

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, MINISTER FOR PUBLIC FINANCE AND DIGITAL ECONOMY
Briefing for BUILD TO RENT FORUM PRE EVENT DINNER, 10 OCTOBER 2018

What	The dinner is a precursor to the annual Build to Rent Forum Scotland which will take place the following day on 11 th October. Mr Mackay spoke at the dinner last year.
Where	The Board & Bute Rooms National Museum of Scotland Chambers Street Edinburgh EH1 1JF
When	18:30 for 19:00 to 21:30 (Minister speaking at 19:15)
Key Message(s)	The SG, working closely with industry, is supporting the growth of Build to Rent in Scotland to encourage economic growth and increase quality of choice for private rent tenants.
Who	A number of Build to Rent Investors and developers will be in attendance – a full list is available at Annex
Why	An opportunity to liaise and maintain positive relations with potential investors and stakeholders in the Build to Rent sector.
Speech details	Speech will be 5 minutes and there will be no Q&A afterwards. Speaking note sent as separate attachment. You will be speaking at a lectern.
Supporting official	[Redacted] Financial Innovation Unit, More Homes, [Redacted] (Also attending the dinner as a guest)
Briefing contents	Annex A: Event programme (please highlight the Minister's agreed time slot) Annex B: Guest List/Attendees Annex C: Summary Page / Top Brief Annex D: Additional Briefing Annex E: Map/Parking
Media Handling	No comms attendance
Social Media	N/A
Dress code	Business Attire
Greeting Party and specific meeting point on arrival (if event is at a non SG Building)	You will be greeted by David Jennings, Chairman of Movers & Shakers [Redacted] Meeting point will be at the main entrance to the museum.
Specific entrance for Ministerial car/parking arrangements	There is no available car parking at the museum

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Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Const it Interest	General Awareness
Cabinet Secretary for Communities and Local Government Cabinet Secretary for Finance, Economy and Fair Work Minister for Local Government, Housing and Planning	<ul style="list-style-type: none"> • 		<ul style="list-style-type: none"> • 		<ul style="list-style-type: none"> • •
Director for Housing and Social Justice Deborah Smith Katherine Peskett [Redacted] Stewart Maxwell Jeanette Campbell DG Education, Communities & Justice Communications CSSE [Redacted] John McNairney [Redacted]					

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Annex A – Event Schedule

- 18:30 Arrival Drinks
- 19:00 Introduction – David Jennings, Movers & Shakers
- 19:05 Short speech by Tracey Menzies, Real Estate Partner, Brodies LLP.
- 19:10 Keynote Address by Minister for Public Finance and Digital
Economy**
- 19:15 Dinner

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Annex B – Guest List & Key Biographies

Name	Job Title	Organisation
[Redacted]	[Redacted]	Aberdeen Asset Management Plc
Alistair Wardell	Investment Director	Atlas Residential
Tracey Menzies	Real Estate Partner	Brodies LLP
[Redacted]	[Redacted]	Brodies LLP
[Redacted]	[Redacted]	Brodies LLP
[Redacted]	[Redacted]	CastleRock Edinvar
[Redacted]	[Redacted]	City of Edinburgh Council
[Redacted]	[Redacted]	Dowbray Property
[Redacted]	[Redacted]	Ediston Properties
[Redacted]	[Redacted]	Get Living
[Redacted]	[Redacted]	Get Living
David Lunts	Executive Director for Housing & Land	Greater London Authority
[Redacted]	[Redacted]	Hillcrest Group
[Redacted]	[Redacted]	Homes England
Andrew Stanford	Head of UK Residential	LaSalle Investment Management
[Redacted]	[Redacted]	Legal and General Investment Management
[Redacted]	[Redacted]	LIV Consult
[Redacted]	[Redacted]	LIV Consult
[Redacted]	[Redacted]	Long Harbour
[Redacted]	[Redacted]	Moda Living
David Jennings	Chairman	Movers & Shakers
[Redacted]	[Redacted]	Placefirst
Jean-Marc Vandevivere	Chief Executive	Platform
Matthew Benson	Director	Rettie & Co
[Redacted]	[Redacted]	Rettie & Co
[Redacted]	[Redacted]	Rettie & Co
[Redacted]	[Redacted]	Ringley
[Redacted]	[Redacted]	Ringley
[Redacted]	[Redacted]	Scottish Futures Trust
[Redacted]	[Redacted]	SPF
[Redacted]	[Redacted]	Whiteburn Projects Ltd
[Redacted]	[Redacted]	Winckworth Sherwood
[Redacted]	[Redacted]	Winckworth Sherwood
[Redacted]	[Redacted]	Scottish Government
[Redacted]	[Redacted]	Scottish Government

Below are the key biographies from the Ministers table.

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Andrew Stanford – Head of UK Residential, LaSalle Investment Management



Andrew Stanford is Head of UK Residential at LaSalle Investment Management, primarily responsible for the asset management of LaSalle's c£400 million UK Private Rented Sector portfolio.

Andrew has over 25 years' UK residential investment, asset management, property management and valuation experience. Much of this was gained as head of residential consultancy at Cluttons. Before joining LaSalle in April 2015, he headed the UK Government's Private Rented Sector taskforce. He chairs the British Property Federation's Build to Rent committee, is a member of the BPF's residential committee and the UK Government's Build to Rent joint committee.

Jean-Marc Vandevivere – Chief Executive, Platform



Jean-Marc has 20 years of experience in the Property, Retail and Consumer Goods industries. Prior to PLATFORM_, he spent 7 years at the Executive Committee of The British Land Company PLC, joining as Head of Strategy in 2009 to set up the new department, and later on becoming Head of Residential. He started his career at The Boston Consulting Group (BCG), spending time across the Paris, Washington DC and London offices as a Principal.

Jean-Marc is a Non-Executive Director of Vivid, Hampshire's largest provider of affordable homes with 30,000 homes in the South East. He also sits at the IPF Strategic Board and the BPF Residential Board. He holds an MBA from Essec in Paris.

Alistair Wardell – Investment Director, Atlas Residential



Alistair leads the acquisitions underwriting process. Previously, he worked at Genesis Housing Association where he held multiple roles and was responsible for all large scale multi-tenure corporate finance and investment activities, including Genesis's PRS portfolio of over 1,500 units. He was involved in the £125m sale and operating leaseback of 401 PRS units to M&G. Prior to Genesis, Alistair worked at GE Capital (Europe) and Deloitte LLP.

Alistair is a graduate of University College London (UCL) where he received a degree in law, he is also a member of the Institute of Chartered Accountants in England & Wales and holds a Certificate in Corporate finance from The Chartered Institute for Securities & Investment.

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Tracey Menzies – Real Estate Partner, Brodies LLP



Tracey has over twenty years' experience across a full range of real estate disciplines and is also head of Brodies' Housebuilding group. Brodies' real estate practice comprises 26 partners, and over 100 lawyers who focus purely on the real estate investment and development market in Scotland. Tracey specialises in commercial and residential land acquisition and development work, with particular focus on development construction and funding. Tracey's clients include Bancon Group, Mactaggart & Mickel, Andrew's Homes and Knight Property Group and she has been involved in substantial strategic land and developments across Scotland.

David Lunts – Executive Director of Housing and Land, Greater London Authority



David Lunts is the Interim Head of Paid Service and Executive Director of Housing and Land at the GLA where he leads the work to establish the housing functions that devolved from the HCA and LDA to the Mayor of London in April 2012. From 2008 until May 2011 he was the Executive Director for London at the Homes and Communities Agency.

He was previously Executive Director for Policy & Partnerships at the GLA, with responsibility for planning, regeneration, environmental and social policy. Before moving to the GLA in 2005, he was Director of Urban Policy at the Office of the Deputy Prime Minister.

He began his housing and regeneration career in Manchester which included the leadership of the City Challenge renewal of Hulme in the early 1990s. David moved to London in 1996 to run the Urban Villages Forum, a widely supported membership not-for-profit group, and became the founding chief executive of the Prince's Foundation in 1998. He was also a member of Lord Rogers' Urban Task Force.

Matthew Benson – Director, Retties



Matthew graduated from Oxford University and began his career with Morgan Stanley, working in international finance in London. Matthew then established his own consultancy business focused on the structuring and planning of high quality residential and leisure projects before joining Rettie & Co. in 1998 where he has overseen the expansion in Land and Development, New Homes and Research teams. More recently, he has been working closely with the Scottish Government and regeneration agencies south of the border to look at new ways of stimulating house building and delivering mixed tenure affordable housing in this low grant environment. Matthew developed much of the thinking behind the National Housing Trust initiative and he has been developing

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parallel private sector led initiatives. Matthew is also Chair of Ectopharma Ltd and on the board of Springfield Homes, the Edinburgh Arts Festival, and Project Scotland.

David Jennings – Chairman, Movers and Shakers



David started his career in Construction and Property. In 1990 he jointly founded and was a Joint Managing Director of the Salisbury Consulting Group; he sold his interest in 1995. In 1996 he formed Business Vantage, a business and research consultancy which specialises in property and construction and advises major UK plc's.

David is the Founder Director and Chairman of Movers & Shakers formed in 1996 the UK's most successful and popular networking forum.

He is also a Founder Director and shareholder of Stonemartin plc, an AIM listed serviced office business; founded in 1999.

David is Founder Director and shareholder of ResourceFull Ltd formerly Nice4Work Ltd.

[Redacted] from Scottish Government who is the [Redacted] within the More Homes Division will also be at the Ministers table.

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Annex C – Key Briefing

Build to Rent – Top Lines

- Expanding the Build to Rent (BtR) sector is part of the More Homes Scotland approach and a key element for delivering SG’s strategy for the private rented sector (“A Place to Stay, a Place to Call Home”).
- BtR is an emerging market rent product that delivers high quality, professionally managed PRS homes and has the potential to further enhance the stability for tenants provided for in the new private residential tenancy, which was commenced from the Private Housing (Tenancies) (Scotland) Act 2016 in December 2017 for all new tenancies
- Last October, we launched a well-received package of enabling measures to stimulate growth and private institutional investment in BtR market rent housing. This package covered planning advice, taxation, tenancy reform, a Rental Income Guarantee Scheme (RIGS) – developed with the industry - and a promotional prospectus to investors.
- The Minister for Local Government, Housing and Planning visited examples of both city centre and suburban Build to Rent in Liverpool during his summer tour in July 2018. Locations visited were:
 - The Keel Building (Moorfield Developments) – a converted office building in Liverpool city centre comprising 240 rental apartments.
 - Norris Green (Sigma Capital) - suburban BtR site 5 miles from Liverpool city centre comprising 221 rental homes.
 - Welsh Streets (Placefirst) – a suburban BtR development made up of 5 streets of family homes refurbished from run down Victorian terraces near Liverpool city centre.

Rental Income Guarantee Scheme

- The **Rental Income Guarantee Scheme (RIGS)** was launched on 12 October, and managed by Scottish Futures Trust on behalf of the Scottish Government. It is designed to stimulate further institutional investment in the emerging Build-to-Rent market, and delivery of new high-quality, professionally managed, PRS homes. RIGS was developed in consultation with the industry, addressing the uncertainty around rental income streams in this new market; and is expected to attract up to £500m of investment and around 2,500 new homes.
- Through RIGS, the Scottish Government will underwrite 50% of any gap between 95% and 75% of agreed rental income, within a defined band. For example, if actual revenue in any year is 65% of projected revenue, the eligible shortfall will be 20% (95% less 75%), with SG covering 10% of the projected revenue.

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- The launch of RIGS has sent a strong signal about Scottish Government support for the sector. Scottish Futures Trust (SFT) as deliver partner, have maintained close contact with developers and in turn investors and lenders and they report positive feedback.

City Centre Build to Rent

- We know that there are now a number of Build to Rent developments within the planning systems in Glasgow, Edinburgh and Dundee. They are detailed below:

Glasgow

Moda Apache at Pitt Street;

- Planning granted for 255 BtR units (with an option to develop a further 199) subject to final agreement on commuted sums. Work anticipated to start before Christmas this year.

Get Living near the High Street;

- 7.5 acre site to the east of the Merchant city – planning application in progress for 727 private rental units and 99 student units. Get Living have reached a ‘minded to grant’ status on their planning permission (i.e. need to settle the s.75 agreement).

Inhabit at Candleriggs;

- Plan for 600 residential apartments and 600 student beds

Platform at Finnieston;

- Two acre site in Central Quay regeneration project to build 500 BtR units – Platform bought the site from Harbert Management Corporation and XLB Property after they secured planning permission for the brownfield scheme. Full planning permission has just been submitted to Glasgow City Council for this development.

Drum at Buchanan Wharf;

- Mixed use development. Recently announced the new Barclays Scottish HQ to be based at Buchanan Wharf but still to submit detailed planning for the BtR block due to ongoing discussions with an institution about a forward funding agreement.

Edinburgh

Moda Apache at Fountainbridge

- Planning permission being sought for 541 units on a 3.5 acre site

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Dundee

Whiteburn – City Centre

- Full planning permission has been granted for the conversion of the derelict former Dundee College campus buildings to create 111 purpose designed and built BtR apartments and 24 short stay apartments. Awaiting finance package to commence construction.

Our Enterprise – City Centre

- Planning permission has been granted for 117 units and a Heads of Terms is in place with Hillcrest Housing Association to forward fund them. This is part of wider scheme with some commercial interests.

Suburban Build to Rent

- The suburban BtR market has emerged during the past 5 years as a distinct segment of the wider BtR sector, targeting tenants who are economically active (many of whom have children), who cannot afford, or do not wish, to buy a house and who want to establish a permanent base.
- This type of tenure has proven to be in high demand in England and could play an important role in addressing the shortage of housing in Scotland.
- Scottish Futures Trust estimate that this segment of the market could in time, produce 1,000 additional houses per annum and therefore deliver approximately £1.3bn of construction turnover over a 7 year period, supporting 2,400 jobs.
- Suburban BtR has a lower density of build (generally houses rather than flats) and would therefore tend to target sites that are within 10 miles of major centres of employment with good transport links and local schools.
- In Scotland the suburban BtR market could potentially have applicability on large housing sites in areas such as the Lothians, Greater Glasgow and Aberdeenshire.

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Annex D – Additional Briefing

- **Housing**
- **Building Scotland Fund**
- **LBTT**
- **Private Rented Sector**
- **Planning Reform/Delivery Advice**

Housing

More Homes Scotland

- Our 50,000 affordable homes target is backed by more than £3 billion – the single biggest investment in, and delivery of, affordable housing since devolution
- This is a 76% increase on our previous 5-year investment and includes 35,000 homes for social rent.
- 81% of the Affordable Housing Supply Programme grant funding this year (almost £615 million) is capital funding, primarily for social housing.
- This is a £147 million increase on the equivalent figure for 2017-18.
- The £150 million Building Scotland Fund opened in June. This will see £70 million invested in this financial year, £25 million of which will support the delivery of 3,000 new homes.
- This is over and above our existing target of 50,000 affordable homes over this Parliament
- The Scottish Government has led the way in finding new methods of increasing housing supply, using innovative financing models and initiatives such as the National Housing Trust (NHT), Mid-Market Rent and the use of Charitable Bonds and Financial Transactions. These innovative uses of government guarantees, loans, grant recycling and new sources of private funding is supporting the delivery of approaching 8,500 homes across all tenures and generating over £1 Billion of housing investment in addition to our conventional funding routes.

Recent statistics show we have delivered more than 76,500 affordable homes since 2007.

- Almost 52,600 of these homes were for social rent, including 9,799 council homes
- We are on track to deliver at least 50,000 affordable homes over this Parliament which will include 35,000 homes for social rent
- We introduced the Council House Build programme in April 2008 – the first such central government support to councils in a generation.

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New build housing completions are rising (to end December)

- The number of new build housing completions rose from 16,933 in 2016 to 17,739, in 2017.
- That is a rise of 806 homes or 5%.

New build housing starts are rising (to end December)

- The number of new build housing starts rose from 18,314 in 2016 to 19,702, in 2017.
- That is an increase of 1,388 homes or 8%.

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Building Scotland Fund

Top Lines

- The Building Scotland Fund is actively seeking eligible opportunities for investment.
- The investments of this Fund will be made by making loans and acquiring equity. These will be at commercial rates or made in compliance with EU State Aid regulations.
- The BSF is being established as a precursor to the Scottish National Investment Bank and will reflect the principles behind it.
- The Fund will be available to non-public sector organisations including businesses, housing associations and universities, to support the development of housing across all tenures, develop modern industrial and commercial space; and support business-led research and development projects with a reasonably realistic prospect of commercialisation.
- The amount of funding available to individual projects will vary and will be decided on a case by case basis. Investments are likely to be over £1m although we retain discretion to consider applications under this amount. Applicants will be expected to contribute towards project costs.
- We are working with Scottish Enterprise, Highlands and Islands Enterprise, Scottish Funding Council and the Scottish Futures Trust to deliver the Fund.

For Internal Information Only- Commercially Sensitive

- SFT are progressing a number of Build to Rent projects seeking BSF funding.
- Vox Dundee (which includes 111 long term market rent apartments and 24 short stay apartments) is the most progressed and recently received BSF Board approval to proceed to due diligence.
- Projects by Moda/Apache in both Edinburgh and Glasgow are also being explored and SFT is in talks with Sigma in relation to potentially deploying the Fund to support family Build to Rent.

Q&A – Building Scotland Fund

When will funding be available?

The Building Scotland Fund is actively seeking eligible opportunities for investment.

Who will benefit from the Fund?

Commercially viable non-public sector organisations.

What types of projects will be eligible for funding?

Projects that fit with the defined objectives of the Fund i.e. unlock house building across all tenures, develop modern industrial and commercial property and support business-led research and development projects. More details on the Fund are available on the SG website.

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Can it be used for Build to Rent projects?

Yes- all tenures of housing are eligible for the Fund. If you think you have a project that would benefit from the Fund we would encourage you to complete the Expression of Interest form on our website.

What types of funding will be available?

Support will be in the form of loans or equity share capital. Loans will be at commercial rates or made in compliance with EU State Aid regulations.

What is the repayment period for loans?

The repayment period will be between 2-30 years.

How much funding is available?

The Building Scotland Fund is a £150 million Fund. £70 million will be available to projects in 2018/19 with the remaining £80 million over the following two years. The amount of finance available will vary depending on the project. Financing will not cover the entire cost of a project and applicants will need to provide funding from their own resources or from other third parties.

Is there a minimum investment?

The minimum Building Scotland Fund investment in a single project is likely to be £1m or above although we retain discretion to consider applications under this amount.

Who will deliver the Fund?

There are several Public sector bodies involved in the delivery of the Building Scotland Fund. These are: the Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, the Scottish Funding Council and the Scottish Futures Trust.

When will more information on the Fund be available?

Information on the Fund can be found at <https://beta.gov.scot/policies/economic-growth/building-scotland-fund/>.

[Redacted]

More Homes Division

[Redacted]

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**LBTT ADDITIONAL DWELLING SUPPLEMENT: EXEMPTION WHERE 6 OR
MORE PROPERTIES ARE PURCHASED**

Key Issue

- Availability of an exemption from the LBTT Additional Dwelling Supplement (ADS) where six or more properties are purchased – no equivalent provision in SDLT.

Key Lines

- ADS Exemption introduced as a consequence of engagement with stakeholders – a key part of Scotland's overall efforts to support the emergence of a large scale PRS market.
- No such exemption is in place for the SDLT Higher Rate for Additional Dwellings, creating a positive differential for Scotland and increasing the country's attractiveness to Build to Rent investors.
- Large scale purchases of property in Scotland can also benefit from LBTT multiple dwellings relief.

Background

The LBTT Additional Dwelling Supplement was introduced with effect from 1 April 2016. It is an LBTT supplement, charged at 3% of purchase price, on purchases of additional residential properties in Scotland (including buy-to-let properties and second homes) of £40,000 or more.

During the development of legislative proposals for the Supplement, two working group meetings were held with property sector stakeholders. In discussions, there were calls for an exemption or relief to be introduced in relation to bulk purchases, on the basis that the supplement would otherwise disincentivise investment in Scotland in the emerging large scale Build to Rent sector. There was widespread opinion that if large scale relief was to be introduced, it made sense to set the limit at 6 properties, taking account of other aspects of the LBTT regime.

Subsequently, the LBTT (Amendment) Bill, which provides for the supplement, was introduced to Parliament on 27 January 2016. An exemption for six or more purchases (called for in the Finance Committee Stage One Report) was then introduced and agreed at Stage 2).

Subsequently the UK Government decided at Budget 2016 **not** to introduce an exemption for bulk purchases from the SDLT Higher Rate for Additional Dwellings. This was met with surprise and disappointment by industry.

Since introduction of the exemption, stakeholder feedback has suggested that it is seen a key part of the overall offer to investors looking at the Build to Rent opportunity in Scotland.

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DBS: Tax Division
September 2018

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PRIVATE RENTED SECTOR

A Place to Stay, A Place to Call Home:

- In 2013, the Scottish Government launched a strategy for the private rented sector in Scotland. The strategy aimed to improve and grow the sector by enabling a more effective regulatory system, targeting tougher enforcement action and attracting new investment.
- Since then, we have introduced a range of measures aimed at achieving this ambitious vision.

Private Residential Tenancy:

- The Private Housing (Tenancies) (Scotland) Act 2016 is the most significant change to private renting in Scotland for almost 30 years. It commenced on 1 December 2017 and introduced the new Private Residential Tenancy (PRT). It replaces the Short Assured and Assured Tenancies and must be used for all tenancies created on or after 1 December 2017.
- The underlying principle of the new PRT is that when a landlord rents out their property to a tenant, it becomes the tenant's home – over which they must have security. Its purpose is to improve security, stability and predictability for tenants, balanced with safeguards for landlords, lenders and investors.
- Rents can only be increased once in a 12 month period (with 3 months' advance notice) and tenants will be able to refer perceived unreasonable increases for adjudication to protect them from unfair rent rises.

Landlord Registration

- The Scottish Government wants local authorities to make better use of their landlord registration powers. We published new statutory guidance for local authorities last year, which places a greater emphasis on targeted enforcement, promotes good practice and encourages information sharing to raise standards across the private rented sector.
- We know that some private landlords continue to let houses without complying with the laws that are in place to protect tenants. In particular, there is strong evidence that many properties don't meet the repairing standard. Therefore we recently undertook a consultation on proposals requiring applicants to provide more detailed information about their compliance with the laws and on options for reviewing landlord registration applications fees – which haven't increased since 2006.

Letting Agent Regulation

- Letting agent regulation commenced on 31 January 2018. This robust regulatory framework includes compulsory registration; a statutory Code of Practice with a means of redress to the new First Tier Tribunal for Scotland; and powers for monitoring compliance and effective enforcement.
- All those currently carrying out letting agency work must make an application to join the Scottish Letting Agent Register by 1 October 2018. These measures will give landlords and tenants confidence in the standard of service they should expect and the means to challenge poor practice.

Contact: [Redacted]

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PLANNING REFORM/DELIVERY ADVICE

Key Lines

- We are delivering an ongoing programme of support to the Build to Rent sector through advice, training and awareness raising.
- The Planning Bill includes a range of changes to the system which will support stronger planning for housing. Improved local development plans and the gate check aim to streamline the way we identify how many homes are required and will allow a greater focus on delivery.
- Ministers have visited sites in Manchester and Liverpool to see Build to Rent developments on the ground, both city centre apartments and suburban family homes.

Next Steps

- We will publish online case studies of active Build to Rent projects (autumn 2018) and continue to update this as projects come on-stream.
- BtR will feature on the agenda at the Planning Convenors event in November, continuing the programme of awareness raising.
- We will host, together with SFT, a 1-day visit by Planning Convenors and Officials to BtR developments in Manchester.

Contact: [Redacted]

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Annex E – Map/Parking

The Board & Bute Rooms
National Museum of Scotland
Chambers Street
Edinburgh
EH1 1JF

Venue Contact Number: 0300 123 6789

Parking: There is no parking available at the venue.

