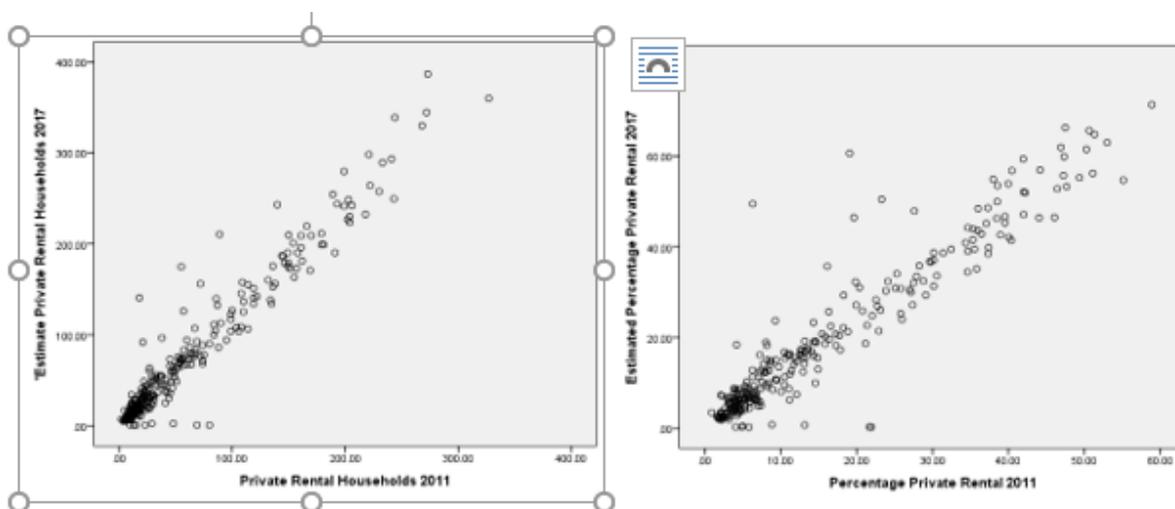
The graph shows the areas where the growth in private renting appears to have been particularly rapid – the points above the main diagonal. The map in Figure 11 shows changes in the density of private rented properties geographically. Some fall in the inner

city areas where the PRS is traditionally found but others are in more suburban locations to the south or west of the city – locations which had little or no private renting in 2011.

We can also identify the areas where the number of rental properties appears to be lower than in 2011. As the map shows, these are areas on the rural fringe. One likely explanation is that there are a lot of agricultural tenancies in these areas which do not require registration. Therefore, it possible to see how these data can start to help us track this dynamic market at a low geographical level, low enough to start to identify changes in sub-markets.

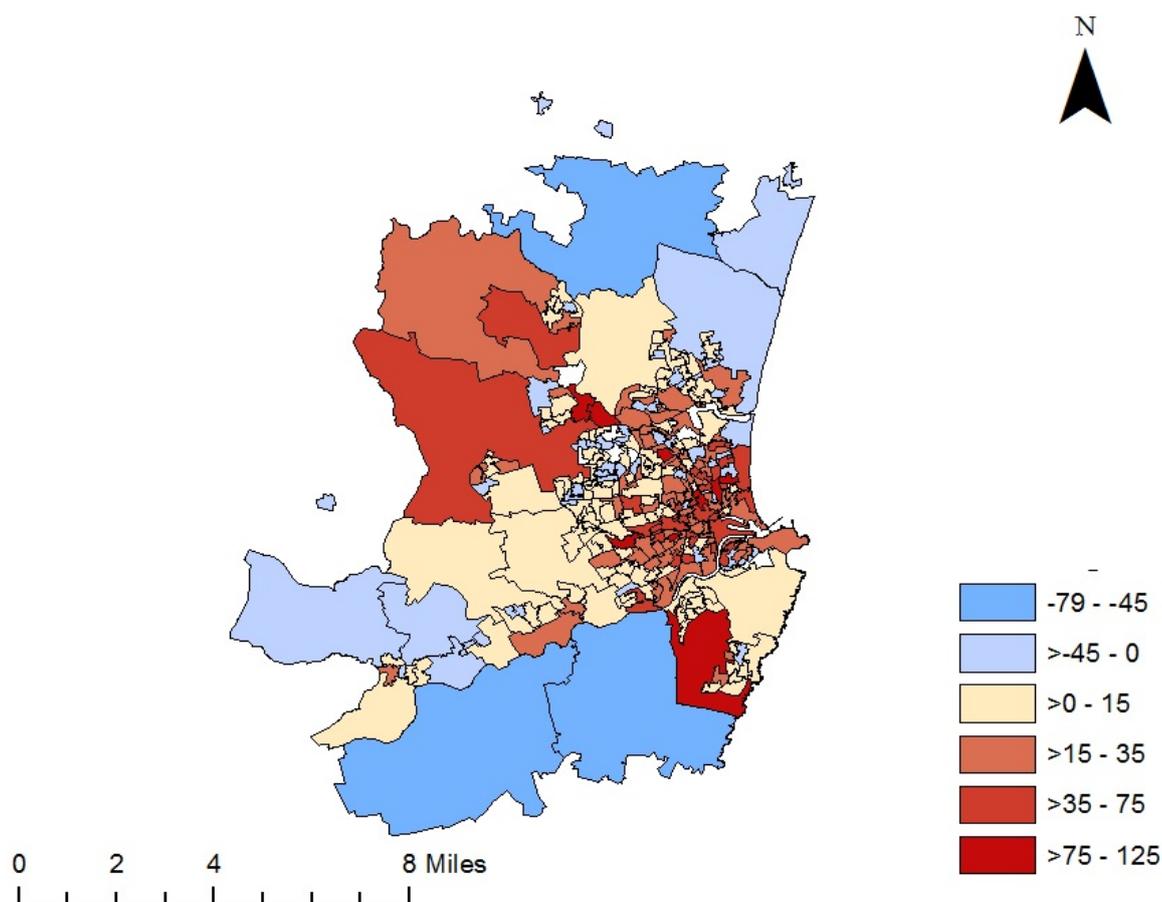
So far we have only been able to access data for three authorities and for particular points in time. If these data were available for every local authority area in Scotland, on a regular basis, this would prove a powerful dataset which would allow comprehensive analysis of changes in private rented sub-markets. Although not perfect, it would provide an excellent foundation for other analyses.

**Figure 10: Private rental in Aberdeen’s Datazones, 2011 and 2017**



Source: UBDC DataNote 2/2017 [Landlord register data for Aberdeen City 2017](#)

**Figure 11: Estimated change in private rental properties, Aberdeen Datazones 2011-2017**



Source: UBDC DataNote 2/2017 [Landlord register data for Aberdeen City 2017](#)

## On-line advertising : Zoopla data

Currently, private rental advertising is mostly done online. Analysis of online adverts opens up possibilities for providing an insight into the sector on an ongoing basis and at a low level of geography. However, as stated earlier, many private rented properties in rural areas are advertised by word of mouth. Therefore, this is likely to be less useful for rural areas.

While there are many online advertising sites, some working in very specific geographic areas, there are some very prominent providers in the market. Rightmove and Zoopla dominate rental market advertising within the UK, while Citylets is probably the largest provider of rental advertising in Scotland.

As an example of what can be achieved, UBDC has acquired 10 years of historic data together with current year data (2018) from one provider, Zoopla. Researchers at the UBDC and at the Office for National Statistics (ONS) have begun to explore ways in which these data can provide us with a better understanding of the PRS.

The dataset contains:

- Every listing placed on the Zoopla web site
- When the listing was placed
- The date of the final advertised day (completion date)
- The advertised rent
- Information about property (number of bedrooms, bathrooms and textual descriptions)
- Geographical coordinates for the property (Latitude/Longitude).

It is important to remember that the data represents only private rented properties that are available to new tenants and which are advertised on the Zoopla website. Therefore, the number of properties advertised at any time is a measure of flow of private rented stock rather than a measure of the prevalence of private rental properties.

As Zoopla is only one of a number of online sites advertising property to rent, any fluctuation of the numbers of adverts on Zoopla may simply reflect a loss or gain of its market share in the online advertising market. Any one provider may not cover all segments of the market equally so these data may under-represent some types of property and some locations. Therefore, caution is needed in interpreting these data.

Of course, if we had access to a comprehensive dataset covering the full set of private rental properties, we could adjust or weight the data from on-line adverts to give a more representative picture of the sector. While not necessarily producing a perfect picture, our understanding of the sector would be substantially enhanced. The landlord register offers exactly this. If it contained a modicum of additional information, especially size of property, it would be even more effective. Thus, to get an accurate, up-to-date and fine-grained picture of the state of the private rental market we require this combination of landlord register and on-line advertising datasets.

Table 7 shows the fluctuation in the number of Zoopla adverts from 2012 to 2016 compared to the size of the PRS. We can see that the number of adverts fluctuate between years. Over the same time period, the number of private rented dwellings has steadily increased, which can be seen in the increasing UK Private Rental Stock.

**Table 7: Number of adverts by year and stock of UK PRS properties**

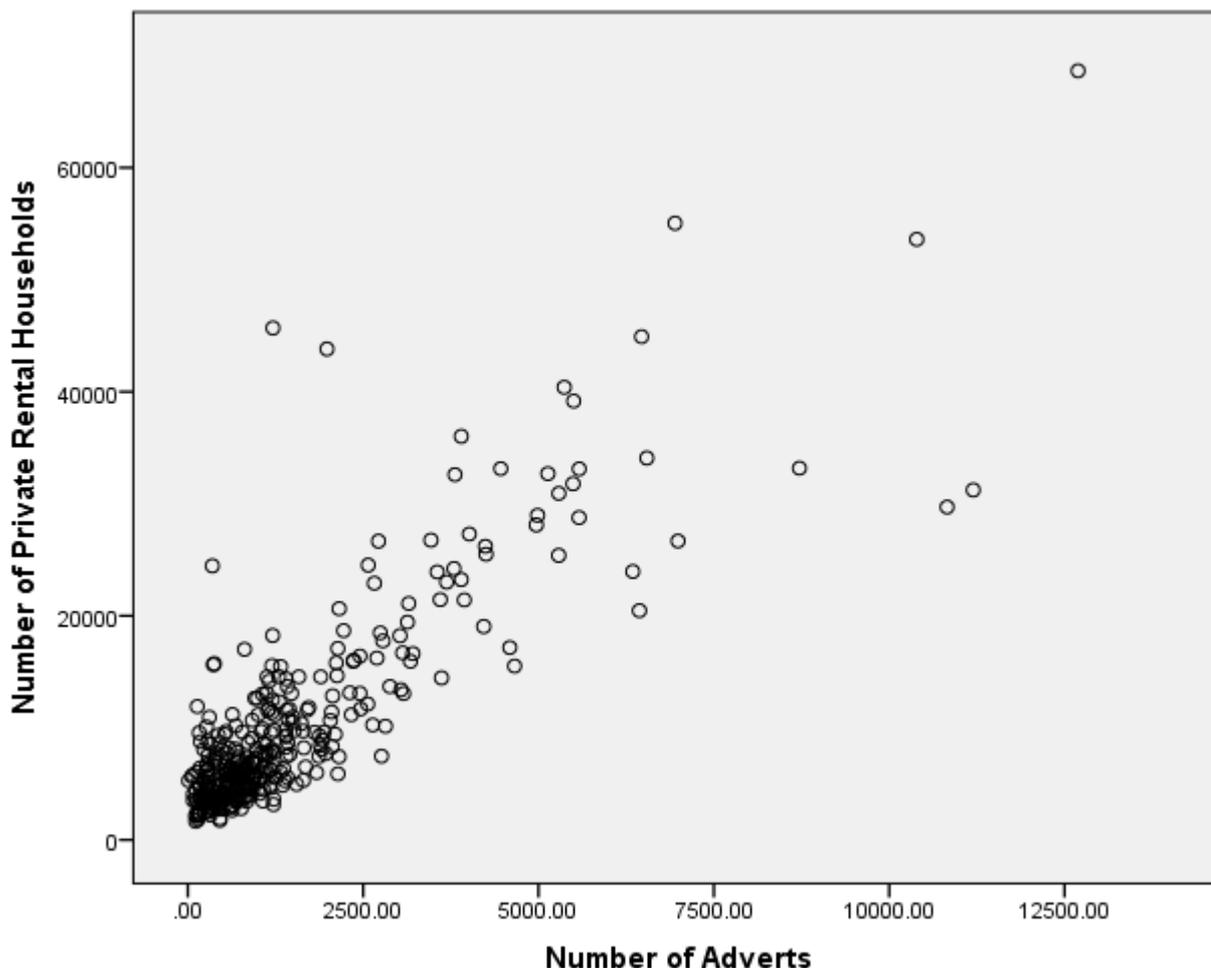
Year	Number of adverts	Number adverts (index, 2012=100)	UK Private Rental Stock (index 2012 =100) <sup>1</sup>
2012	559,590	100	100
2013	405,641	72	104
2014	487,760	87	108
2015	385,191	69	111
2016	460,590	82	n/a

Based on [Table 102: Dwelling stock: by tenure \(2012-2015\)](#), Great Britain (historical series) from Gov.UK Statistical data sets; Zoopla Property Group PLC © 2018. (2018). *Zoopla Historic Data (UK to 2018)*. [data collection]. Urban Big Data Centre

Figure 12 shows a scatterplot of rental households (Census (2011)) by numbers of adverts (2012). There is a clear correlation between the two variables that suggests that rental adverts tend to be high in areas where there are private rental households. However, this is not always the case. There are areas where the number of households in the sector is

high but the frequency of adverts is low and where the number of adverts is relatively high but the number of households low.

**Figure 12: Scatterplot - Private rental households (Census 2011) by number of adverts (2012)**



Source: Zoopla Property Group PLC © 2018. (2018). *Zoopla Historic Data (UK to 2018)*. [data collection]. Urban Big Data Centre

### Median rents

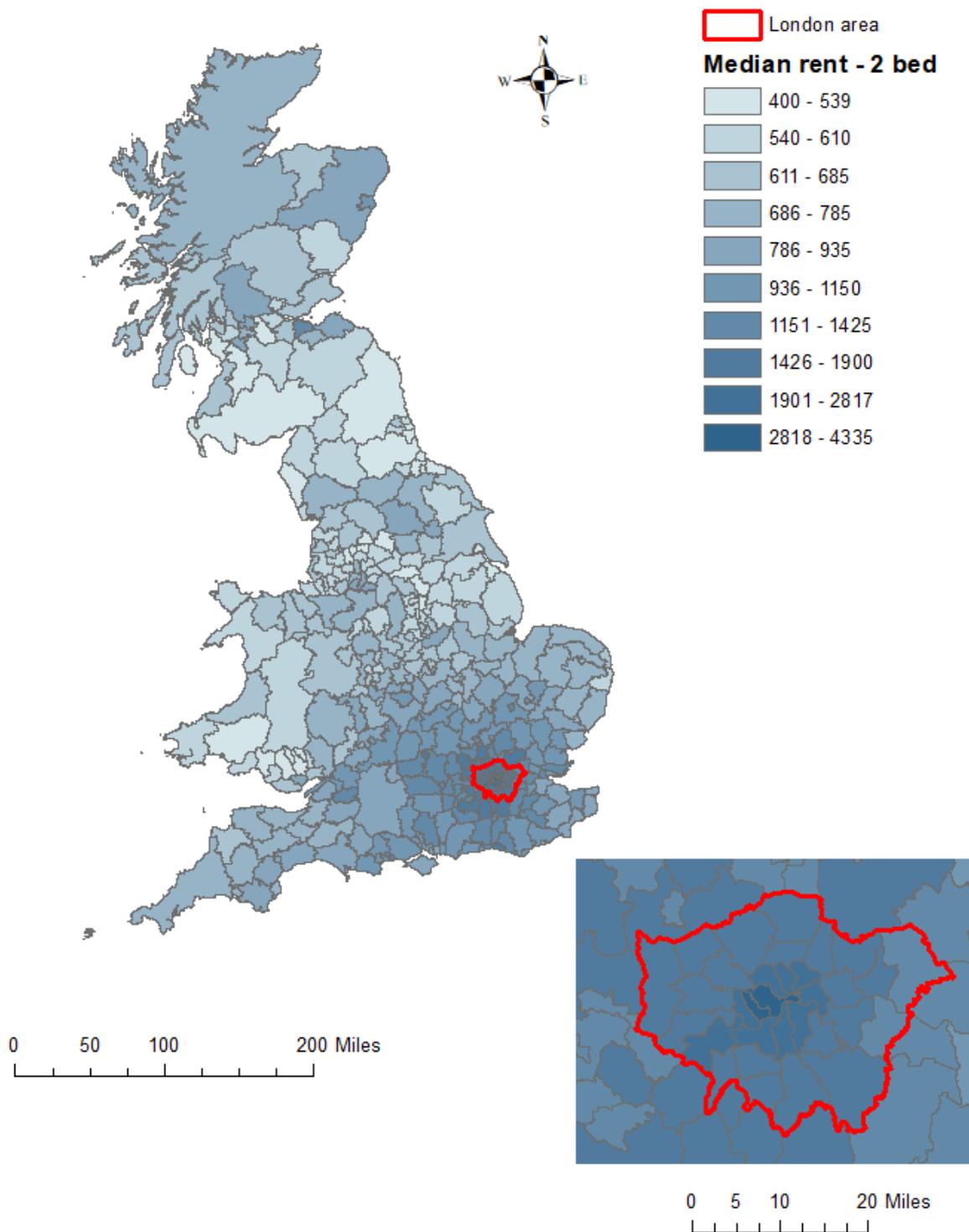
Figure 12 suggests that there are some limitations to the Zoopla data. However, there are other aspects of the data that provide consistent coverage of the market, regardless of Zoopla's changing market share.

Figure 12 suggests that there are some limitations to the Zoopla data given the variation between the number of private rented households and adverts. This variation suggests that numbers of adverts is not a good indication of the level of private rented houses in a neighbourhood. Despite these limitations, it is possible to use Zoopla data reliably in other ways.

In particular, Zoopla should provide reliable evidence on rental values and how these are changing, at least for new lets. This is an important area of data. To provide reliable up to date geographically specific data on rents is a challenge but online rental adverts might provide a solution for measuring rents, all be it the advertised value rather than the final rent.

Work at UBDC and ONS has begun to help us understand the potential uses of rental data from online advertisements. Maps of median rents in the UK suggest that advertised rents are high in the areas where we would expect that to be the case (Figure 13).

**Figure 13: Median rents in local authorities**

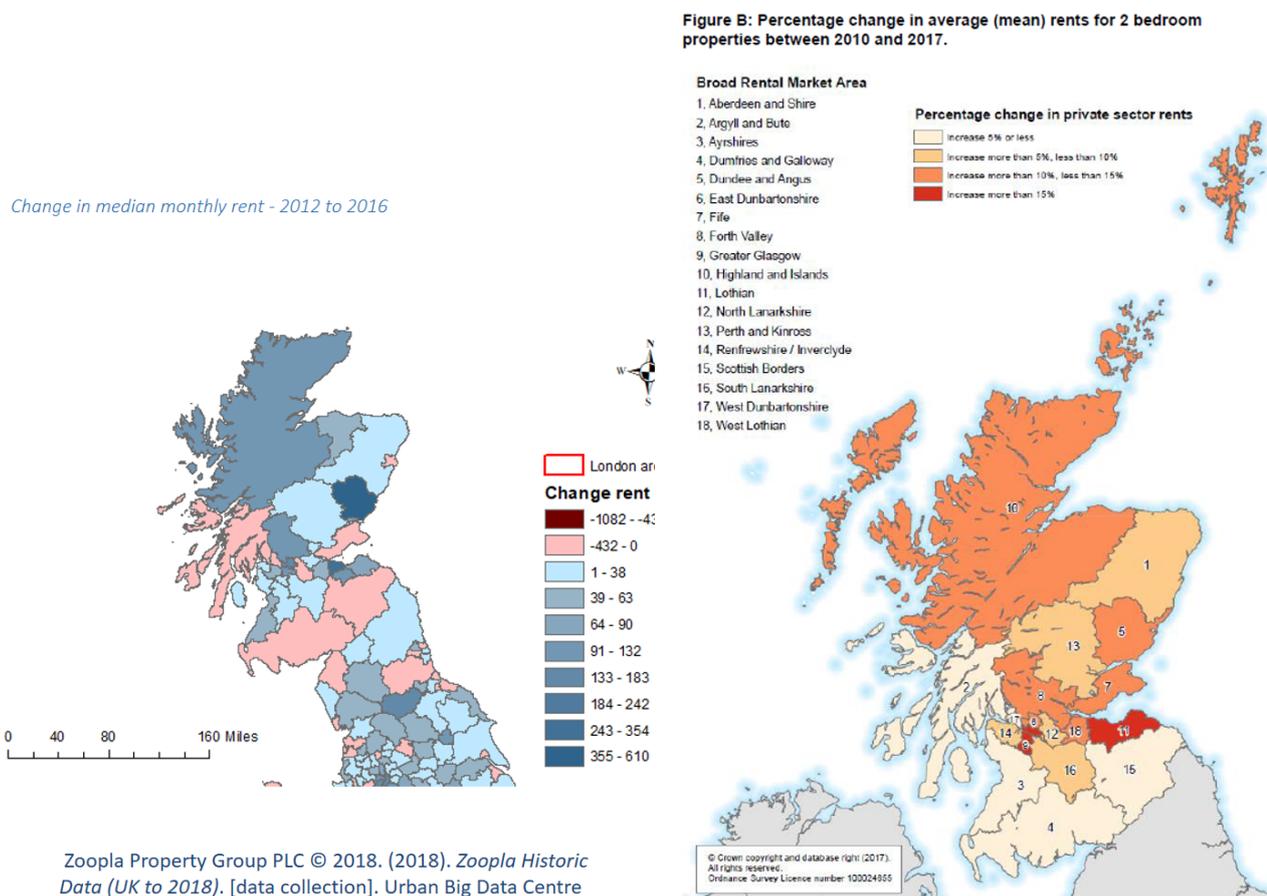


Source: UBDC Zoopla data note: <https://www.ubdc.ac.uk/media/1709/data-note-260418-analysis-of-zoopla-rental-listings-data.pdf>

Examining change in advertised rents in 2 bedroom properties over time also confirms expected patterns. For example, reductions in rents in Aberdeen, where house prices and rental prices have reduced in recent years, are reflected in the Zoopla data.

Comparing changes in advertised rents between 2012 and 2016 to changes in estimated rents between 2010 to 2017 in Scottish Broad Rental Market Areas (BMRAs) (Figure 14) shows clear similarities.

**Figure 14: Change in advertised rents on Zoopla between 2012 and 2016 and change in estimated rents between 2010 to 2017 in Scottish Broad Rental Market Areas (BMRAs)**



Source: UBDC Zoopla data note 1/2018 *Private sector rents in the UK Cities: analysis of Zoopla rental listings data* Scottish Government, 2017<sup>17</sup>

The ONS has also used Zoopla rental data to compare median monthly rents at local authority level with Valuation Office Agency (VOA) median monthly rents.

Figure 15 is a scatterplot showing median Zoopla rents and rent estimates for each English local authority in 2016. The plot shows a remarkable consistency between the two sets of data suggesting that, at this level of aggregation, Zoopla data could be used as a measure of new rental values in local authorities. At the moment, data published by the Scottish Government is only available at Broad Market Rental Level.

UBDC researchers are working to validate and understand the weaknesses in these data, comparing data from different online providers and from other data sets.

As well as comparing these data to other sources, researchers at the Centre have begun to investigate ways of improving the estimates derived from them. Work has begun to model these data with other forms of data to improve their accuracy and widen their uses.

**Figure 15: Valuation Office Agency median monthly private rent price and Zoopla median advertised rent price**

Local authorities in England, 2016



Source: UBDC Zoopla data note 1/2018 [Private sector rents in the UK Cities: analysis of Zoopla rental listings data](#)

# Conclusions

This briefing set out to examine how we might monitor the impact of three significant pieces of Scottish legislation affecting PRS tenancies. The briefing suggests questions which need to be addressed to effectively assess the original aims of the legislation and also to consider any other outcomes from the legislation.

The briefing highlights areas in which data are strong and areas in which there are gaps in our knowledge. We have significant data at higher geographies for tenants, but we have little or no data about landlords and the role they play in the sector. This is despite a statutory register for landlords and tenancy deposit schemes which collect a significant amount of data.

The briefing contends that the way data on the landlord register is curated should change to allow for aggregate statistics to be made available at low geographical levels. It also argues for the provision of statistics from sources like the Tenancy Deposit Schemes and the First-tier Tribunal (Housing and Property Chamber) to widen our understanding of the sector.

The importance of understanding the impact of recent legislation on different sub-markets is also stressed in the paper. Unless better data are made available at a lower geographical level, it will not be possible to gain a full understanding of the sector or to assess the impact of legislation in different sub-markets.

The briefing has demonstrated that there are alternative data that might fill some of the gaps in our understanding. This includes using online advertising data but also modelling and blending these data to provide better estimates of the sector. The combination of data from on-line property adverts with data from the landlord register offers the most cost-effective route to up-to-date, fine-grained data on this dynamic sector.

# Annex 1: Scottish legislation relevant to private rented housing

**Table 1: Recent Relevant Scottish Legislation on the PRS, 1988-2016**

<b>Legislation Name</b>	<b>Relevant Summary Features</b>
<b>Housing (Scotland) Act 1988</b>	Deregulated the private rental market in Scotland, introducing two new forms of tenancy in the private sector from 2 January 1989 – the assured tenancy and the short assured tenancy.
<b>Antisocial Behaviour etc (Scotland) Act 2004</b>	Established the framework for the private landlord registration scheme and the system for serving anti-social behaviour notices on private landlords.
<b>Housing (Scotland) Act 2006</b>	The Act's main purpose was to address problems of condition and quality in private sector housing. The Act included a Repairing Standard setting out the obligations and duties of private landlords. It reformed local authority powers to deal with disrepair in their areas and re-enacted, with changes, the system of licensing of houses in multiple occupation which was contained in secondary legislation. The Act also created the framework to establish the national in tenancy deposit scheme through the Tenancy Deposit Schemes (Scotland) Regulations 2011.
<b>Private Rented (Housing) Scotland Act 2011</b>	This Act amended the private landlord registration system provisions in the 2004 Act with the aim of improving enforcement of the scheme. It introduced a power for local authorities to serve a statutory overcrowding notice. It also made relatively minor changes to the system of HMO licensing in the 2006 Act and other miscellaneous provisions.
<b>Housing (Scotland) Act 2014</b>	This wide ranging Act included the introduction of a letting agent regulation system and the transfer of private rented housing civil cases from the sheriff court to a new Tribunal.
<b>Private Housing (Tenancies) (Scotland) Act 2016</b>	Introduced the open ended new private residential tenancy, procedures to limit rent increases through local rent pressure zones and standardisation of how often rents can increase.

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