Priority Recommendations for Increasing Residential Capacity in City Centres and addressing Vacant and Derelict Land

Level	Key Priorities
UK	Advocate for VAT reduction for refurbishment and renovation of existing buildings, particularly listed buildings. 1. Only new build is zero rated. 2. In some instances the repurposing of buildings will only attract 5% VAT. 3. City Centres have numbers of listed buildings that need to brought back to the market as well significant volumes of office and retail that needs to be repurposed.
UK	Advocate for Enhanced Capital Allowance sum as per the past scheme operating in the UK Business Premises Renovation Allowance. This was a 100% tax allowance that was available when converting or renovating business premises. The principles could be applied to residential conversion.
SG	Consider possibility of time limiting domestic and non-domestic rates relief after the purchase to incentivise the development of listed buildings. Currently there is 100% relief from non-domestic rates for the whole time a property is unoccupied, if it's a listed building, which is a disincentive to development.
SG	Prepare a net zero pathway for all property in Scotland.
SG	Promote zero carbon development to raise awareness among the consumers and ultimately support the associated price premium.
SG	Bring forward/expand grant funding programmes suited to unlocking city centre residential development.
SG	Note that from a practical perspective in most cases regeneration schemes are delivered through a form of a joint venture or in the form of an indemnity between private developers a local authority who utilise their Compulsory Purchase Order (CPO) powers. Compulsory purchase is a useful tool for local authorities to tackle vacant and derelict land and buildings. The compulsory purchase system needs to be reformed with the aim of making it clearer and faster for all parties. Additionally there is an existing commitment to bring forward legislation to enable Local Government to require land/buildings that have been vacant, derelict or unused for an undue period of time to be sold by public auction to the highest bidder.

SG	**Look into setting up Infrastructure loans similar to SPRUCE (loans used for many of the major office developments across Scotland). These loans should be aimed at the residential market, perhaps in conjunction with the Scottish Investment Bank. SPRUCE provides finance as a co-investor alongside public and private sector sponsors developing revenue generating projects. Typically, projects will address market failure, demonstrate a strong regeneration, and generate direct employment benefits to local communities.**
SG	**Consider Scottish equivalent of New Homes Bonus, though with a requirement that revenues are spent on development enabling infrastructure and the emphasis is on repurposing and conversions. The New Homes Bonus is a grant paid by UK Government to local councils to incentivise housing growth. It is currently based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use.**
SG	**Consider Scottish equivalent of the Community Infrastructure Levy (CIL) (developer funding) and/or the evolving proposals for an Infrastructure Levy, being careful not to impact on viability. The CIL levy is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms.**
SG	**Tax Increment Finance (TIF) programme expanded and/or modified to reflect a Scottish version of the Infrastructure Levy. TIF is a way for Councils to fund regeneration projects through increased Non Domestic Rates. How this could this be applied to housing led regeneration should be considered so that projects are de-risked and made more attractive to owners/developers.**
SG	**CoAdvocate for amendments to the 1974 Housing Act to allow for longer leases to benefit from 'income strip' models. This legislation prevents any lease that runs for more than 20 year from being used as a private dwelling house. In the commercial sector longer leases (40 to 45 years) have been used across Scotland to deliver major commercial development. The scheme allows a discounted rent to be paid over a lease period of 35 - 45 years. At the end of this period the asset is bought for a nominal fee. Consideration should be given to adopting this approach of the residential market.**
SG	**Reduce property taxes. These should be focused on both brownfield sites and the repurposing of existing buildings to allow developers and owner/operators to benefit from significantly lower property taxes over the long term. Examples would be the Land and Buildings Transaction Tax You have to pay Land and Buildings Transaction Tax (LBTT) if you buy property or land in Scotland above a certain value. Most people will know it as the tax they may pay when buying a house, but it also applies to non-residential purchases and leases. Additional Dwelling Supplement (ADS) is an additional charge which is added to any LBTT which may be due. It is charged if you buy an additional residential property (dwelling) in Scotland.**
SG	**Support and encourage the Scottish cities to develop their city centre housing strategies including student accommodation and housing for older people.**

SG	**Explore ways of linking the energy savings and low carbon solutions in social/affordable housing with the investment decisions.**
SG	**The collaboration between universities and local authorities should be supported and encouraged to develop student housing strategies.**
SG	**For larger vacant and derelict sites or larger sites with the potential for comprehensive redevelopment, development briefs and masterplans should be considered to de-risk the planning process. Councils could work with a preferred development partner or partners to masterplan specific sites or districts within the city centres. Scottish Government should provide funding to deliver masterplans for key development areas.**