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SPF VOICE



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Maria Francké
SPF Chair
Director Maria Francké Planning

The housing crisis continues to dominate political debate, yet we remain in the grip of uncertainty and policies which are only likely to erode investor confidence further. The City of Edinburgh Council has declared a housing emergency and the Scottish Government voted down a similar motion by their Labour opponents at Holyrood. Motions and declarations aside, the traditional PRS continues to retract and while there are some positive build to rent developments emerging out of the ground in Edinburgh and Glasgow, the wider story is subdued. We are now some 22 months since the Bute House agreement which highlighted that there would be a system of national rent controls, and yet the key solution to our housing crisis which affects all tenures is under severe pressure. We need to increase our supply of new homes of all tenures and including bringing older properties back into use. There will be no improvement to our housing crisis unless we see an improvement in more homes coming forward.

"There will be no improvement to our housing crisis unless we see an improvement in more homes coming forward"

This last month has enabled myself and the wider SPF team to hear your views in Aberdeen, Dundee, Edinburgh and Glasgow. In Dundee there are some 4,000 consented PBSA units at

various stages in the planning and development process, and the new BT office is adding to the city's employment offer. In Glasgow, the next city development plan is undertaking its early engagements which and in Edinburgh, the City Plan is nearing the end of its adoption process. In Aberdeen, although it is early days for the Our Union Street interventions, there appears to be a welcome commitment by the city council and in our recent engagement, members expressed the clear need for improving footfall to generate economic activity.

There are ongoing challenges for the industry not just with government policy and regulation, but also with labour and procurement costs. It is hoped therefore that we may continue the relative stability of interest rates and improving inflation picture for the economy at large. As we near the festive season, I wish you a prosperous end to the year and thank you again for your strong support for SPF over the past year.

SCOTTISH PROPERTY FEDERATION TEAM

David Melhuish
SPF Director
dmelhuish@bpf.org.uk

Anamika Dwivedi
Policy Officer
adwivedi@bpf.org.uk

Josie Sclater
Policy Officer
jsclater@bpf.org.uk

Murray Horn
Senior Communications Officer
mhorn@bpf.org.uk



INDUSTRY INSIGHT

Green light for £60m Met Tower

DARON WILLIAMS

Building Consultancy Director
Bruntwood SciTech

Bruntwood SciTech outlines its plans to transform the Glasgow landmark and boost the city's innovation economy

Our plans to transform Glasgow's iconic Met Tower will allow us to create a new tech and digital hub in the heart of the city centre now they have been approved by Glasgow City Council.

The approved plans mark a significant milestone in preparation for the refurbishment of the former City of Glasgow College, Grade B-listed building, bringing it back into use ready to open in Winter 2025 following a 10-year period of vacancy. The £60m investment will also see us create a new 10-storey tower which will interconnect with Met Tower via a new wellbeing plaza space.

The two towers will offer more than 200,000 sq ft of serviced and leased office space to supercharge the growth of the city's tech and digital sector. Enabling works on the site are underway, with construction work expected to commence on Met Tower in the spring.

The new look Met Tower will include a 60-person rooftop flexible event space which will offer unrivalled views across the city and become home to many of Glasgow's tech sector events and meetups. There will also be a versatile breakout lounge space for all startups, scaleups and large businesses in the building to use and collaborate in, and multiple meeting rooms, including a 16-person boardroom.

As part of our commitment to the areas of our portfolio under our control being net zero by 2030, both buildings have been designed in line with the UKGBC and LETI net zero carbon targets for operational and embodied carbon. The new tower will be net zero carbon in construction and both buildings will be net zero operationally in their shared spaces.

This milestone for Met Tower follows our recent news that we have secured a further £500m of investment and welcomed a third investor to the partnership, Greater Manchester Pension Fund (GMPF), alongside existing partners Bruntwood and Legal & General. This is the first direct and



active investment by a local authority pension fund into a UK-wide science, tech, and innovation specialist property platform.

The new investment makes Bruntwood SciTech the largest dedicated property platform serving the UK's innovation economy, and we have plans to create a £5 billion UK-wide portfolio that can support 2,600 high-growth businesses by 2032. A significant increase in investment from Legal & General and Bruntwood has been made through cash and asset transfer, whilst GMPF has injected £150 million that will support the UK's target to become a global science and technology superpower by 2030. In Scotland, the new capital will be used to transform Met Tower, as well as to expand our portfolio further in both Glasgow and in additional R&D intensive locations across Scotland to provide much-needed lab and office space for science, technology, and innovation-led businesses.



Rooftop event venue

Shared space lounge





A perfect storm: understanding Edinburgh's 'Housing Emergency'

JOSIE SCLATER

Policy Officer

Scottish Property Federation

On 2 November, the City of Edinburgh Council declared a 'housing emergency' to express its serious concern over the rise of homelessness in the city, which has increased by over 38% in the last 3 years and where up to 5000 families are currently in temporary accommodation each night. Whilst there are no additional statutory powers that come with declaring a 'housing emergency', it is intended to send a clear political message to the Scottish government that the Council is struggling and requires additional resources to alleviate the crisis despite their homelessness budget having more than doubled to £62.6m since 2019/20.

While Edinburgh is only the second local authority to declare a 'housing emergency' following Argyll and Bute in June earlier this year, housing is a nationwide concern. And the concerns are increased with evidence of a wider slowdown of private for sale new build. The housing market is highly interlinked between its different tenures and levels of accommodation. This month, Scottish Labour tabled a motion at Holyrood declaring a housing emergency on a national scale. This comes at a critical juncture as the government seeks to roll out a longer-term rent control legislation intended to address the affordability, or as Dr John Boyle at Rettie has described an availability crisis in Scotland's rented sector. Understanding how Edinburgh's housing emergency has emerged points to a wider crisis unfolding on a national scale and sheds light on the systemic issues within Scottish housing policy.

Social sector and Affordable Housing

Social housing plays a crucial role for those most at risk to homelessness by providing the most affordable and stable housing tenure. In 2020, the

Edinburgh Poverty Commission recommended that the Council double its housing plan to build at least 2000 new social homes every year for the next ten years. Since then, the actual completion rate of new build social housing has been 694, 245, 453 and in Q1 and Q2 of this year, 185 which is significantly below the targets outlined by both the Edinburgh Poverty Commission and the Council. Simply increasing the delivery of new homes is not easy as construction costs have increased by over 50% in the last two

years while funding has only risen by 17%. The Council will need significantly more funding to ensure future developments are viable and to ensure the existing stock can be maintained and brought up to modern energy standards.

Affordable housing is also a key tenure for those on middle to low incomes who are not necessarily eligible for social rent but cannot afford to rent or buy privately. It differs from

social housing in that it is provided and operated by both the private sector and Registered Social Landlords (working with the private sector in many cases). Affordable housing is highly dependent on subsidises provided by the Scottish Government and the contributions of new build developments. In Edinburgh, the mid-market rent model includes both private landlords and 'Edinburgh Living', a new partnership by the Council and Scottish Futures Trust which has already delivered over 500 Mid-Market Rental (MMR) homes in the city. MMR is a key housing tenure that can support city centre living and ensure that our key workers can live locally. There is clearly a willingness by developers and registered Social Landlords to supply MMR and interest from pension funds to invest in the tenure, but the recent emergency legislation which imposed rent control measures on 'private' MMR has disrupted this market, as developers have struggled to attract investment for their projects.



MMR at Sailmaker Street, Edinburgh

POLICY INSIGHT

The PRS Sector and new build private supply

A burgeoning demand for rental homes (the number of PRS households increased by 15% over the past 20 years in Edinburgh) coupled with limited supply of available homes in the sector has led to an availability and affordability crisis in the city, with rents rising by 13.7%. This is the highest annual increase across the UK despite the imposition of rent controls. Arguably, the recent rent control measures which are fuelling investor uncertainty in the market in Scotland, have not helped. There is also growing evidence of an exit of BTL landlords leaving the city before the new build to rent or mid-market rental sectors have established themselves. So far there is no evidence to suggest the new short-term let licencing scheme has any impact on increasing the supply of rental homes or those on the market in Edinburgh. The longer the uncertainty lasts around future rent control legislation the more likely the housing affordability crisis will be perpetuated, as landlords will seek to mitigate their future risks and recoup costs through increased rents, which the legislation has depressed for 18 months.

BTR supply is an emerging but important tenure that has the potential to deliver large scale, quality bespoke private homes for rent and in an era where single person households are expected to increase more than any other tenure, it is a housing model with enormous potential. Rettie have calculated there is a total potential investment pipeline of some £3.2bn for built to rent and MMR in Scotland. Increasing the supply of BTR can also help relieve the pressure on other housing tenures. The Council have identified that Edinburgh needs at least 38,000 to 46,000 new homes in the next 10 years and more than 60 per cent need to be affordable.

The perfect storm of factors leading to Edinburgh's Housing Emergency has been driven by a serious undersupply of homes of all tenures including social rent, affordable housing, PRS and new build private sale. Limited local authority funding which has not kept pace with construction inflation, nor an increasing population are also factors contributing to a supply crisis. Resolving the emergency will require a coordinated response from the council, Scottish government and developer community to increase the overall delivery of housing in the city.



MMR at Sailmaker Street, Edinburgh



BtR at Lochrin Quay, Edinburgh

WOULD YOU LIKE TO RAISE AN ISSUE?

We are keen to showcase a variety of industry topics. If you would like to write for our next Voice, please get in touch with spf@bpf.org.uk.

SPF REGIONAL ROUND UP

Dundee

We held a working lunch with Dundee City Council and the UK levelling up department. The council updated us on the upcoming life sciences innovation district and new offices coming to the city centre with 4000 beds consented for PBSA. Other key issues raised were on expansion and investment in heat networks in Dundee & Tayside region and policies to attract investment into the growing PRS market. On the day, the autumn statement announced 4 levelling up partnerships in Scotland, including Dundee.

Aberdeen

This month, we met Aberdeen-based members for our regular 'working lunches' to consider development investment opportunities in the city-region. The lunch was kindly hosted by Ryden in their Capital building office on Union Street with the Union Street a major focus of discussion. Members broadly welcomed the intentions behind the Union Street initiatives. The meeting expressed considerable concern at the unintended consequences caused by removing vacant listed property rates relief, for example a negative impact on local market values.

Glasgow

This month, we held a working dinner in Glasgow with the Housing Minister, Paul McLennan MSP and Glasgow City Council official's David McEwan, Divisional Director for Property & Consultancy Services, Jennifer Sheddan, Head of Housing and Alison Laurence, Team Manager for the City Development Plan. The main discussion was around the Glasgow city centre strategy, focusing on the city living strategy and the need for improved engagement and communication with the development community. We also reiterated the need to build the right policy platform to attract investment to deliver housing.

Edinburgh

This month, we held our last regional event of this year with Paul Lawrence from the The City of Edinburgh Council. The discussion ranged from issues including planning, housing, improving public-private partnerships, homelessness, tech & life sciences, transport links and the future of George and Princes Streets. We heard updates on the challenges of stretched public sector budgets. We discussed and highlighted the specific planning challenges with delivery developments that come with a world heritage city, such as Edinburgh.

Autumn Statement and Non Domestic Reforms in Scotland



This year's autumn statement brought some joy to businesses with the extension of full expensing for investments across the UK, but there was widespread dismay at the increase in the non-domestic rates multiplier in England by 6.7%. In Scotland, 35 trade bodies including SPF have urged Scottish Ministers to freeze the poundage which currently sits at 49.9 pence in the pound. The Chancellor has however extended the timescale for tax reliefs for freeports to a ten year period which is welcome and provides a more realistic basis for securing investments. We have urged the Scottish Government to align their LBTT Green Freeport relief with this ten year period.

We continue to make the case for better support through rate relief for property improvements to older buildings. Retrofit is the key challenge facing our town and city centres as we adapt our buildings for modern needs and uses, including reconfiguring heat and energy systems for the net zero transition.

Rent Control policies near final stages

The Scottish Government's controversial emergency legislation to cap rents for sitting tenants is nearing the final quarter of its 18 month period. What happens next after 31 March 2024 is uncertain as this article goes to press, with Ministers and officials clearly concerned at the potential for a cliff edge reversion to market rents. This was an issue raised in recent meetings with the Tenants' Rights Minister, Patrick Harvie MSP last month as well as in a recent meeting of the rent control stakeholder group attended by SPF vice chair Stuart Oag.

We continue to support the points made by experts that the underlining factor is a crisis of availability and ultimately supply of rented accommodation. In truth if there is one issue that most organisations from a landlord, professional or tenant perspective would agree on it is that there is too little supply of homes for rent of all tenures in Scotland. The need for new supply is accepted by the government who recently hosted a session co-chaired by Housing Minister Paul McLennan MSP and Planning Minister Joe Fitzpatrick MSP aimed at unblocking obstacles to the delivery of more homes of all tenures. However, the ongoing uncertainty on the form of national rent controls to be legislated for in the upcoming Housing Bill, and what exactly will be included for rent controls (new build/in-between tenancies) continues to worry investors. We continue to work with members and other organisations to make the case for an investor-friendly environment in the residential sector.

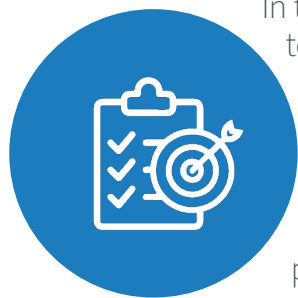


Changes to empty property rates policy expand



Another major area of member concern is the devolution of empty property rates relief policy to local government. Four Scottish local authorities chose to change their vacant rates policies in April for this year, with Aberdeen City Council introducing the most extensive changes. Edinburgh City Council passed proposals to restrict rates relief from 1 April 2024 to just three months duration (from when the property became vacant, with 10% relief then available for a further three months. The new vacant rates charges will apply from when the property was vacant, hence some properties will become chargeable with immediate effect on 1 April 2024. The major cost will be for vacant listed buildings who will move from 100% relief to 90% or 100% rates liability. The SPF has highlighted the significant costs for developers seeking to bring vacant listed buildings back into use and this policy is set to be reviewed annually. Dundee and Fife have signalled similar reforms to empty property rates policy for 1 April 2024.

The recurring challenge of planning resources



In the past month, the SPF team has made multiple representations on planning issues to the government and public sector. One key issue remains a lack of resources which is felt to be a factor in delayed application processing times. The Scottish Government acknowledges the resource and skills gap of 700 planners in next 10 years. With just 6 under graduates and 40 postgraduates in planning this year in Scotland, there is a dire need to push planning as a profession. Earlier last week, we joined a workshop conducted by the Scottish Government with a range of industry, professional and public stakeholders to brainstorm solutions and ideas to improve resources in the planning system. With the welcome and positive appointment of Craig McLaren as national Planning Improvement Champion, we will be keen to see how the ideas in the workshop are taken forward.

‘Big Two’ Local Development Plans Updates and Glasgow produces co-living guidance

Local authorities are adapting to the new style LDPs which are NPF4 compliant. For Edinburgh, the Proposed City Plan 2030 was submitted for examination on Friday 9 December 2022 and is now nearing the end of its adoption process. For Glasgow, their consultations are out for the Glasgow CDP and the City Centre Strategy. With new asset classes coming into market, we believe the development plans should be supported by planning policies for all tenure housing options. Glasgow is leading this process by introducing Co-Living guidance. If you have views on any of these consultations or would like to discuss it further, please reach out to us on spf@bpf.org.uk.



Heat in Buildings Bill introduced but further non-domestic consultation expected

On 28 November, the Minister for Zero Carbon Buildings, Patrick Harvie MSP, announced in a short statement to the Scottish Parliament a consultation on a Heat in Buildings Bill. This long-awaited consultation provides clarity on long term commitments, indicating certainty around timescales but we feel it lacks a clear route for transition towards 'clean heat' for the Scottish built environment. The proposals include requiring private rented sector landlords to meet minimum energy efficiency standards by 2028 and private house buyers to make the transition by 2033. The consultation also looks to incentivise homeowners and businesses to connect to heat networks.



The proposals in this Bill will be reflected in the technical handbook and building standards for a uniform system. The SPF along with Climate Emergency Response Group (CERG) has been lobbying for accommodating the distinct financial and legal relationships of the non-domestic sector and acknowledging its different requirements in this Bill. A further consultation is therefore expected before decisions are taken for commercial property landlords to meet minimum energy efficiency standards. If you have views on these proposals, please do contact us.

RAAC update



On the issue of RAAC, the Scottish government has been meeting with stakeholders every week to discuss the state of RAAC and how best to deal with it in public and private sector buildings. Efforts to assess public sector buildings including schools, NHS buildings, police & fire services and council buildings have ramped up. Meanwhile, there appears some hesitancy in the private sector to do the same with the government urging landlords and building owners to carry out assessments in their properties.

The meetings have been informed by technical experts including Loughborough University who reported that RAAC can be safe so long as buildings have had careful assessment and been properly maintained over the years. The government has also been working on a new communications plan and a website aimed at coordinating information on best practise and guidance. We are continuing to engage with the government and other stakeholders on the issue and we ask that if you have any further information on the presence of RAAC to drop us an email

Cladding Remediation Bill

This month, the Housing (Cladding Remediation) (Scotland) Bill was introduced to the Scottish Parliament following a commitment in the Programme for Government to address the safety risks of cladding. The Bill comes off the back of a Ministerial Working Group set up in 2020 on Mortgage Lending and Cladding which found owners and residents struggling to re-mortgage, sell, buy and insure properties with external wall cladding.

The Bill seeks introduce the delivery of the Cladding Remediation Programme, requiring buildings which are multi-residential, constructed or refurbished between 1 June 1992 and 1 June 2022, over 11 metres high and with external wall cladding system to be assessed. So far, the government has identified 780 buildings over 18 metres high and around 5000 buildings between 11-18 metres are likely to be affected. Provisions of the Bill include establishing a Cladding Assurance Register intended to amass data on buildings which is to be collected through the Single Building Assessment that is set by Ministers. The Bill would also give ministerial power to enforce remediation work as well as to establish a responsible developers scheme where developers would have to cover the costs of remediation in buildings they have been responsible for developing.



The Bill is currently in Stage 1 of the parliamentary process which means a consultation period is required to gauge views by stakeholders. SPF will be submitting comments on behalf of members and the deadline is on 8 December. If you have views on these proposals, please do contact [us](#).

BPF FUTURES SCOTLAND



We held our last BPF Futures in Scotland event for the year earlier this month, themed **Learning to Lead in Real Estate**.

Our speakers included Nick Scott from Brodies, Paul Curran of Qmile Group and Nicola Barclay, ex-CEO of Homes for Scotland & currently Managing Director of Athena Leadership Coaching & Consulting. The panellists talked about a range of topics from navigating an uncertain market, dealing with awkward issues in the workplace, imposter syndrome to developing leadership qualities.

We are grateful for our BPF Futures Advisory Board member Iain Smith for facilitating the Q&A and hosting us at their fantastic Brodies office.



COMMITTEE OPEN CALL
DEADLINE 21 DECEMBER

[CLICK HERE
TO APPLY!](#)

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