

PLANNING DELIVERY ADVICE: BUILD TO RENT

Planning has a key role to play in delivering good quality places and helping to increase the supply of housing by supporting the right development in the right place.

This delivery advice builds on Scottish Planning Policy, which sets out the vital role of planning in delivering good quality places and supporting the right development in the right place. It aims to raise awareness of an emerging sector of housing delivery and may be a material consideration in the determination of planning applications and appeals.

Build to Rent PRS

Build to Rent PRS (BTR) offers significant opportunities to complement existing housing delivery models and help to increase the overall rate of delivery of housing. BTR can contribute to the creation of well-designed, sustainable places, quickly and at scale. BTR is also a means of supporting key economic sectors in Scotland and its cities in particular. It can provide high-quality, purpose-built rented accommodation that will enhance the attractiveness of Scotland, for new and different developers and long-term investors at scale. It can also support labour market mobility by providing homes for people moving into areas for work.

The Scottish Government wants to encourage a growing BTR sector which provides high-quality, professionally-managed homes. Planning authorities can play a crucial supporting role by providing a positive approach to BTR developments in their area, to expand housing delivery.

Definition

BTR is a relatively new form of housing delivery that offers purpose-built accommodation for rent within high-quality, professionally managed developments. It can take on a variety of forms, from high to low density developments, and range from homes that appear indistinguishable from those on the market for purchase, to schemes which have greater similarities to purpose-built student accommodation. Typically residents will have access to wider on-site amenities that extend beyond the traditional boundaries of an individual housing unit. BTR developments may include the conversion of existing buildings as well as new build. Developments in the sector have different economics from build for sale as financing is longer-term, relying on a stable rental income stream. The pace of delivery of new homes is likely to be quicker than build for sale, since units are not sold to individual buyers at a constrained sales rate. As a consequence, the planning system should be responsive to reflect varying approaches.

Characteristics

BTR differs from traditional homes (built for sale) in a number of ways. It can be characterised by:

- Single institutional ownership and professional on-site management of the entire development;

- Individual units are self-contained and separately let;
- Resident access to shared, communal facilities and on-site amenities integrated as part of the development;

Retention of BTR units in the rented sector should be explored, particularly where a tailored approach has been taken to normal standards. This should be secured via an appropriate method to be agreed between the planning authority and the developer. Where an affordable housing contribution is required, planning authorities should consider how best to deliver this. While a commuted sum or off site provision may be appropriate, affordable units on site provided at a mid-market rent level may also be a consideration where there is an identified need. As BTR developments are actively managed as a whole, ownership and management of affordable units by the BTR developer may be appropriate

Opportunities

BTR developments offer a range of opportunities for local authorities to consider, including:

- **Delivery of housing at pace and scale** – BTR can increase housing output, helping to ease supply and demand pressures in areas quickly. The pace of BTR development is efficient and for that reason, developers may consider modern methods of construction in order to achieve efficiencies in construction programming.
- **Supports economic growth** – the availability of BTR housing is attractive to potential investors and to those seeking to expand their existing workforce.
- **Design quality** – with long-term interests in management and maintenance of a BTR development, it is in both landlord and investors' interests to provide high-quality design and construction which remains attractive and durable over the lifecycle of the building and will ensure long-term rental value.
- **Rapid placemaking** – BTR can act as a catalyst for larger development sites, quickly creating an immediate sense of place, due to the rapid speed of delivery of both housing and amenity.
- **Urban/brownfield sites** - city centre brownfield sites with access to a wide range of facilities can be particularly attractive for BTR investment. Efficient use of existing facilities and amenities can help to support the creation of vibrant and sustainable urban communities.

Challenges

BTR can attract significant new investment into housing in Scotland, expanding the range and choice of housing options available. The long-term, revenue-focused interests of the developer/investors in the site can present challenges in relation to development viability, where upfront investment is required to meet planning

obligations. This should be fully considered in assessing proposals. Consideration should be given to developer contributions sought and any potential for a tailored approach, for example through phased payments, which is justified by the characteristics of the BTR sector and the individual development.

Master plans and local design guidance, in supporting placemaking and programmed delivery, can assist in setting out the benefits offered by BTR, whilst also setting out how different aspects such as the consideration of communal space and facilities may be taken into account.

The key differences from other traditional forms of housing which are important to consider in relation to BTR are typically the inclusion of on-site shared facilities such as communal spaces, gyms, co-working space and secure storage; and design features such as open plan residential layouts used to increase the proportion of usable space within a unit and large glazing to maximise natural light levels. As a result of these characteristics, a flexible approach to relevant elements of design may be justified. In particular the above differences suggest the need for consideration of flexibility in relation to density, minimum space standards and single aspect units where the overall quality of the development remains appropriate.

Further information

For further information on BTR in Scotland and key features of this sector, see:

[A Place to Stay, a Place to Call Home – A Strategy for the Private Rented Sector in Scotland – Scottish Government vision and strategic aims for the private rented sector.](#)

[Building the Private Rented Sector in Scotland](#) – Homes for Scotland webpage.

[Build to Rent: A Best Practice Guide \(2nd Edition\)](#) – Urban Land Institute

This advice replaces the letter from the Chief Planner of October 7, 2015.