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SPF Consultation Response

Response to PDR to help tackle
housing emergency

Submitted on 14 February

SCOTTISH PROPERTY FEDERATION

The Scottish Property Federation (SPF) is the voice for the real estate industry in Scotland. As a part of the wider British Property Federation, we include among our members: property investors, including major institutional pension and life funds; developers; landlords of commercial and residential property; and professional property consultants and advisers. Our members build Scotland's workplaces, homes, shops, schools and other facilities and the infrastructure that serves them. Our industry is therefore a core component of the Scottish economy.

CONSULTATION SUMMARY

The Scottish Property Federation (SPF) welcomes the opportunity to respond to the Scottish Government's consultation on Permitted Development Rights (PDRs) and their role in addressing Scotland's housing emergency. While PDRs have the potential to unlock urban housing opportunities, they are not a comprehensive solution. A coordinated approach, incorporating Masterplan Consent Areas (MCAs), reforms to Policy 16 of the National Planning Framework 4 (NPF4), and targeted financial support to address viability constraints, is essential to meet Scotland's housing needs.

This response addresses:

1. The role of PDRs in supporting city and town centre regeneration across Scotland.
2. The potential of MCAs to facilitate large-scale housing delivery.
3. Viability challenges in converting commercial properties to residential use.
4. Concerns about Policy 16 of NPF4 and its limitations in delivering the required quantum of housing.
5. Recommendations for integrating PDRs, MCAs and broader reforms into a comprehensive housing strategy.

OUR RESPONSE

Supporting City and Town Centre Regeneration Across Scotland

Many Local Planning Authorities (LPAs) are pursuing strategies to revitalise city and town centres, focusing on repurposing underused spaces, enhancing liveability and diversifying housing options. Glasgow, Edinburgh, Dundee and Aberdeen are notable examples, alongside smaller towns such as Inverness and Stirling.

PDRs could help by:

- **Encouraging Conversions:** PDRs could facilitate the transformation of vacant commercial properties, such as offices and retail spaces, into residential use, supporting regeneration and sustainable urban living.
- **Supporting Mixed-Use Developments:** By simplifying planning processes for residential components within mixed-use schemes, PDRs could foster vibrant communities that integrate housing, retail and leisure.
- **Reducing Planning Barriers:** Streamlined processes under PDRs can reduce delays and uncertainty, making urban projects more attractive to developers.
- **Reducing planning burden:** by expanding PDR powers, planning officers would spend less time assessing application types that might now come under PDR, thus freeing up capacity, and remedying a significant constraint regarding the current planning system, i.e., resourcing.

The Role of Masterplan Consent Areas (MCAs)

Masterplan Consent Areas (MCAs), as outlined in the Town and Country Planning (Masterplan Consent Areas) (Scotland) Regulations 2024, offer a strategic planning tool for delivering large-scale developments. We think that MCAs can complement PDR revisions in the following ways:

- **Comprehensive Development:** MCAs can facilitate coordinated planning for infrastructure and housing across multiple sites, addressing the need for large-scale housing delivery.
- **Proactive Planning:** Local Planning Authorities can align MCAs with local and national priorities, ensuring developments are sustainable and community-focused.
- **Case Studies:** The Inverness and Cromarty Firth Freeport demonstrates the potential for MCAs to integrate housing delivery with economic growth, creating sustainable communities.

Viability Challenges

While PDRs may facilitate conversions, significant viability challenges must be addressed to ensure successful housing delivery:

- **Economic Constraints:** If converting commercial buildings to residential use were economically viable, many such conversions would already have occurred under normal market forces. High costs—such as retrofitting for residential standards, installing adequate insulation and addressing structural limitations—often deter development.
- **Quality homes:** With the current market and budgetary constraints in local authorities, they might struggle to keep project viable. This can in turn result into poor quality housing coming forward, which happened in England.
- **Market Demand:** Successful city centre living strategies require a balance between housing supply and demand. Attracting residents necessitates not only housing but also amenities, infrastructure and a desirable urban environment.
- **Subsidy and Incentives:** In some cases, market forces alone may not make conversions viable. Targeted financial incentives, such as grants or tax relief, may be needed to support conversions, particularly for affordable housing.
- **Building Standards considerations:** While PDR can facilitate conversions, there are certain cautions on fire safety regs and building safety regs that need to be considered in conversions such as office building or retail to residential

Concerns About Policy 16 of NPF4

SPF members have raised significant concerns about Policy 16 of NPF4, particularly its limitations in facilitating the delivery of the quantum of housing required. While Policy 16 highlights the importance of supporting infrastructure, practical challenges remain, especially in the context of city centre conversions:

- **Infrastructure Delivery Challenges:** Converting redundant offices in city centres to housing may not align with the existing infrastructure provision. City centres often lack adequate supporting infrastructure, such as schools, community services and green spaces, which are critical to creating liveable environments for residents, particularly families. Without targeted investment in these areas, such conversions may lead to isolated or unsustainable housing developments.
- **Restrictive Requirements:** The policy's strong emphasis on affordability and sustainability, while valuable, can make projects economically unviable in areas where market conditions are already constrained.
- **Complexity and Delays:** The detailed assessments and compliance requirements under Policy 16 may slow down the planning process, adding uncertainty and cost for developers.

- **Land value and constrains:** A recent [report](#) published by Savills states that land value in Scotland has grown by 6.7% in the last year in comparison to UK average of 1.2%. The planning framework has constrained where development can be brought forward. The availability of land that is allocated under existing adopted LDPs is limited and under the new style LDPs newly allocated land looks as though it will be limited. In the absence of a sufficient amount of viable land available as well as coming forward, combined with housing appeals on non-allocated land being refused, bringing forward new residential developments is increasingly difficult and furthering the housing crisis.
- **PDRs and MCAs Alone Are Not Enough:** While they address certain challenges, systemic reforms to Policy 16 are needed to deliver the scale of housing required to meet demand.

Recommendations

To effectively address Scotland's housing emergency, the SPF recommends:

1. **Integrating PDRs and MCAs:** Combine PDRs for small-scale developments with MCAs for large-scale, strategic sites to create a balanced and efficient planning framework.
2. **Targeting Viable Opportunities:** Focus PDRs on structurally suitable buildings, such as modern office blocks with adequate light and space and align MCAs with economic growth areas like freeports.
3. **Reforming Policy 16:** Undertake a comprehensive review of Policy 16 to ensure it facilitates housing delivery while remaining economically viable and responsive to market conditions.
4. **Providing Financial Incentives:** Introduce grants, loans, or tax relief to support housing delivery, particularly for retrofitting projects and affordable housing.
5. **Integrating Infrastructure Planning:** Ensure housing developments through PDRs and MCAs are supported by coordinated investment in schools, healthcare, green spaces and sustainable transport.
6. **Setting Quality Standards:** Establish statutory minimum standards for space, light, and energy efficiency in housing delivered through PDRs and MCAs.
7. **Monitoring and Evaluation:** Regularly assess the outcomes of PDRs and MCAs to refine policies and address emerging challenges.

Conclusion

Permitted Development Rights and Masterplan Consent Areas represent valuable tools for housing delivery, but they must be integrated into a broader, coordinated strategy. Addressing the limitations of Policy 16 in NPF4, ensuring financial viability and investing in infrastructure are critical to meeting Scotland's housing needs. By combining these approaches, Scotland can create sustainable, liveable, and thriving communities.

The SPF remains committed to working with the Scottish Government and other stakeholders to achieve these goals.