

SFHA Draft Consultation Response: Landlord Registration

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# **Who we are**

* 1. The Scottish Federation of Housing Associations exists to lead, represent and support its members - housing associations and co-operatives throughout Scotland.
  2. SFHA has 128 members, equating to 81% of the sector.

There are around 161 housing associations in Scotland and 26 out of the 32 local authorities are social landlords.

* 1. SFHA has members in every local authority area in Scotland.
  2. SFHA members have around quarter of a million (246,000) homes;
* around 225,000 are what are called ‘general needs’ housing
* around 21,000 are what are called supported accommodation.
  1. In addition to homes for social let, a number of SFHA members offer ‘shared ownership’ (around 5,000 across Scotland) and other homes, such as mid-market rent (numbers are still being confirmed by regulator).
  2. Our members employ over 15,000 people, which represents around 93% of people employed in housing associations or housing-cooperatives across Scotland.

# **Background**

* 1. SFHA welcomes the opportunity to contribute to the Scottish Government consultation on Landlord Registration.
  2. This consultation is of interest to SFHA members that offer Mid-Market Rent properties.
  3. Mid-Market rent properties are offered to households through a ‘private residential tenancy’.
  4. SFHA members were invited to discuss the consultation at the Mid-Market Rent Forum in May 2018.
  5. A draft response was shared with SFHA members before submission to the Scottish Government.

# **Part 1 Landlord Registration: Prescribed Information**

* 1. In general, SFHA members overall agreed with the proposals set out in the consultation.
  2. SFHA will petition the Scottish Government to amend their Landlord Registration system to receive ‘bulk’ uploads for multiple properties, similar to the way the Property Factor Registration system is able to.

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| **Question 1a:** Do you think that landlords should have to confirm whether they comply with each of the requirements specified above?  *SFHA agrees that landlords should have to confirm whether they comply with the specified requirements. However, this should be done against the full registration and not individual properties.*  *This is a particular issue for housing associations that have a large number of mid-market rent properties to register.*  *SFHA request that the Scottish Government modifies the Landlord Registration system to enable bulk uploads of property information in a similar way that the Property Factor Register allows.* |

* 1. Notwithstanding a small amount of scepticism around the methodology and efficacy of Energy Performance Certificates in demonstrating and improving the actual energy performance of a building, there was a view that the requirement to provide the domestic EPC rating for each property was reasonable.
  2. The proviso of course is that bulk upload facility should be required.

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| **Question 3** If a minimum energy efficiency standard linked to an EPC rating is introduced, do you think that landlords should be asked to provide the domestic EPC rating for property?  *If a minimum energy efficiency standard is linked to an EPC rating is introduced, it would be reasonable for landlords to provide the domestic EPC rating for the property.*  *SFHA request that the Scottish Government consider modifying the Landlord Registration system to enable bulk uploads of property information in a similar way that the Property Factor Register allows.* |

* 1. SFHA agrees that it is reasonable for landlords to provide a Home and correspondence address if this is different.
  2. SFHA also agrees that landlords should be required to provide a contact email address and phone number.
  3. SFHA members indicated that valid contact information has been crucial in contacting landlords in relation to common repairs and any other issues.

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| **Question 5:** Do you think that applicants should be required to provide an email address, home and mobile phone number (if they have one)?  *SFHA agrees that landlords should be required to provide email address and phone numbers as part of the registration process, as it demonstrates transparency and makes it easier for interested parties to get in touch if there is an issue, eg common repairs.* |

# **Part 2 – Landlord Registration: Application Fees**

* 1. SFHA members expressed a view that it was on balance acceptable for the fees to increase by CPI.
  2. However, as SFHA members always have multiple properties to register it was suggested that rather than a single charge per property, there should be an element of price discrimination for landlords with multiple properties.
  3. For example between 1 – 10 properties would attract one price, 11 – 50 properties, another price, and so on.
  4. Accepting that the charges exist only to pay for the local authority administration of the register, there would be economies of scale for landlords with multiple properties, and therefore a reduction should be offered to those landlords.
  5. This change would help housing associations safeguard and maximise rental income on improving services to social and mid-market rent tenants.

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| **Question 6:** Do you think it is reasonable to increase registration fees in line with inflation, to reflect the increased cost to local authorities?  *SFHA agrees that it is reasonable to increase registration fees in line with inflation on the proviso that price discrimination is introduced to recognise the diminishing costs associated with registering landlords with multiple properties.* |

* 1. SFHA agrees that it is reasonable for local authorities to charge a lower additional fee, in cases where the maximum set fee exceeds the costs of the work undertaken.

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| **Question 7:** Do you think it is reasonable for local authorities to charge a lower additional fee, in cases where the maximum set fee exceeds the costs of the work undertaken to prompt a landlord to make an application?  *SFHA agrees that it is reasonable for local authorities to charge a lower additional fee, in cases where the maximum set fee exceeds the costs of the work undertaken*. |

* 1. The Scottish Government suggested that a 10% discount for applying online should be scrapped. The reasons given are:
* Most people already do it online – so an incentive is no longer required
* Applying the discount is problematic for local authorities
* Providing support for applicants with complex circumstances or who are not confident is resource intensive
* Some stakeholders who either choose or need to submit paper applications feel that 10% discount is unfair and puts them at a financial disadvantage.
  1. The SFHA are not convinced by the arguments put forward by the Scottish Government;
* Filling information online will save administration costs as a person is not required to manually input data; the discount reflects these lower costs
* If the discount is problematic to apply the system should be improved rather than charging customers more
* Applicants with complex cirucmstances or lacking in confidence may need support whether it is online or otherwise; it is not reasonable to remove the discount to cover the costs of this
* Again, the 10% discount reflects the fact that administration is less if the data is already input; therefore it is immaterial if people who submit paper applicants are disgruntled.
  1. Furthermore, after suggesting a 26% increase in costs, the removal of the 10% discount would be a defacto double increase.
  2. This is clearly not acceptable to SFHA members.

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| **Question 8:** Do you think that the 10% discount applied to on-line applications should be changed? If so, what should be changed?  SFHA does not think the 10% discount applied to on-line applications should be changed. The reasons for removal of the discount are not convincing   * Filling information online will save administration costs as a person is not required to manually input data; the discount reflects these lower costs * If the discount is problematic to apply the system should be improved rather than charging customers more * Applicants with complex circumstances or lacking in confidence may need support whether it is online or otherwise; it is not reasonable to remove the discount to cover the costs of this * Again, the 10% discount reflects the fact that administration is less if the data is already input; therefore it is immaterial if people who submit paper applicants are disgruntled; it simply reflects the costs.   Furthermore, removing the discount would result in the fees being increased twice. |

* 1. The Scottish Government propose to include an amount within the principal fee as a reasonable contribution to the core running costs of the on-line system.
  2. This would equate to around £2.00 per application.
  3. SFHA is seeking clarification if this is to be part of the proposed fee of £70 or on top of that fee.

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| **Question 9:** What are your views on including an amount in the application fee to cover the operating costs of the on-line registration service?  *If it is part of the application fee, SFHA believes this is reasonable and recognises the benefits of having a nationally designed system. If it is on top of the application fee, SFHA believes this is unreasonable given the substantial increase in the fee already proposed.* |

* 1. The Scottish Government propose to introduce a fee for other owners who require a fit and proper person test. While SFHA members felt it is not appropriate to respond directly as it is not applicable, they also mentioned that insisting on this fee could encourage landlords to omit people off the application.
  2. The Scottish Government propose to remove the multiple area discount so that each local authority area receives a fee.
  3. SFHA does not agree with this proposal. It represents duplication and unnecessary bureaucracy that should be redundant in the 21st century.
  4. It is straightforward to nominate a lead local authority to be responsible for checking the fit and proper person status which can be shared across networks. If this function isn’t already included in the system, it should be.

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| **Question 11:** Do you think that each local authority should receive an application fee when a person applies to more than one local authority, and the fit and proper person assessment is required?  *SFHA does not agree with this proposal. It represents duplication and unnecessary bureaucracy that should be redundant in the 21st century.*  *It is straightforward to nominate a lead local authority to be responsible for checking the fit and proper person status which can be shared across networks. If this function isn’t already included in the system, it should be.*  *While recognising that the Scottish Government assertion that removal of the discount would have minimal effect on the majority of landlords, SFHA posits that it would have a disproportionate effect on its members, who offer homes for affordable rent in the form of Mid-Market Homes across Scotland in more than one local authority area.* |

* 1. Scottish Government have asked if landlords should receive 100% fee if their properties are managed by a letting agent registered with the Scottish Government.
  2. As many SFHA members are required to register as letting agents in relation to Mid-Market Rent work, SFHA would welcome the introduction of a 100% discount.

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| **Question 12:** Do you think that landlords should receive a 100% discount on the application fee for a letting agent who has applied to be registered with the Scottish Government?  *SFHA would welcome the introduction of a 100% discount. As the letting agent would be providing the professional service to the tenant, there is no need for the local authority to carry out the fit and proper person test*. |

# **Next Steps**

* 1. SFHA will arrange for the consultation response to be submitted on behalf of SFHA members by the deadline.
  2. If you would like to make any further comments or suggestions, get in touch with Zhan McIntyre before 1 June 2018.