

Supporting the PRS Sector in Scotland: Background

- Demand in Scotland for new housing stock is expected to grow significantly over the next decade.
- The Scottish Government recognises that there is a need for new housing across all tenures and price points.
- New, high quality Build-to-Rent Private Rented Sector housing is a key element of the housing mix.
- This market is at an embryonic stage in Scotland and the lack of unit rental data seems to be an issue holding investors back.
- Government support may be needed to build investor confidence in a market that is not yet established in Scotland.
- The Scottish Government is working with Gerry More (PRS Champion, Homes for Scotland) and the industry-led PRS Working Party to test whether a revenue guarantee would catalyse new investment in the sector.



Supporting the PRS Sector in Scotland: Market Engagement

Key Features of the Proposed Guarantee

- Applies to new-build PRS developments in Scotland over 30 units.
- The Scottish Government proposes to underwrite 50% of rental income risk between 95% and 75% of target (illustrated in the diagram).
- The guarantee can be for up to 3 years.



We would like feedback on the proposal:

Full details of the proposed guarantee and the response form is available at www.gov.scot/Publications/2016/02/2612

For any queries, please contact Lynsey Thomson (Scottish Government Financial Innovation Unit) via email at lynsey.thomson@gov.scot or by telephone on 0300 020 1226.

Rental Revenue Risk Sharing

