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# SPF VOICE

February 2025

Volume 18 Issue 2



## Welcome from the Chair



**Stuart Oag**  
 Director, Drum Property Group

## Featured Industry Insight

by Craig Gunderson  
 Associate, Planning at Savills

This month's industry insight is by Craig Gunderson of Savills, he is also a member of SPF Planning & Development committee. He talks about the current health of PBSA market, delving deeper into why this asset class saw an influx of applications in the past couple of years, and now is now subjected to political and regulatory scrutiny. Flip to page 2 to read more.

You may have seen the recent polls which expert commentators have said indicate an unprecedented fifth consecutive election victory for the SNP and a return to government, albeit with perhaps fewer seats.

To help us understand these dynamics I am delighted that Professor Sir John Curtice, the well-known psephologist, will address our upcoming annual conference on 2 April at the University of Strathclyde, where he will be followed as a keynote speaker by the Deputy First Minister, Kate Forbes.

To turn to matters immediately facing our industry in the Scottish Parliament, the Housing Bill's rent control provisions will not now be debated at Holyrood until late April at the earliest – we will have had the opportunity to debate all matters on residential investment at our annual conference ahead of this at the beginning of April. But perhaps less well debated to date is the looming Building Safety Levy (BSL). This new tax on residential development is intended to contribute towards the cost of the government's residential cladding remediation programme undertaken in the aftermath of the terrible Grenfell tragedy in 2017. No one would disagree that we must make our buildings safe and

not see another Grenfell tragedy. What is up for debate is how the funding for any remediation should be raised and who should pay.

It is clear that in a time of difficult development viability caused by political uncertainty, increasing construction costs and persistent regulatory challenges, a further tax will make the viability of potential residential projects even harder. Members will need to beware that BTR and PBSA are expected to be within the scope of this new tax. The BSL is expected to be introduced as a Bill before the Scottish Parliament before the summer recess and will have less than a year to clear all of its scrutiny and hit the statute book. The BSL is expected to raise some £30m a year for the government and will apply sometime after 1 April 2026.

There are suggestions of exemptions for SME housebuilders and possibly incentives for brownfield development which would support NPF4, but we wait to see the details of any such proposals. The SPF team will update members as soon as the detailed becomes available and it will be hugely important to hear your views as the BSL is unveiled.

*Stuart.*

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# Industry Insight



**Craig Gunderson**  
Associate, Planning  
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The Purpose Built Student Accommodation (PBSA) market, particularly from a planning perspective, has been very active over the past 18 – 24 months. Edinburgh and Glasgow boast excellent higher education institutions and by extension have large student populations making them attractive locations for development and investment.

It has been well documented that the two cities have suffered in recent years from an undersupply in the delivery and availability of PBSA to cope with the growing student populations. The market has accordingly sought to respond which is evidenced by the volume of applications.

Taking a step back, following the influx in operator-led and speculative applications, Councils have actively sought to impose tighter policy requirements on PBSA development with a marked push to ensure a mixed tenure approach is taken on larger sites primarily with the intention of avoiding monoculture. The increased popularity of PBSA has also led to applications facing increased political scrutiny and interference.

Following adoption of Edinburgh's City Plan 2030 in November last year, the Council have arguably taken a more hardline approach on the form of PBSA schemes coming forward. This includes no more than 10% studios within the mix being written into policy and the expectation that larger sites deliver a 50/50 mix of PBSA and residential with this residential component expected to provide 35% affordable housing. These requirements in isolation (never mind in combination) will undoubtedly pose significant design and deliverability challenges. Finding a form of other residential use that will sit easily with PBSA (i.e. Build to Rent) is further hindered by the impact of the Housing (Scotland) Bill which has acted as a significant blocker to date.

The City of Edinburgh Council are in the process of adding further weight to their student accommodation policy through the preparation of non-statutory planning guidance. Despite being non-statutory, the guidance will form a key consideration in the determination of planning applications going forward.

..... “ .....  
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.....

## The following points are worthy of note:

- **Mix of Uses** – sites of 0.25 hectares or larger, where compatible and appropriate within the site context, are required to provide at least 50% of the site for mainstream housing (splitting sites to avoid this will not be supported). The gross floor area of housing should represent a minimum of 50% of total housing/PBSA gross floor area.
- **Locational Requirements** – an ‘excessive concentration of student accommodation’ is no longer referred to with a move to focus on the character of areas instead.
- **Housing Allocations** – proposals for other uses, including PBSA, on allocated housing sites which result in the delivery of less mainstream residential units than identified will not be supported. PBSA should therefore not be provided at the expense of mainstream housing on allocated sites.
- **Developer Contributions** – contributions will likely be sought for transport, healthcare and green/blue network.

There has already been instances where the core components noted above have been applied and translated into recent decisions. For instance, there has been difficulties securing permission for PBSA on housing allocations and attempts to split sites have been unsuccessful. Careful consideration of the above matters will be required to navigate an increasingly complex planning system.

The draft planning guidance will be subject to a 12 week consultation which is due to launch shortly.

# Policy Bites

## Housing (Scotland) Bill Update

The formal timetable for Stage 2 of the Bill is now known and will see two parliamentary committees scrutinising the legislation line by line.

First the Social Justice committee will consider the new provisions on homelessness included within the Bill over 20 and 27 March. Then the Local Government, Housing and Planning Committee will consider the rest of the Bill including the rent control provisions for potentially five weeks starting on 29 April.

## New Deal for Business Rates Group meets

This regular meeting is chaired by Public Finance Minister Ivan McKee MSP and includes businesses, local authorities and Assessors as well as private sector bodies.

Key issues raised included charging fees for rates appeals, the low returns for Assessor Information Notices (AINs) from licensed trade occupiers to inform the next revaluation and for SPF, we again highlighted the damaging impact of empty property rates on redevelopment. The low returns for AINs are now causing Assessors to issue civil penalties and members with clients or ratepayers themselves will wish to check they have no outstanding AIN demands in order to avoid being penalised.



## Building Safety Levy Update

Last month we submitted comments on the Scottish Government's draft Business and Regulatory Impact Assessment.

Thank you to all the members who kindly gave their time to respond with detailed comments which we submitted concisely. The key concern reflected is that this is a further tax on the activity that the country needs most – homes. The consequences of making development harder to deliver will also not just be in the numbers and time taken to deliver new homes of all tenures (BTR and PBSA are expected to be within scope) but that the wider ecosystem involved with development will be negatively impacted, including retaining construction capacity.

# Call for comments

We are keen to hear your views on these topics!  
If you want to discuss or send in your thoughts, contact us at [spf@bpf.org.uk](mailto:spf@bpf.org.uk).

## City of Edinburgh Council Planning Guidance on student housing

As referred to in the industry insight section by Craig above, the City of Edinburgh Council is consulting on their draft non-statutory planning guidance on student accommodation.

City Plan was adopted on 7 November 2024 by the City of Edinburgh Council and on 29 January they approved the non-statutory draft planning guidance for student housing. The council is consulting on it for 12 weeks. Our members have expressed concerns over the viability of projects in the market and the non-statutory planning guidance by CEC limits the number of studios by 10% which might make it difficult to bring projects to life. There is also an on-going concern over the lack of

data in the sector to capture demand, hence difficult to decide the mix of choice of accommodation for students.

The SPF's PBSA Working Group along with guests representing Universities, student accommodation providers and operators are meeting with the City of Edinburgh Council on 12 March. It will be a good opportunity to directly raise these concerns with the council. The dates are yet to be confirmed for a formal consultation, but the outcomes of public engagements and finalised guidance will be reported to a future Planning Committee. If approved, the guidance will be published on the Council's website and be used in the assessment of applications.

## Implementation of NPF4

The Scottish Parliament's Local Government, Housing and Planning committee is looking for comments on NPF4 as they head for second annual review of NPF4.

Following the first annual review last year, the committee wrote to the Scottish Government on the themes of Investing in Planning, time taken to process planning applications, role of statutory consultees, use of NPF4 to respond to the housing emergency, Policy 22 among other concerns last year after the first annual review. We will be raising member concerns to the committee in a written response, feel free to reach to us if you have views on it. The consultation is live until March 7.

In other news, earlier this month the Scottish Government published a letter to direct City of Edinburgh Council not to adopt their finalised Supplementary Guidance for the Developer Contributions and Infrastructure Delivery. The decision has been made on the basis that the information provided by CEC relating to representations made on the draft Supplementary Guidance "highlighted a significant volume of matters and suggest further process would be desirable for consideration of the guidance". Members are concerned that the statutory Supplementary Guidance are being phased out under section 22 of the 1997 Act and they have to be adopted by 31 March, 2025 in the LDP. So, it is unclear now whether CEC will consider preparing planning guidance on the topic or seek to apply it anyway on a non-statutory basis.

# SPF Snapshot: Our work at a glance

A round-up of our key engagements, events and policy work to support our members in driving a diverse, successful and sustainable real estate industry in Scotland.

**SPF on the go!**

## Glasgow Lunch

On 5 February, SPF members and guests met with Glasgow City Council's Region's Head of Place, Ross Nimmo and Paola Pasino who is the Principal Officer for City Centre Regeneration at Glasgow City Council. The meeting was kindly hosted by HFD Property Group's office in Glasgow. Paola updated us on the work of council in the city centre and beyond – focusing mainly on the work on the City Centre Strategy that was published last year, carried forward by the City Centre Taskforce. Members raised concerns over void rates on properties which is affecting the viability of brownfield development in the city.

## Dundee Dinner

Earlier this week (26 Feb), we hosted a working dinner with Dundee City Council. Members working in Tayside region had the opportunity to candidly engage with the city leader and officials. There was a wide range of issues discussed on the night, including development viability gap, challenges with contractors and skills, combined with some difficult national policies making it hard for investment to come through in Scotland.

## Edinburgh Lunch

This month, we hosted a meeting with members and the City of Edinburgh Council which was kindly held at Morton Fraser MacRoberts. It was a good opportunity for both parties to highlight areas of key concern in terms of the city's development opportunities. A broad range of topics were discussed including noting the challenge of viability, planning policy in relation to change of use, the importance of private-public partnerships and the relationship between AI and the real estate sector.



## Key Engagements

Topics we discussed with the Scottish Government and local authority officials this month



### Scottish Building Safety Levy Expert Advisory Group

We attended the Scottish Government's working group on the Building Safety Levy where we heard initial analysis of the recent consultation on the levy, and an outline of anticipated next steps. We expect to see a publication of the government's consultation analysis soon and will then see a Bill introduced to the Scottish Parliament to implement the levy – we expect this will be introduced formally before summer recess.



### Permitted Development Rights

The SPF's Planning and Development Committee provided a response to this consultation on how PDR could contribute to tackling the housing emergency. While we have generally supported PDR we did highlight that it might only have a limited impact on the housing crisis due to challenges in converting former commercial buildings for example, and that there would be more significant interventions in the planning system that would bring greater housing delivery benefits.



### Energy Standards Review Working Group

This meeting was attended for SPF by Michael McGuirk of Michael Laird Architects as well as our Director, David Melhuish. The meeting highlighted that research on non-domestic building typologies was underway and that a detailed consultation on Stage 2 of the Passivhaus standard would take place over summer 2025.



### SPF Sustainability Committee meeting

This month our Sustainability and Building Design Committee met with a representative from the Scottish Government to hear how the Passivhaus Standard is progressing. It was a good opportunity to relay industry views on the topic and hear of the government's intended next steps with developing policy and regulation in this area.



### MSP Roundtable

This month, our SPF Policy Committee met with Conservative MSP's Meghan Gallacher and Murdo Fraser. It was a good opportunity to highlight the current challenges and opportunities for the industry with a key focus on next steps for the Housing Bill.

# SPF Annual Conference 2025

TIC, Glasgow | 2 April

## Growing Scotland's Economy

**Book Now!**

### Headline Speakers



**Kate Forbes MSP**

Deputy First Minister  
for Scotland



**Sir John Curtice**

Professor of Politics  
University of Strathclyde



**Cllr Susan Aitken**

Glasgow City Council  
Leader

### Panels & Speakers

#### Attracting Residential Investment

**Paul McLennan MSP**  
Scottish Government

**Robin Blacklock**  
More Homes More Quickly

**Dr. John Boyle**  
Rettie & Co.

**Jean-Marc Vandevivere**  
PLATFORM\_

**Sally Thomas**  
Scottish Federation of Housing  
Associations

#### Commercial Investment in our Cities

**Johane Murray**  
Brodies

**Stephen Lewis**  
HFD Property Group

**Nick Peet**  
Santander

**Elliot Robertson**  
Robertson Group

#### Working Together: Partnerships for Growth

**Jonathan Guthrie**  
Robertson Group

**Robin Presswood**  
Dundee City Council

**Kimberly Guthrie**  
Scotland's Town Partnership

**Sarah Ballie**  
Addleshaw Goddard

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