



SPF VOICE

January 2020

INSIDE THIS ISSUE

Chair's Column
At Holyrood

Research
Regional Spotlight

Industry Insights
SPF Annual Conference 2020

Striking the balance: people, planet, politics



Robin Blacklock
SPF Chair
MD Dowbrae Property Consultancy

In my short time as Chair of the SPF, I have been consistent in maintaining the twin subjects of social and environmental sustainability at the forefront of our agenda. I do this not as a 'pet project', but because these are important, recurring issues highlighted by many of our stakeholders. As outlined in my initial address in November, the key for our industry is to present ourselves as part of the solution, not a source of the problem.

Over the last couple of months, Scotland's two largest cities have published plans for their strategic development - over the next 30 years in the case of the Glasgow City Centre Strategic Development Framework, and over the next 10 years for Edinburgh's Choices for City Plan.

The characteristics of these two cities are very different and their challenges diverse, but there is a lot of commonality in the themes presented; in each case it's a reasonably straightforward task to categorise their goals as either financial, social or environmental. Their ambitions under the latter two headings dominate and it's clear that there are some significant challenges ahead to meet their objectives.

In many cases, these objectives will only be realised in collaboration and conjunction with the investors and developers central to the evolution of each city. While we must engage and ensure that our role is not underestimated, it is important too that our financial capacity to support many of these initiatives is not overstated.

The key in this engagement is for all parties to understand and agree the role the property industry has to play in all aspects of social and environmental sustainability, and for us to then find the balance between supporting the ambition and managing expectation.

At the SPF Annual Conference on 4 March, we will explore in detail the key role that social and environmental sustainability has in Scotland's economy, and the part that the industry can play in facilitating the ambitions of the nation.

There are still a few spaces left for our conference, click below to reserve yours. To discuss sponsorship opportunities, please contact [Gail Hume](#).



SCOTTISH PROPERTY FEDERATION TEAM

David Melhuish

Director
dmelhuish@bpf.org.uk
Tel 0131 220 6353

Gail Hume

Business & Events Manager
ghume@bpf.org.uk
Tel 0131 357 8667

Mandy Catterall

Government Relations Manager
mcatterall@bpf.org.uk
Tel 0131 220 6304

Murray Horn

Policy & Communications Officer
mhorn@bpf.org.uk
Tel 0131 306 2222

Karlen Lambert

Policy & Communications Officer
klambert@bpf.org.uk
Tel 0131 370 0795 @scotpropfed

6th Floor
3 Cockburn Street
Edinburgh
EH1 1QB



AT HOLYROOD

RESIDENTIAL INVESTMENT & MANAGEMENT

- Kevin Stewart MSP, Minister for Local Government, Housing and Planning announced in a statement to parliament that the Scottish Government will introduce licencing for short-term lets; introduce short-term let control areas; and review the tax treatment of short-term lets. Further details can be found [here](#). The proposals are in line with many of the points raised in the SPF members' [response](#) to a [consultation](#) on the regulation of short-term lets run by the Scottish Government last year.

COMMERCIAL REAL ESTATE

- The second draft of regulations for a register of persons holding a controlled interest in land have now been laid in the Scottish Parliament as part of the super-affirmative procedure set out in the Land Reform (Scotland) 2016 Act. We understand it is likely that the SPF will be called upon once again to offer oral evidence to Holyrood's Environment, Climate Change and Land Reform Committee. The Commercial Real Estate Committee led by Alan Cook, Pinsent Masons, took the opportunity to discuss remaining concerns at a meeting earlier in the month.

SCOTTISH GOVERNMENT

- [Consultation on aspects of planning obligations](#)
Closes 10:00am 3 February 2020
- [Replacement of European Structural Funds post EU-Exit](#)
Closes 12 February 2020
- [Housing to 2040: consultation on outline policy options](#)
Closes 28 February 2020
- [Energy Efficient Scotland: Improving energy efficiency in owner occupied homes](#)
Closes 26 March 2020
- [NPF4 Call for Ideas](#)
Closes 31 March 2020
- [Investing in and paying for your water services from 2021: Final Consultation](#)
Closes 5 April 2020

PLANNING & DEVELOPMENT

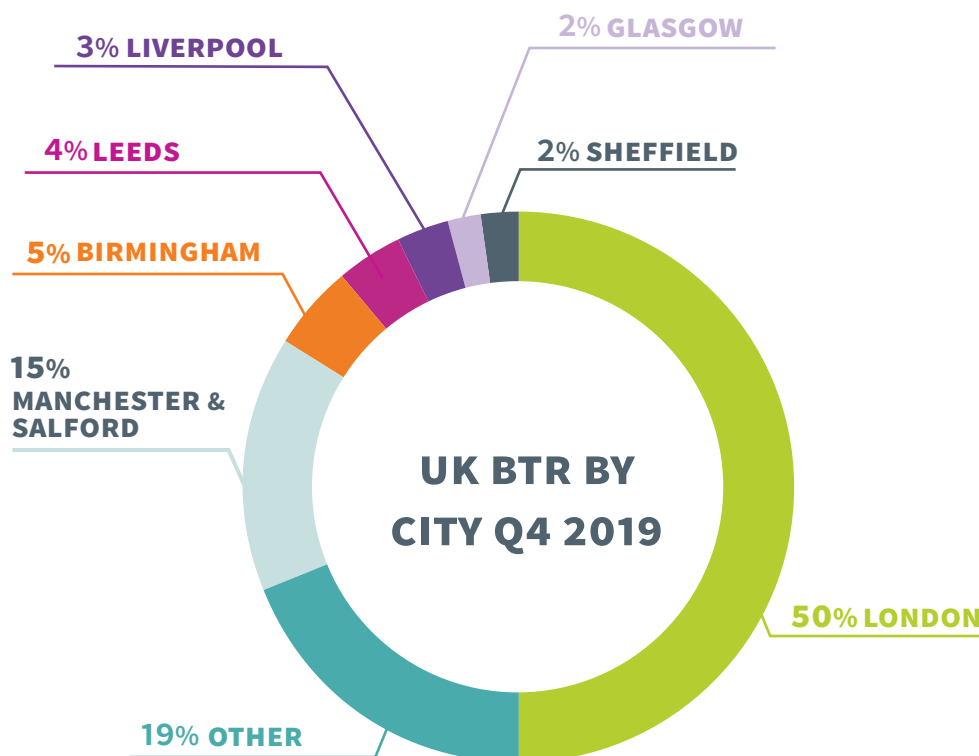
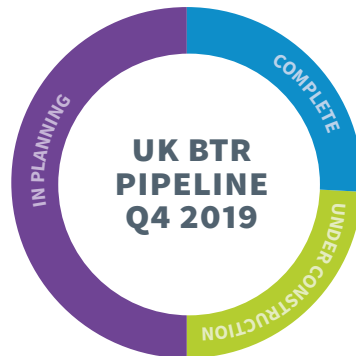
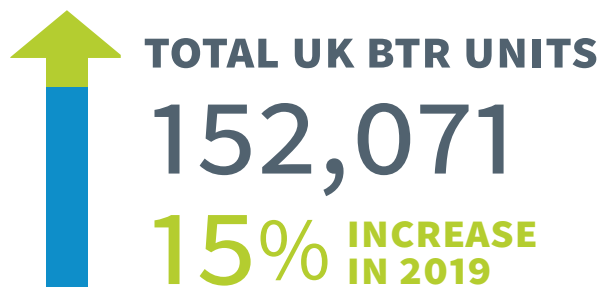
- The Scottish Government launched a [new website](#) for engaging with key strands of the continuing transformation of Scotland's planning system and national policy. The Planning and Development Committee chaired by John Hamilton, Winchburgh Developments, met with lead officials and offered early views on the wider transforming policy such as land value uplift capture; section 75s; and the infrastructure levy.
- The Scottish Government also [published](#) information on how it will engage with stakeholders to support the preparation of NPF4, which is expected to be published in September. A Call for Ideas has been opened, and will run until 31 March. Any views or comments for inclusion in an SPF response would be welcome.

PROPERTY TAX

- January has been dominated by the Non-Domestic Rates (Scotland) Bill. As seen with last year's Planning Bill, the Bill's contents were radically changed during parliamentary committee scrutiny. Key concerns for members included a proposal to scrap the uniform business rate (UBR), which could mean different poundage rates across Scotland; an amendment to add PBSA to the non-domestic rates system; and a draconian system of penalties for non-return of Assessor notices. In response to our engagement, the Scottish Government submitted an amendment to repeal the proposal to abolish the UBR, and Labour MSP Sarah Boyack is seeking to remove her previous amendment to apply rates to PBSA.

BUILDING STANDARDS & SUSTAINABILITY

- Following our engagement with the Scottish Government's consultation on regulations to set a minimum energy efficiency standard for PRS, we have been informed that the government intends to lay the regulations in parliament in order for them to take effect on 1 April 2020. The initial regulation prohibiting the creation of a new tenancy for a property that does not meet EPC E is now expected to come into force on 1 October 2020.



OVERVIEW

New build-to-rent (BTR) research from the British Property Federation and Savills has shown that the number of BTR units complete, under construction or in planning across the UK increased by 15% last year.

Overall, there were 152,071 BTR units at varying stages of development at the end of Q4 2019. This total was an increase from 131,716 units at the start of the year. The number of completed units saw a particularly significant boost, increasing by a third in 2019 to more than 40,000 units.

REGIONS

London continues to dominate the UK's BTR sector with just over half the total number of units. At the end of Q4 2019, there were a total of 76,408 at all stages of development in London, compared to 75,663 in regions outside of the capital.

However, for the first time, the total number of completed BTR homes across the UK regions has surpassed the total in London. Of the capital's units some 20,061 are complete, marginally behind the regional figure of 20,120.

REGIONAL SPOTLIGHT



DUNDEE

On 23 January, nearly 70 property professionals gathered to hear details of over £320m of gross development value due to be delivered in Dundee over 2020 and to debate prospects for the city and Scottish property markets in the coming decade. Speakers included Dundee City Council Leader John Alexander, SPF Chair Robin Blacklock, James Keiller Investments' Blair Morrison, Aberdeen Standard Investments' Mark McCluskie, and CBRE's Miller Mathieson.

EDINBURGH

The postponed 8-week consultation on Edinburgh's choices for City Plan 2030 was approved by the Planning Committee on 22 January and is open for consultation until 22 March. Highlighted proposals include a plan to raise the size of affordable housing contributions to 35% and to expand the range of developments contributing to affordable housing, including PBSA, BTR and larger commercial developments.

NORTH AYRSHIRE

North Ayrshire took part in a Scottish Government pilot to establish a Simplified Planning Zone (SPZ) to deliver housing. North Ayrshire's SPZ is unique in that it aims to deliver a major housing development (approximately 165 homes) by providing planning consent upfront, the first of its kind in Scotland. The SPZ was adopted on 4 Dec 2019 and further details can be found [here](#).

SPF ANNUAL CONFERENCE 2020

Building Sustainable & Inclusive Growth

CLICK HERE
TO BOOK
YOUR PLACE

4 MARCH 2020

**EDINBURGH INTERNATIONAL
CONFERENCE CENTRE**

12PM - 5:30PM



The Scottish Property Federation conference will explore key challenges and opportunities for the Scottish property industry. This year we will focus on building sustainable and inclusive growth, with an emphasis on the positive contribution that the real estate sector can play in delivering on these objectives.

We are delighted to welcome **Derek Mackay MSP** who is returning as our keynote speaker and **Douglas Fraser**, best known for his work as BBC Scotland Business and Economy Editor, as our host.



Keynote speaker
Derek Mackay MSP

Confirmed speakers and panellists

Keith Anderson CEO ScottishPower

Paul Curran CEO Qmile

Willie Kyle Director PfP Capital

John Reid CEO Michelin Scotland Innovation Parc

Robin Blacklock SPF Chair & MD Dowbrae Property Consultancy

Melanie Leech CBE CEO BPF

Michaela Sullivan SPF Vice Chair & CALA Group Land Manager

INDUSTRY INSIGHT

Scottish Government eyes new green home standards



Alan Stark

**Chair of the SPF
Building Standards
& Sustainability
Committee**

When the Scottish Government published its ambitious Energy Efficient Scotland route map in 2018, it made clear its intentions to expand energy efficiency regulations to domestic buildings.

Last year saw the government consult on draft regulations for PRS and these will be laid in the Scottish Parliament imminently. However, focus has recently turned to the larger cohort of homeowners, with the government proposing that owner-occupied properties reach an EPC rating of 'C' by 2024 - potentially a very short timeframe for many, and around six years earlier than the government originally planned. The proposals, which are being consulted on now, suggest that the minimum energy efficiency standard should be met at the point of sale or major renovation - although there may be several exceptions allowed.

Current Situation

With the Scottish Government estimating that residential properties contribute some 15% of Scotland's total emissions, they have a significant role to play in the battle to reach net-zero carbon. The lion's share of residential properties are owner-occupied, and although emissions have fallen by a quarter since 1990, only 38% of these households currently have an EPC rating of 'C' or better.

The government believes that there is still low-hanging fruit to be picked when it comes to making our homes more efficient. Simple changes such as lighting and insulation could be enough to tip properties over the threshold to meet EPC rating 'C'. However, there will be cases, particularly in rural and historic city centre locations, where more significant alterations will be required for properties to meet the standard.

Key Challenges

One of the key challenges with these proposals is money, or the lack of it. In addressing this issue, the government has proposed that owner-occupiers should only be expected to implement measures so long as they are 'technically feasible and cost effective'. A simple phrase that is proving complex to define.

For PRS, the draft regulations propose a cost cap of £5,000 for meeting each energy efficiency standard, and this has been suggested for owner-occupied properties too. However, it is likely that some owners

Climate Change Targets



will struggle to make this level of investment, and while funding exists there are significant gaps in availability.

A second proposal is that any energy efficiency measures should pay back over their lifetime through reduced energy bills. But, given that the proposed trigger point is the sale of a property, any financial benefit will fall to the new owner. Of course, hopefully the previous owner will be moving into an equally efficient property, but exemptions mean that this may not always be the case.

There are also wrinkles in the way that EPCs are calculated that will need to be ironed out, particularly in their ability to reflect changes in technology and the energy sector (such as the decarbonisation of electricity). However, this is acknowledged in the consultation and we welcome the government's recognition that more work is needed to ensure that the system is fit for purpose.

Opportunities

Like many organisations within the property industry, the SPF is fully committed to supporting Scotland becoming a net-zero emitter of carbon by 2045. Regulations and a clear vision from government are important drivers for change, and the Energy Efficient Scotland programme offers many opportunities for our industry through the use of new technologies and practices.

The challenges that these proposals present are not insurmountable; however, unintended consequences must be avoided. It is vital that the government ensures that the housing market is not negatively impacted by making it too costly - or burdensome - to move. Better financial support and advice will be a key factor in mitigating such issues for homeowners, who could face meeting demanding standards in relatively short order.

HAVE YOUR SAY

The SPF Building Standards and Sustainability Committee will be responding to the government's consultation on energy efficiency standards for owner-occupied properties. If you would like to have your comments included in our response, or get involved with the work of the committee more generally, please get in touch with **Murray**.



SCOTTISH
PROPERTY
AWARDS **2020**
Commercial and Public Property

BOOK YOUR TABLE

Thursday 20th February 2020
EICC, Morrison Street, Edinburgh

To book visit:

www.scottishpropertyawards.co.uk

 Scottish Property Awards

 @scotpropawards



Peace
Recruitment Group

SPF  SCOTTISH
PROPERTY
FEDERATION

Wolffe
BRAND & COMMUNICATION DESIGN

businessinsider

KDMedia