



SPF VOICE

April 2022



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Kevin Robertson

SPF Chair
MD, KR Developments Group Ltd

This month the SPF represented your views to the Scottish Government's critical draft rented sector strategy consultation. At a time when much needed investment into quality privately rented residential accommodation is just beginning to be realised on a major scale in Scotland, it is vital that we get the regulatory framework in place to support this potential new supply of homes. The fear, as explained by Savills' Ed Crockett in this month's Industry Insight, is that we over-regulate and fail to find a fair balance between the respective rights and responsibilities of landlord and tenant.

The political cycle however continues apace and next week Scotland votes for its locally elected levels of government. Often national issues dominate these elections and with the cost of living soaring, exacerbated by the tragedy underway in Ukraine, I suspect we will see a similar pattern in these elections. We have provided a brief overview of the five main political party local elections manifestos. There are key proposals that affect the industry including LBTT, the workplace parking levy, rent controls and business rates for high streets.

We are a month away from being able to meet again at our annual conference. This is a fresh style of event to the one we held pre-covid, with more speakers and insights covering the key issues facing our businesses, towns and city centres. I am delighted that two of our best known companies, Robertson Group and Pinsent Masons are sponsoring our conference. And I am also delighted to announce that this year we have established a partnership agreement with both Dundee City Council and Fife Council. We have also offered an online option, in addition to the in-person, to support potential attendance for those unable to travel to Edinburgh on the day.

I do hope that as many of you as possible will be able to join myself and Stephen Lewis on the day, which will also mark Stephen's stepping up to become our next SPF chair and Maria Francke as Vice-Chair.

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MANIFESTO SNAPSHOT

Local Authority Elections 2022: Manifesto Commitments

With the local elections just around the corner, we have examined some of the key manifesto commitments of the five parties that have MSPs in the Scottish Parliament. Focusing on key areas for the property industry such as planning, business rates and net zero policies, we have detailed a number of the key pledges from the parties below. Of course, many of the commitments given in the manifestos go beyond the powers of local authority councillors, but they do give a snapshot of where the parties stand on key issues that affect where we live, work and play.

You can read the full manifestos here: [Conservative \(C\)](#), [Green \(G\)](#), [Labour \(L\)](#), [Liberal Democrats \(LD\)](#) and [SNP](#).

Planning

- **C:** Make the case for local communities to have the final say over developments in their area, rather than the Scottish Government via appeal and that councils should not approve large housing developments without making sure there are services to support them. Commitment to 'protect' and 'enhance' the green belt, with a preference for new developments taking place on brownfield sites.
 - **G:** Rethink the approach to street design and development planning, making active travel safer and more efficient, and reducing demand for cars and parking in towns and city centres. Other commitments include a plan to roll out 20-minute and giving communities an equal right of appeal over planning decisions.
 - **L:** Prioritises public and green transport options in the planning system and identify residential areas that would benefit from lower speed limits and creating safe cycle routes near schools.
 - **LD:** Protect greenbelts and gaps between settlements through a, 'brownfield-first approach' to planning. The manifesto notes that planning decisions are best tailored and decided locally, not 'overruled nationally'.
 - **SNP:** Pledge to support the government in delivering 20-minute neighbourhoods and work to increase the amount of housing in town centres through existing stock and new developments.
- development. The Greens also support community buy-outs and asset transfers to help establish small businesses and social enterprises.
- **L:** Commit to campaign for a high street voucher scheme to help people get back to spending on the high street.
 - **LD:** Aim to simplify the crowded economic landscape of City Deals and partnerships. The party has also pledged to support high streets by converting empty shops for alternative uses such as multi-use hubs for public agencies or residential accommodation.
 - **SNP:** Explore the introduction of a new national digital sales tax, with revenue used to support town and city centres. Work to implement the recently published Retail Strategy and support the 'Town Centre First' principle.

Housing

- **C:** See completions across all sectors increase to 25,000 new homes annually, with a specific focus on the affordable and social rented sectors. The party also calls for the short-term lets licensing scheme to be replaced with a scheme that has 'local choice'.
- **G:** Limit the numbers of short-term lets, including through the new short-term Let licensing regulations. Push for rent controls to limit rent rises and introduce a new power to buy land for housing at 'existing use value'.
- **L:** Campaign for land reforms so that councils can more easily acquire land at existing use value to build social housing and support 'community-led development'. Pledge to increase the supply of affordable housing, across all tenures, to 25,000 homes every year.
- **LD:** Bring back more empty homes into use by reviewing the reasons properties are left vacant and using council buy back powers. Pledge to campaign for the Scottish Government to establish new Help to Renovate loans with a focus on first-time buyers.

High Streets & City Centres

- **C:** Remove parking charges in council owned car parks for set times at weekends and for them to be eventually scrapped entirely. The party also support the introduction of Compulsory Sales Orders for long-term unoccupied properties and a relaxation of planning laws to support the development of derelict buildings.
- **G:** Encourage shops and post offices in local high streets, rather than 'chain stores' or out-of-town

MANIFESTO SNAPSHOT

- SNP: Make progress to meeting a target of 110,000 more affordable homes by 2032, of which 70% will be social rent and 10% will be in rural, remote and island areas.

Business Rates

- C: Keep business rates relief in place for retail, hospitality and leisure properties for the entire financial year and look at introducing 'longer-term discount' schemes for businesses in traditional town centres and high streets. Also committed to create a new online system for the administration of business rates.
- G: Support the return of the power to set the rate for 50% of the assessed value of non-domestic properties to local government to facilitate 'local decisions' on rates.
- L: Long-term desire to fully reform businesses rates to deliver more targeted support and level the playing field between bricks and mortar retail and 'big' online retailers.
- LD: Restoration of local control over business rates.
- SNP: Commitment to maintain the Small Business Bonus.

Taxation & WPL

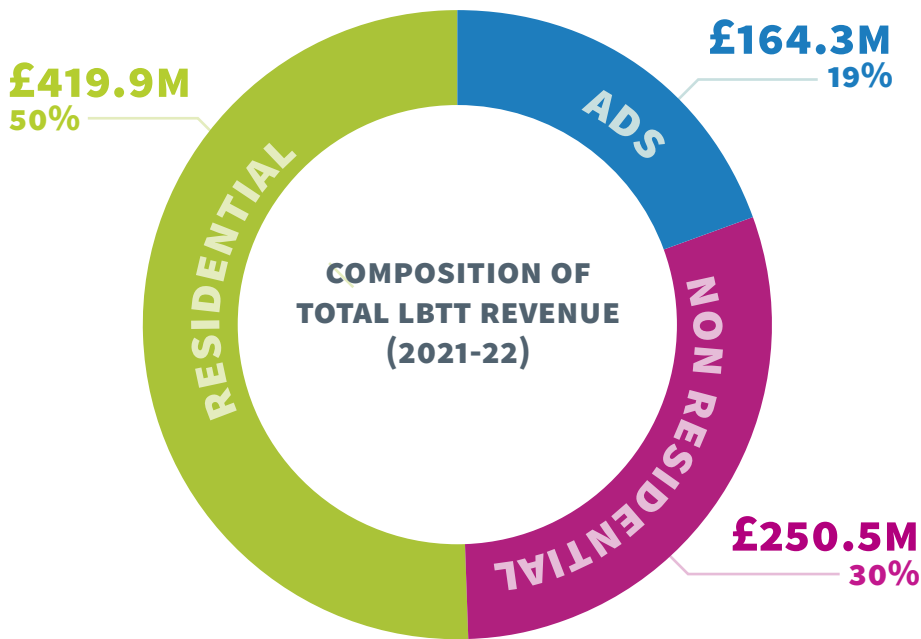
- C: Increase the single persons discount to 35% when funding is available but oppose any immediate reform to council tax. Would also oppose the introduction of the Workplace Parking Levy and support a raising of the national threshold for LBTT from £145,000 to £250,000.
- G: Engage with a forthcoming Citizens' Assembly on local government funding with the aim of ending council tax and replacing it with a 'fairer' system.
- L: Abolish council tax and replace it with an alternative based on 'properly values and the ability to pay'. Committed to opposing the Workplace Parking Levy.
- LD: Promote the replacement of the council tax and the restoration of local control over the tax.
- SNP: Pledge to scrap council tax for everyone under the age of 22.

Net Zero

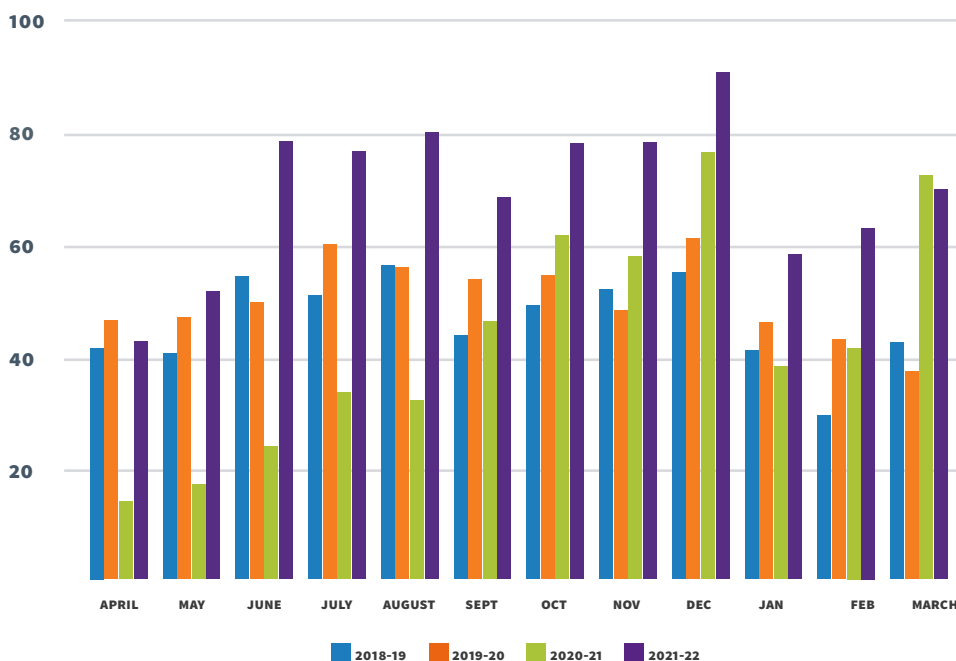
- C: Make the case for the introduction of a Help to Renovate scheme, to support home upgrades that will reduce heating costs and increase energy efficiency. Support the creation of new green spaces in cities and towns on existing brownfield sites.
- G: Ensure councils set ambitious targets for achieving net-zero and develop 'detailed, robust and integrated' plans for achieving them. Make energy efficiency of existing houses a priority through establishing comprehensive and fully funded Local Heat and Energy Efficiency Strategies.
- L: Upgrade the energy efficiency of Scotland's homes for every home to have an EPC C rating by 2030. Create a publicly owned energy company and pledged to invest local government pension funds in support of the transition to net zero and other social priorities.
- LD: Establish local Climate Change Committees and Just Transition plans and cut energy use across local authority buildings. Support a 'major retrofit programme' in existing housing and back local combined heat and power projects with an expectation that developers will co-operate on these initiatives.
- SNP: Support the Scottish Government in meeting the targets set in the Heat in Buildings Strategy, including to decarbonise the heating of 1 million homes by 2030. Back Glasgow and Edinburgh's bids to be part of the EU Climate Neutral & Net Zero Cities initiative.

£831.6M
TOTAL LBTT REVENUE
IN 2021-22

↑ 63% UP FROM
2020-21
£320.2M



TOTAL MONTHLY LBTT REVENUES



Figures may not sum due to rounding. Figures from the Revenue Scotland.

OVERVIEW

Analysis by the SPF on recently published data from Revenue Scotland has shown that the Scottish Government saw significantly increased revenue from the devolved Land and Buildings Transaction Tax (LBTT) in 2021-22. The figures show that between April 2021 and March 2022, LBTT revenues increased by £320.2m (63%) compared to the same period in 2020-21 to £831.6m.

This is the highest annual LBTT outturn since the tax was established in 2015-16, with all three constituent elements of the tax (residential, non-residential and ADS) seeing record revenue levels. The key driving force behind the figures are likely to be the increased number and value of residential transactions and a rebound in commercial property transactions that were on hold because of the pandemic, such as restrictions on international travel.

ADDITIONAL DWELLING SUPPLEMENT

The ADS charge, which is currently under review by the Scottish Government, has continued to see high levels of repayments – something that the SPF highlighted in our response to the recent consultation. The most recent data shows that since the ADS charge was introduced, some £211.8m has been reclaimed, just under a quarter (24%) of total ADS liabilities between 2016-17 and 2021-22. ADS paid can be reclaimed by a taxpayer in certain circumstances such as where the taxpayer has sold their previous main residence within 18 months of the return. We have called for this period to be increased to 36 months to match England and Welsh equivalents and look forward to engaging with the government over the coming months.

EVENTS

Invest in Opportunity: Scottish Real Estate 2022

SPF Annual Conference

31 May 2022
EICC | Edinburgh

[register here](#)

Thank you to partners:



Thank you to our sponsors:



Keynote Speakers



Ivan McKee MSP
Minister for Business, Trade,
Tourism & Enterprise



Melanie Leech CBE
Chief Executive,
BPF



Kevin Robertson
SPF Chair & MD,
KR Developments



Ron Coghill
Head of Capital Projects,
Barclays

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Stephen Lewis, HFD Property Group

Managing Director & SPF Vice Chair

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Chris Stewart, Chris Stewart Group

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Cllr John Alexander, Scottish Cities Alliance Leader of

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Achieving a just transition to zero carbon buildings

Emily Brodie, TFT

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Patrick Harvie MSP, Scottish Government

Minister for Zero Carbon Buildings

Lynn Smith, Europa Capital

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Director

Craig McLaren, RTPi Scotland

Director

Pam Ewen, Heads of Planning Scotland

Head of Planning, Fife Council

David Peck, Buccleuch Property

Managing Director

INDUSTRY INSIGHT



Major reforms for the rented residential sector proposed

Ed Crockett

Director - Operational Capital Markets
Savills

This month the Scottish Government ended its public consultation on *A New Deal for Tenants*, a wide-ranging consultation which considered bolstering tenant rights, rent controls and reforms to the PBSA. The proposals have been made as the market continues to adjust to the landmark Scottish Private Rented Tenancy (PRT) introduced in 2017 and as private landlords adapt to changed taxation policies.

The 2017 reforms were landmark: they gave residential tenants in Scotland lifelong security of tenure with landlords restricted to eighteen grounds upon which to seek repossession of their property. It is not expected that current proposals for tenure reform in England will go so far and will instead retain a fixed term of tenure.

So how has the Scottish market responded to the 2017 Scottish PRT? The data suggests a strong market with negligible vacancy periods in many sectors. The lack of available supply of good, rented accommodation is also putting upwards pressure on advertised rental values. These market pressures are deepened by the loss of many homes from the rented sector. The Scottish Association of Landlords reported in February that some 36,000 homes (nearly 10%) have been lost in the rented market, a huge number in a short period of time.

Purpose built rented residential developments, the build to rent model, is now making ground in Scotland with some 9,000 units in the planning system, under construction, or in operation. The opportunity of this new market sector to supply much needed new communities, quality homes and flexible residential choice is vitally needed in Scotland. It is important that its potential is not cut off by planning burdens or undue regulatory restrictions. True this is a new market for the wider UK, let alone Scotland, but as the quarterly research undertaken by BPF with Savills demonstrates, we are certainly trailing behind the establishment of BTR in England, including outside of London.

The market is also seeing pronounced upwards rental pressure in certain locations in Scotland, and this is leading to affordability concerns. But the measures proposed by *A New Deal for Tenants* may not be the answer. Indeed, the proposals contained within the consultation would transfer further risk to landlords and this will exacerbate the pressure, on smaller landlords in particular. Aside from industry nervousness about rent controls, there are suggestions of tenant unions, further restrictions on repossession during an undefined winter period, and new landlord support for vulnerable persons.

The government has also asked if Scottish PBSA students should be moved on to the broader market PRT, which would entail lifelong security of tenure. This does not recognise the very specific demands on PBSAs by universities, whereby they need to be able to confirm they have accommodation for students, particularly first year students who might be leaving home for the first time. The government is also in the midst of a separate review of the PBSA sector, and this is not due to report to Ministers until the end of 2022.

What is lacking in the government's consultation is any attempt to understand the motivation of institutional landlords that are looking to build and invest in well-established, high-quality rental communities and the need to balance the needs of that community against the personal interest of one tenant. Further, the government simply does not recognise the risks for landlords in the wider PRS. Those landlords are the bedrock of the private rented sector and if the risk presented is too great they will simply leave the market, as they have done already. The SPF and other representative bodies have addressed this blind spot head on, indeed meeting the Minister for Tenants' Rights twice in recent months. The response to *A New Deal for Tenants* will without any doubt be a crucial moment for the industry and the market. We, along with everyone who is doing their best to deliver quality rental homes in Scotland, await its outcome later this year with interest.