



The Housing Crisis and Landlordism

Introduction

As more councils in Scotland declare a housing emergency, we examine the state of housing in Scotland and what can be done to tackle the crisis.

Housing emergency

The housing emergency refers to the 1.5 million people in Scotland who are denied a safe, stable home. This Shelter Scotland graphic explains.



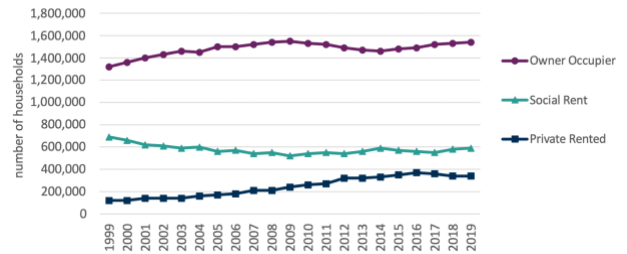
Safe, warm, affordable housing is a fundamental [human right](#). In a [poll](#) for the Scottish Federation of Housing Associations, 80% of the public recognise the crisis. “When nearly 10,000 children are growing up in temporary accommodation, nearly a quarter of a million people are on a waiting list for a social home – and eight out of ten people believe there’s a housing crisis”.

In this context, housing organisations and others have [criticised](#) the Scottish Government’s budget priorities. There is a £196m (27%) cut to the affordable housing budget on top of [previous](#) cuts, yet at least £144 million was found to fund a regressive council tax freeze. The latest housing [statistics](#) show a significant drop in house completions. The Scottish Parliament’s Finance and Public Administration Committee asked “how this decision aligns with its own spending prioritisation criteria and whether it has fully assessed the potential impact on tackling poverty and growth.”

Access to social housing is critical. Research [showed](#) that up to 60,000 people in Scotland are kept out of poverty each year because they live in a social home.

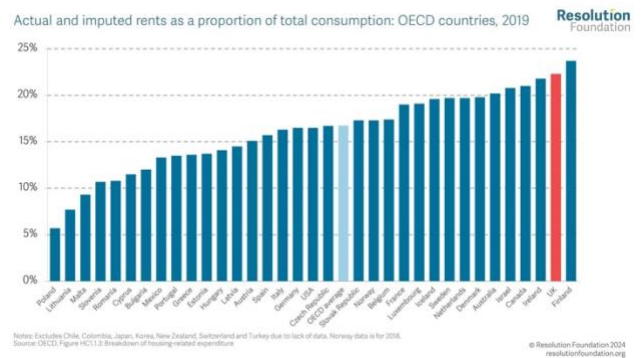
Private renting

The lack of social housing is a significant factor in the private rented sector in Scotland more [than doubling](#) in size since 1999 to 344,276 in 2023. The number of households in the social rented sector fell from 690,000 (32% of all households) in 1999 to 590,000 (24% of all households) in 2019. Owner occupation has remained relatively stable at around 60%.



The temporary 3% rent cap will no longer apply from 1 April 2024. Even with the rent cap, rents in Scotland increased by 6% because of loopholes in the provisions. Over the past decade, rents in Scotland’s largest cities have almost [doubled](#). Between September 2013 and September 2023, the average rent for a two-bedroom flat in Edinburgh climbed by 92% to £1,441, while in Glasgow, this increased by 82% to £978. The Scottish Government has just [published](#) a new Housing Bill, which includes limited [rent controls](#) for private tenancies in certain areas. Housing charities [argue](#) these do not go far enough, although [compared](#) with England it could be worse.

The Resolution Foundation’s [Housing Outlook](#) 2024 has debunked common myths. This chart shows that total rents in the UK are a larger share of expenditure than in almost every other rich country.

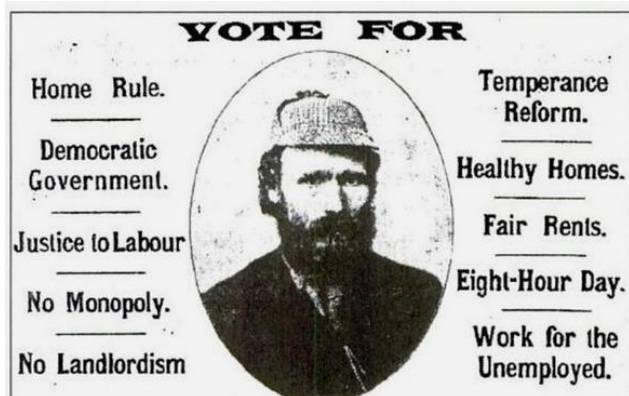


Housing spending is not high because we are investing in high-quality new houses. No other European country has such an old, hard-to-heat housing stock. Scotland also has high home heating costs despite being energy-rich. The problems may be even greater in rural areas, with the conversion of homes into holiday lets and second homes worsening the resulting pressures.

As for political action. 23 MSPs, nearly a fifth of the parliamentary cohort, are [landlords](#) or own shares in letting companies. One in five Tory MPs are [landlords](#).

Landlordism

Landlordism is not a new problem. Keir Hardie's famous 1888 election poster highlighted landlordism, along with healthy homes and fair rents.



It is often argued that private rent increases and entry to homeownership for young persons reflect a housing shortage across the UK. However, [others](#) have pointed to the rise of landlordism as being the underlying cause.

Over the last 25 years, there has not just been a constant surplus of homes per household; the ratio has been modestly growing. OECD [data](#) shows the UK has roughly the average number of homes per capita at 468 per 1,000 people. We have a comparable amount of housing to the Netherlands, Hungary, and Canada, and our housing stock far exceeds that of many more affordable places such as Poland, Slovenia, and the Czech Republic. What has changed is not the amount of housing per household but its cost. Cost, in turn, has a great deal to do with landlordism.

In the 1970s, the private rental market imploded. Rent controls, secure tenancies and high-interest rates decimated the sector, shrinking from nearly 60% of dwellings in 1939 to just 9% in 1988. With cross-party support, housing was municipalised, with councils buying up and building housing stock. Homeownership increased because prices were low and could be financed on relatively low incomes. A Tory briefing of the period said, *"The private landlord, as he exists now and has existed, will, within a generation, be almost as extinct as the dinosaur."*

Thatcher and her successors undid that progress to the extent that one in every 21 adults in the UK is now a landlord. We have four times as many landlords as teachers. As landlords bought up properties, prices rose, and now virtually everyone struggles to afford a home despite a net gain in housing stock. Landlords can raise rents as high as they think they can get, supported by limited tenants' rights.

We don't need to relearn the wisdom of the last century to acknowledge that landlordism is the enemy of affordability – the evidence is there from

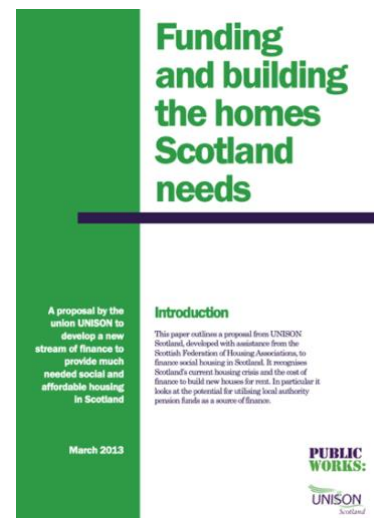
just 50 years ago. The abolition of private landlords while maintaining adequate levels of housing stock is an entirely realistic ambition. Nick Bano argues in his [new book](#), *"Where Adam Smith and Karl Marx found common ground was in the idea that everyone's interests are aligned against landlords: they are an economic deadweight."*

Housing reform

The old Tory vision of the property-owning democracy has long distorted and misdirected the politics of housing. However, the impact of landlordism has undermined even that vision.

Housing reform has focused on building new houses in the social and private sectors. While that remains a necessary [reform](#), it is not enough. The focus must be on building social housing and taking measures to curb landlordism. That means the Scottish Government's housing bill has to take steps to protect tenants from unfair evictions and high rents and have the policy outcome of actively discouraging investment in buying up homes for the private rented sector.

Given current budget constraints, particularly capital spending, many will ask where the funding will come from. Unlike many public expenditures, housing has a revenue stream, albeit over a long period. That doesn't obviate the need for capital investment from the government, but it points to longer-term forms of investment. One such source is the Scottish Local Government Pension Scheme. In partnership with the Scottish Federation of Housing Associations, UNISON Scotland published [a paper](#) in March 2013 that shows how this could be done. The Scottish Government briefly adopted this approach in a minimal way, but much more is needed.



Jimmy Reid Foundation

The Jimmy Reid Foundation is a think tank which brings together different voices from across Scotland to make the case for economic, environmental, political and social equity and justice in Scotland and further afield.

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