

MINISTER FOR LOCAL GOVERNMENT, HOUSING AND PLANNING – PRIVATE RENTED SECTOR DINNER – SHERATON GRAND HOTEL, EH3 9SR – 11 SEPTEMBER 2018

Date and Time of Engagement	11 September 2018 18:30 for 19:00 to 21:00
Where	Sheraton Grand Hotel 1 Festival Square Edinburgh EH3 9SR
Key Message	The SG, working closely with industry, is supporting the growth of Build to Rent (BtR) in Scotland to encourage economic growth and increase quality and choice for private rent tenants.
Who	The Cabinet Secretary for Finance and Economy has requested that Scottish Futures Trust arrange a dinner with figures from the private rented sector and as Minister for Local Government, Housing and Planning Mr Stewart is a key figure in attendance.
Why	To liaise and maintain positive relations with potential investors and stakeholders in residential development (specifically the Scottish BtR sector).
Official Support Required	[REDACTED], Financial Innovation Unit, More Homes [REDACTED]
Media Handling	N/A
Dress code	N/A
Greeting Party and specific meeting point on arrival (if at a non SE Building)	Andrew Bruce, Head of Project Finance at Scottish Futures Trust who has planned this dinner, will meet Mr Stewart at the venue. His contact number is: [REDACTED]
Specific entrance car/parking arrangements	A parking space has been reserved with the Concierge
Briefing contents	Annex A – Event Schedule Annex B – Key Issues Annex C – Guest List Annex D – Map/Directions

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constituent Interest	General Awareness
Cabinet Secretary for Communities and Local Government Cabinet Secretary for Finance, Economy and Fair Work	•		•		• •
Director for Housing and Social Justice Deborah Smith Katherine Peskett [REDACTED] [REDACTED] [REDACTED] Callum McCaig Jeanette Campbell DG Education, Communities & Justice Communications CSSE [REDACTED] [REDACTED] [REDACTED] John McNairney [REDACTED]					

Annex A – Event Schedule

18:30 Arrival Drinks

19:00 Dinner

21:00 End of Event

Annex B – Summary Page/Key Issues

Build to Rent

- During the summer tour the Minister 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.

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.

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 400 BtR units – Platform bought the site from Harbert Management Corporation and XLB Property after they secured planning permission for the brownfield scheme.
- 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

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.

Building Scotland Fund

- On a wider note - the Building Scotland Fund, a £150 million precursor to the new Scottish National Investment Bank, was announced in the 2018/19 draft budget. One of the main purposes of the fund is to develop new affordable and private sector housing.
- There has been some interest from BtR developers in accessing funding from this fund.

Planning

- We held a BTR seminar in April 2018 following the format of the Planning Delivery Advice on Build to Rent as agreed at the dinner in January.
- We will shortly be publishing online case studies of the projects presented at the seminar, to outline their opportunities and challenges and the planning issues which were addressed.

- The Planning Bill is before Parliament and at Stage 2 in the process. Committee sessions will run in September and October.
- SG Planning officials are arranging, with SFT, a visit for a number of Local Authorities in Scotland to some BtR schemes in Manchester at the end of September.

Lines to Take

Build to Rent

- Scotland is open for business – we fully support investment in Build to Rent
- The Scottish Government are providing significant support in this area through our RIGS scheme, tax advantage, planning delivery advice and through working collaboratively with the sector.
- We remain open to any further ideas that anyone may have so, if there is anything specific, please feed this back to officials and SFT.

RIGS

- RIGS was developed in direct response to feedback from the industry, it is a strong signal of this governments support for the Build to Rent sector.
- There have been no RIGS applications as yet but SFT are in regular contact with developers to keep up to date with developments

Annex C – Guest List & Key Biographies

<u>Name</u>	<u>Job Title</u>	<u>Organisation</u>
Derek Mackay MSP	Cabinet Secretary for Finance, Economy and Fair Work	Scottish Government
Chris Jones	Managing Director	PfP Capital
David Mellhuish	Director	Scottish Property Federation
Ed Crockett	Head of Residential UK, Fund Manager	Aberdeen Standard Investments
Graeme Bone	Group Managing Director	Drum Property Group
Graham Barnet	Chief Executive	Sigma Capital
Hazel Sharp Webb	Head of PRS & BtR Services	Rettie & Co Ltd
James Pargeter	Senior Director	Projects, Greystar Europe Holdings Ltd.
Lord William Haughey	Executive Chairman	City Facilities Management Holdings Ltd.
Martin Ellerby	Head of New Business & Innovation	Placefirst
Richard Jackson	Managing Director & Co Founder	Apache Capital Partners
Robin Blacklock	Director	Dowbrae Property Consultancy
Danny O'Neill	Chief Executive	Ediston
Tony Brooks	Managing Director	Moda Living
Councillor Adam McVey	Leader	Edinburgh City Council, (Leith Ward (SNP))
Councillor Kenny McLean	City Convenor for Neighbourhoods, Housing and Public Realm	Glasgow City Council, Partick (East/Kelvindale Ward (SNP))
Michael Thain	Head of Place Development	Edinburgh City Council
Patrick Flynn	Head of Housing & Regeneration Services	Glasgow City Council
Peter Reekie	Chief Executive	Scottish Futures Trust
Andrew Bruce	Head of Project Finance	Scottish Futures Trust
[REDACTED]	Innovation & Investments Manager, More Homes Division	Scottish Government
[REDACTED]	Programme Manager, Building Scotland Fund	Scottish Government
Callum McCaig	Special Advisor	Scottish Government
John McNairney	Chief Planner	Scottish Government

Chris Jones
Managing Director
PfP Capital



Chris has 23 years real estate finance experience in tax, treasury and financial management. As Tax & Treasury Director of Places for People he established the first unsecured £1billion European Medium Term Note Programme by a registered provider of social housing and led the treasury team in its entry to the retail bond market, issuing £180m of retail bonds, another first for the sector. Chris moved to PfP Capital, Places for Peoples fund and asset management business 2½ years ago to set up the platform and has subsequently overseen fund raising of £450m of private capital across its PRS, regeneration and Mid-Market Rent Funds. PfP Capital has more recently announced the launch of a £550m Build to Rent Fund and Chris will be taking this forward over the next 2 years.

David Melhuish
Director
Scottish Property Federation



David is Director at the Scottish Property Federation, a position he instigated in 2007. In this role he is engaged with property industry businesses to ensure the industry makes its voice heard within government and, equally, helping the government to understand and engage with the industry. He is also an independent member of the SPRUCE fund Advisory Committee, which supports eligible commercial development and energy efficiency projects across Scotland. Prior to SPF, David was based at the British Property Federation's Head Office in London as an Assistant Director for Finance & Taxation, where he worked on the campaign to introduce a UK Real Estate Investment Trust and on VAT policy on land and property. Before BPF he worked for the Royal Institution of Chartered Surveyors, the Association of University Teachers, in the House of Lords and for the National Audit Office.

Ed Crockett,
Head of Residential UK, Fund
Manager
Aberdeen Standard
Investments



Ed is Head of Residential Property UK and Fund Manager on three Residential specific mandates. Ed has lead UK Residential Fund management since 2013. Since then, he has been involved with achieving planning consent on over 6,000 units and is advising on schemes with a further 4,500 units in the planning process. In his current role he has advised on transactions with a GDV in excess of £350m representing more than 1,200 units.

Ed sits on the British Property Federation Build to Rent sub-committee and was previously a member of the Scottish Government PRS Working Party, convening the data and finance sub-groups.

Graeme Bone
Group Managing Director
Drum Property Group



Graeme is the founder and principal shareholder of Drum Property Group. After qualifying as a solicitor, he practiced as a Partner of a regional law firm for seven years prior to focusing on the real estate sector. He has over twenty years of experience in the financing and delivery of significant and complex land assembly, development and investment projects.

Graeme is currently overseeing significant mixed-use regeneration projects across central Scotland, including the transformational Buchanan Wharf development in Glasgow.

Graham Barnet
Chief Executive
Sigma Capital



In 1996, he co-founded Sigma, and throughout his career, Graham has had significant personal involvement in residential property development and investment culminating in him founding and launching the first ever PRS REIT in the UK on the London Stock Exchange, The PRS REIT plc.

Graham is an experienced corporate financier and a qualified lawyer. He previously worked with Shepherd & Wedderburn and Noble Grossart before setting up Merchant Investments Ltd a family investment vehicle in 1994, a company specialising in large scale residential development. Merchant Investments led the creation of the Winchburgh new village three miles west of Edinburgh before Sigma turned its focus to PRS.

Hazel Sharp Webb
Head of PRS & BTR Services
Rettie & Co Ltd



Hazel is a chartered surveyor and qualified marketer, and was Business Development Director with Allsop's Letting and Management subsidiary for over 10 years, operating large-scale residential portfolios across the UK. She has been actively involved in the development of the build-to-rent (BTR) sector, since joining the first ULI UK study tour of the US multi-family sector in 2013, and she co-authored the management chapter of the 2nd edition of the ULI UK's Best Practice Guide to Build to Rent.

Hazel provided consultancy services to Rettie & Co. before welcoming the opportunity to join them permanently in 2017 as Head of PRS & BTR Services. Hazel was a key spokesperson for the industry through tenancy reform in Scotland, as lead in this area of the PRS Working Party, and chair of the SPF Residential Investment & Management Committee.

James Pargeter
Senior Director, Projects
Greystar Europe Holdings
Limited



James is a Senior Director in the Development team at Greystar, where he is focused on the delivery of new 'Build to Rent' / multifamily rental communities and is keen to raise awareness about how this can assist in addressing the UK's housing crisis. He also leads Greystar's involvement with central and local government at a time when policy around Build to Rent and multifamily housing is emerging strongly, as well as engagement with key local stakeholders on each of our projects. James also provides up-front consultancy advice to our 3rd party management clients.

James currently sits on the MHCLG Build to Rent Joint Committee, the British Property Federation's Build to Rent sub-committee and the Urban Land Institute's UK Residential Council. James is a regular speaker and commentator, and was also a contributor to the 2016 Urban Land Institute publication, the 'Build to Rent: Best Practice Guide'.

Lord William Haughey, OBE
Executive Chairman
City Facilities Management
Holdings Ltd



Lord Haughey was born in the Gorbals in Glasgow in 1956. He served an apprenticeship as a refrigeration and air conditioning engineer. He set up the company City Refrigeration in 1985 with his wife Susan. The company started its first year with 4 employees with a turnover of £100k. City is now one of the largest privately owned Facilities Management companies in the world with offices in the UK, France, Australia, Kuala Lumpur and North America and employs just over 12,000 people, with an annual turnover of approximately £1bn.

City is proud to have some of the largest companies in the world on its client base, i.e. Walmart/Asda, Wesfarmers/Coles, Giant, Jardine Matheson, South Eastern Grocers and BP to name but a few. He is also the Chairman of the Glasgow and Clyde Valley Economic Leadership Board, helping deliver the City Deal.

Martin Ellerby
Head of New Business & Innovation
Placefirst



Martin is a founding member of Placefirst, an award-winning build-to-rent developer with offices and rental communities across the north of England. With a career background in architecture & urban design, Martin has been involved in residential placemaking for over 15 years.

Placefirst design, build and manage a growing portfolio of aspirational rental communities aimed at low-to-middle income families looking for a better rental experience.

The company completed its first BTR community in 2015, comprising 120 homes and a new park in Accrington, Lancashire. The overwhelming market response to this pioneering scheme has provided a platform for the company's growth which currently includes BTR communities across Leeds, Sheffield, Liverpool and Greater Manchester.

Placefirst currently has over 1000 homes completed or on-site, and is actively exploring new opportunities in Scotland as part of its wider business plan to deliver 4,000 new homes by 2022.

Richard Jackson MRICS
Managing Director & Co-founder
Apache Capital Partners



Richard Jackson is the co-founder of Apache Capital Partners, a private real estate fund management business specialising in Social Infrastructure and Build to Rent. Current assets under management are in excess of £2bn including development pipeline. Richard is a qualified Chartered Surveyor and began his career at Cushman & Wakefield where he specialised in syndicate funding. Richard established Apache Capital in 2008 with John Dunkerley focusing on the alternative sectors comprising student accommodation, senior living including retirement villages and now owns the largest purpose built BTR platform in the UK outside of London comprising over 6,000 apartments. Richard is based in London and is responsible for the UK office, strategic business development, oversight of transactional, development & operational management and investor relations. Richard is a member of the IPF Residential Special Interest Group (SIG) Committee.

Robin Blacklock
Director
Dowbrae Property Consultancy



Robin has been at the forefront of the Build-to-Rent market in Scotland since 2012 when he introduced the concept at Grosvenor's Springside development at Fountainbridge in Edinburgh. Following a trip to the USA in early 2013 to better understand their equivalent market, Robin returned with an energy and enthusiasm for the sector which saw him lead a successful planning consent for a mixed use project anchored by 400+ build-to-rent units at Springside. He has also been instrumental in raising the profile of Build to Rent in Scotland, both in terms of introducing the concept to the industry, but also in the political arena around planning, promotion of the sector and tenancy reform.

Following the successful sale of the Springside site to Moda Living in 2017, Robin set up his own consultancy firm, Dowbrae, and has a variety of commissions both in the public and private sector, and dealing with city and sub-urban markets.

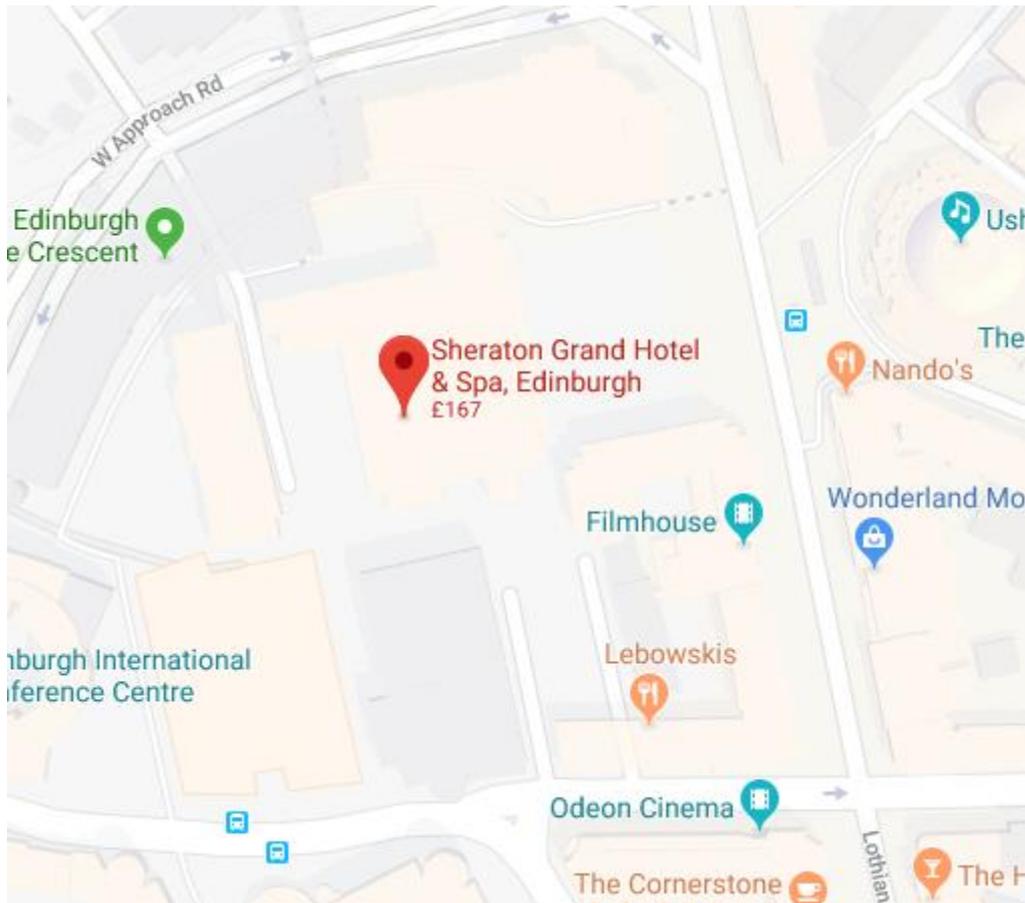
Tony Brooks
Managing Director
Moda Living



A committed property development expert with a background of successful creative ideas since starting in the construction industry at 16 years of age, Tony has a proven track record in delivering complex mixed-use and residential schemes across the UK.

In 2014 Tony set up Moda Living with partners the Caddick Group. It is currently one of the UK's leading build-to-rent developers and now has a development pipeline of 6,000 apartments with a GDV of £1.8 billion. With schemes ranging from Edinburgh and Glasgow to the South coast of England covering most major cities, Tony has wide ranging experience of the challenges facing the emerging BTR market.

Annex D – Map/Directions



Venue Details

Sheraton Grand Hotel
1 Festival Square
Edinburgh
EH3 9SR

0131 229 9131

Parking

A space has been reserved for the Minsters car with the Concierge.

Key messages

- Well attended event with the majority of key developers that have an interest in Scotland in attendance. Glasgow City and City of Edinburgh Councils also represented. A full guest list is attached for reference.
- Mr Mackay opened by saying it was pleasing that since the last event in January, where there had been frustration with the planning process, there was a number of schemes now with planning consent. These sites were in Glasgow and Dundee.
- The general feeling around the room was Scotland was an important region for them in terms of expanding this sector. They were comfortable with the existing environment following the legislative changes.
- The planning system was still key in the progress of this sector. Additional flexibility on a scheme by scheme basis would assist with this. Glasgow seemed very open about the BtR product particularly the city centre model and welcomed any discussions around these. Edinburgh are in a more difficult position. They were supportive of the product and its ability to support housing supply but that there was no flexibility on S.75 requirements such as 25% affordable units and space requirements. There were views expressed from industry that movement on this would be really beneficial in increasing housing supply in Edinburgh and stabilising rising rents
- Affordability was discussed. It was covered that in general the models for BtR schemes work within the limit of the CPI +1% rent rises that would be the control under any rent pressure zone included in the legislation. There was a brief discussion on rent controls and that any implementation of these would make investors very nervous. Both Glasgow and Edinburgh explained that any request for rent pressure zones would be to tackle specific areas and landlords and not look to restrict this market.
- There was a discussion around length of tenancies. In England BtR investors are offering tenants longer leases (e.g. 3 years) with break options for tenants, but the key point for tenants is to understand that their landlord will be renting the property for the long term anyway and so providing them security of tenure. In Scotland, there was a recognition that the concept of a 'perpetual' tenancy under the Private Housing (Tenancies) (Scotland) Act created the right conditions for a long term relationship between tenants and new BtR investor landlords. There was a big emphasis on the tenant/customer and the model is successful if the tenant/customer is happy as this is a long term model for the investor so good management, good quality homes are key to making this happen.
- SFT played a video which got the view of existing private rented tenants and this seemed to go down well.

From: [REDACTED]

Sent: 18 September 2018 12:02

To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>

Cc: Cabinet Secretary for Communities and Local Government <CabSecCLG@gov.scot>; Minister for Local Government, Housing and Planning <MinisterLGHP@gov.scot>; Minister for Public Finance and Digital Economy <MinisterPFDE@gov.scot>; Director for Housing and Social Justice <DirectorHSJ@gov.scot>; Deputy Director More Homes <Deputydirectormorehomes@gov.scot>; [REDACTED]; McCaig C (Callum) <Callum.Mccaig@gov.scot>; Campbell J (Jeanette) (Special Adviser) <Jeanette.Campbell@gov.scot>; DG Education, Communities & Justice <DGECJ@gov.scot>; [REDACTED]; McNairney J (John) <John.McNairney@gov.scot>; [REDACTED]

Subject: PRS Dinner - 11th September - Follow up

PS/Cabinet Secretary for Finance, Economy and Fair Work

I have provided some key messages, feedback and actions for the Cabinet Secretary following the PRS dinner on the 11th September.

Key messages and feedback:

- It was very much appreciated that the Cabinet Secretary arranged the dinner and gave his time to discuss current issues within the Build to Rent sector
- Confidence in the sector has grown over the past year given the legislative changes and other measures that have been put in place as a result of listening to the sector.
- Several of the private sector investors have commented afterwards how useful they found the dinner to discuss common issues for the industry and to understand the depth of support from Ministers for the sector.
- Having key people from Glasgow City Council and the City of Edinburgh Council was welcomed as their role is crucial in establishing the early Build to Rent schemes. It was certainly felt that Glasgow was much more open and flexible which has been demonstrated with some recent approvals. Edinburgh though remains to have its challenges and this is something that will require to be discussed further if progress with schemes is not made.

Actions:

- Whilst there is no specific action for the Cabinet Secretary from the dinner, SG officials and SFT, as delivery partner, will continue to work closely with the private sector investors and the local authorities to assist in the delivery of Built to Rent developments across Scotland. Key areas of work coming up are:
 - SG Planning and Architecture are organising a trip, on the 27th September, to visit sites in Greater Manchester for Planning Convenors for authorities in the central belt.
 - Supporting work on the Build to Rent schemes that are part of the Building Scotland Fund pipeline.
 - Provide a briefings to the Cabinet Secretary and the Minister for Local Government, Housing & Planning for the Build to Rent dinner and conference on the 10th and 11th of October in Edinburgh.

Regards

[REDACTED]

Financial Innovation Unit – More Homes Division
5 Atlantic Quay, 150 Broomielaw, Glasgow, G2 8LU

[REDACTED]