

More Homes Scotland and the Development of a New Housing Agency for Scotland - A Project for Shelter Scotland

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Executive Summary

The Scottish Government announced a new housing delivery agency, More Homes Scotland (MHS), in January 2026. The Agency will commence activities in April 2027 and be fully operational in April 2028. The current period is one of intensive activity around its purpose, functions and governance. Immediately prior to the beginning of the recent election period (March 25), the then Cabinet Secretary for Housing, Mairi McAllan, provided Holyrood with an update letter on progress and decisions thus far.

The main points in the update (discussed in more detail in the main report) were:

1. MHS will focus on simplicity, scale and speed. It will be a ‘significant step-change’ in addressing the housing emergency delivering more high-quality housing. It will ensure less duplication, greater expertise, increased efficiencies, and make the planned investment go further in partnership with the Scottish National Investment Bank (SNIB)
2. To bring simplicity, speed and scale, MHS will: make greater use of land assembly and preparation powers to support viability and help accelerate pace of delivery; provide enhanced support on housing planning and development delivery, introducing greater opportunities for standardisation and adopt simplified commissioning options, and promote flexible funding approaches to drive economic growth opportunities including through joint work with SNIB.
3. The priority for next year will be to increase supply of affordable homes and tackle the housing emergency. The update says that, to maximise impact, MHS must stretch AHSP flexibilities, simplify funding routes, ensure that the targeting of funding delivers for the people and places in housing need, and streamline the process of acquiring new homes, optimising the benefits offered by multiyear funding commitments.
4. The whole housing sector needs to grow in the coming years if the scale of delivery required is to be achieved. This will be done in partnership with SNIB. The Housing Investment Taskforce shows that the sector wants the new agency to help drive economic investment and growth, support sustainable communities, and take a *genuine whole system* approach. Working with SNIB will increase the role of public commercial capital to unlock cross tenure investment.
5. The Government aims to attract new entrants to deliver affordable housing, including through fund-based approaches for mid-market rent that can deliver at scale and speed with efficient subsidy. Along with a resurgence in Build to Rent (BTR), this will provide new routes for Scottish local government pension schemes (SLGPS) to invest in new housing.
6. The Agency will support new supply in all Scottish markets, including promoting housing in rural and island communities. It will also operate regionally to advance Modern Methods of Construction (MMC), through aggregation to support viability, and consider interventions to promote regional labour markets, SMEs and the supply chain.

7. A significant part of the Agency's interventions will concern land, infrastructure and planning to unblock sites, resolve planning permission and incentivise build out of sites with planning consent. This includes reviewing the use of Compulsory Purchase Orders (CPOs), considering how intra public sector sales of land might facilitate social and affordable supply, but will also include learning from recent and current innovations by councils, SNIB and the Scottish Futures Trust (SFT).

The Research

Our research commissioned by Shelter Scotland in December 2025 (before the initial announcement) sought to explore how a new land and housing agency could enable delivery of affordable housing supply. Following the announcement, the research plan and timeline was amended to enable it to provide an informed contribution to the development of the Agency and to contribute to critical questions about the functions, form and design of the powers and mission of MHS.

Themes

A key unresolved theme running through the three stages of the subsequent work (a briefing paper [Gibb, et al, 2026]; a meeting with a representative stakeholder group, and an intensive roundtable assessment) concerned whether the Agency would prioritise meeting affordable need through new social and affordable supply, or all-tenure housing supply which could mean trading off public resource for affordable housing with interventions in market housing. While this may not be completely a zero-sum game, it does need to be carefully and precisely clarified for how decisions are prioritised in practice. We would prioritise tackling the housing emergency's considerable unmet affordable need but recognise the importance of well-functioning market housing, good placemaking and the complementarities that can exist when we consider the interactions of the housing system.

While there is much worthwhile detail in the update letter, there remain several important areas which lack clarity or are subject to ambiguity. Language is often an issue. For instance, it is not clear what 'whole system' refers to, and specific goals such as maintaining housing quality must be explained in terms of how this is to be achieved.

The sector wants to see an agency that is genuinely innovative, takes chances with interventions, is a learning organisation that tries out different interventions, and seeks to be genuinely different and culturally transformative. If the Agency is to make the most of intervening where the greatest leverage exists - it needs to optimise its collaboration with key partners, other relevant public agencies, the private sector and other key stakeholders.

The Agency needs to be clear about its vision for Scottish housing, the purpose of MHS and the scope of its interventions. It needs to justify its overarching governance and modes of collaboration. And its operating model needs to demonstrate a clear sense of working within system complexity and to use a market or organisation failure

methodology to trigger interventions (not mentioned anywhere in the update). Doing all of this will support the wider goals of the Government's public service reform agenda and decisions over the form of agency it ultimately becomes.

Further challenges

We have heard many suggestions about how the Agency might intervene or be innovative to help accelerate delivery. These programmatic interventions require a sufficient level of budget and a business plan.

Overcoming another of our initial trade-offs – how can the Agency produce a combination of short-term wins, examples of on-going innovation and long-term accelerated delivery that can genuinely transform the housing system for all of Scotland? As part of this challenge, the Agency needs to address the extent to which the new organisation will include private sector development and construction professional expertise and specialist recruitment e.g. for research functions. This, many of our informants suggested, is crucial to the transformative culture that can bring long term change to the housing system.

What can the Agency say about how its fundamental governance arrangements will work in practice between MHS and the other key national agencies (SNIB and SFT) and local government? Equally, how will the Agency functions divide up and correspond to retained government housing policy and operational functions? How will they work with other relevant agencies involved in offsite infrastructure planning (Scottish Water, SEPA, Scottish Nature, etc.) to overcome blockages and support new supply? How will success be measured including agency performance, and will the proposed research, analysis and insight role include undertaking rigorous analysis of the learning opportunities from innovations already 'in the field'?

Returning to systems thinking (Gibb and Marsh, 2019) – the sector needs clarity about how the Agency's operating model understands how the housing system functions, thereby allowing the agency to better identify blockages and market failures, and where and how best to intervene in a given scenario. Many of our discussions aired concerns that the approach to the Agency thus far does not properly appreciate the complexity of the housing system operating at different spatial scales. This is essential to effective identification and deployment of effective interventions to support delivery, and, arguably to maximising the potential of the agency.

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1. Introduction

In this short report we complete our initial analysis of the proposed housing agency – More Homes Scotland (MHS) – begun in our earlier policy briefing (Gibb, et al, 2026). This research was commissioned by Shelter Scotland with the aim to consider how such an agency would deliver on affordable housing supply.

The shape and structure of this action research paper is a little unusual. The short period (just four months) since the First Minister’s January 2026 announcement of the Agency, has involved public ministerial statements at the beginning and end of that phase as well as intensive discussion and debate about the Agency’s functions across the housing sector. These conversations between the two statements, including with officials, sought to understand, and in many cases, to influence the ultimate direction and powers of More Homes Scotland. The successive discussions we organised, both individually and collectively, were thus a product of operating under limited information of what is possible and likely in terms of those agency functions. We therefore thought a useful way to present our analysis was to develop the findings from our discussions chronologically, finishing with the April 2026 pre-election update to the Holyrood committee and then finally to reflect on where we are now by assessing the main points made in the Cabinet Secretary’s letter drawing on the earlier themes surfaced by our discussions.

The structure of this paper is in five substantive parts. After setting out our approach to this action research project, we will briefly summarise the main findings and themes that arose from the March briefing paper. We will then consider two further group meetings we held – a focused stakeholder group online and a more detailed in person roundtable – both held before Easter. We then appraise the then Cabinet Secretary’s update letter to the Local Government, Housing and Planning Holyrood committee that was published just before the pre-election period began. We appraise what we see as the main learnings in the update drawing on the main messages from our two discussion groups. The paper concludes by asking how far we have moved on from the themes developed in the January Agency announcement and what are the key outstanding questions and challenges for the Agency as it moves into its critical design and learning phase from June 2026 onwards. How might the debate regarding MHS lead to a systemic approach to additional affordable housing delivery?

The main research instruments adopted have been qualitative. For the briefing paper we primarily focused on interviews conducted across the housing sector (including from government and national agencies relevant to the new housing agency), as well as with

others who have had experience setting up agencies in non-housing spheres and with the Irish land development agency. Some of our meetings were small focus groups. We talked to a few respondents more than once. We also carried out an evidence review including in relation to the previous Scottish housing agencies: Scottish Homes and Communities Scotland. After this stage we held a stakeholder meeting online, followed up by a more elaborate roundtable hosted by Shelter Scotland.

We apply the insights from these intensive research phases to analyse the update letter from the Cabinet Secretary to the committee at Holyrood. The discursive and iterative approach allows us to reflect on where progress has or has not sufficiently been made over the past four months and consequently draws conclusions and recommendations for taking the Agency forward in the crucial months ahead. A particular focus is the critical question of the extent to which MHS can provide additional affordable supply (particularly, social housing) and do so systemically and efficiently.

2. Summary of the CaCHE Briefing Paper

The briefing paper (Gibb, et al, 2026) was published at the beginning of March and is available on the CaCHE website [here](#). To give a sense of the main messages the paper contained, we can say that the summary reported issues for which there was a significant degree of consensus among those we discussed the agency with, there were also high level spectrum issues - where decisions on a given question have a significant impact on the shape and design of the agency, as well as a series of trade-offs that were noted, along with continuing challenges. We summarise these below.

Main Summary

The January announcement that Scotland was to have a new national housing agency to build more homes, at pace and scale, was widely welcomed by the housing sector. However, the difficult work then started designing the scope, powers and functions of a body that must demonstrate that it provides additionality and can work closely with local government and several other key public agencies. This briefing paper summarised an initial round of interviews with the housing sector, including input from government. It indicated that there were several design choices and consequences of these decisions, as well as guidance about what government should or should not do when bringing the new agency into being.

Matters on which substantial consensus arose

1. The Agency concept was widely welcomed in the context of a national housing emergency characterized by rising unmet housing need.
2. The focus (and thus design) should maximise additional affordable and social housing supply in the context of an all-tenure housing system.
3. There is a need to clarify just what is being fixed and which aspects of affordable housing supply can be left alone because they are sufficiently well-functioning.
4. It was generally anticipated that there would be key roles for the Agency in land, infrastructure & supporting construction.
5. The Agency must operate effectively across urban, rural and island contexts.
6. It needs to learn lessons from other agencies in Scotland and elsewhere in the UK.
7. Land market roles will include assembly, preparation, aggregation, trading, servicing and promoting mixed tenure (masterplanned) sites.

Spectrum Issues (where important decisions have major design consequences)

1. The focus of the Agency will be critically shaped by decisions over form (governance and arms-length) and function (roles, collaborations and intervention portfolio).
2. Spatial perspectives matter (what is the relative importance for the agency of national, regional and local scales).
3. How does one expect the variable geometry of collaboration with other public agencies and local government to be structured?
4. To what extent and how will the Agency develop and run a market intelligence and research function?

Trade-off Dilemmas

1. The contrasting simplicity of interventions proposed versus the underlying complexity of the housing system that the Agency will operate in. Is the underlying analysis and assumptions that inform the Agency's function sufficiently attuned to the complexity of the 'real' housing system?
2. Are incentive structures, individually and institutionally, aligned to deliver the agency's goals or purpose?
3. To what extent is the work of the Agency all-tenure and systemic, or focused on social and affordable housing?
4. To what extent is the Agency remit clearly focused and delimited or does it allow for flexibility and responsiveness to changing circumstances?

Further Challenges

1. Can budgets be used more creatively? More recycling of receipts and revolving funds?
2. Regarding its fit with AHSP – is there an opportunity for a remaking of the programme (as proposed by Gibb, et al, 2024)?
3. How will Agency performance be assessed and measured?
4. How explicit will their identification and intervention relate to formal assessment of market/organisation failure and economic additionality
5. What will the business case of the Agency turn on?

We note that discussions across these headings all one way or another stressed the extent to which the Agency focuses on social and affordable housing and thereby contributes to addressing unmet affordable need.

3. Summarising the Stakeholder Meeting

This meeting took place on the 13th of March 2026 – consisting of the CaCHE team and a representative set of stakeholders for the research representing the wider housing sector (under the Chatham House rule). The briefing paper was pre-circulated. The discussion that followed generated useful commentary and reflection about the Agency.

There was a clear desire to have clarity and precision about what exactly the purpose of the Agency would be, as one person said, ‘what problem is it trying to fix’? There was consensus that there needs to be demonstrable additionality compared to the current offer and range of interventions. There was also agreement that it was important in focusing on new build not to do so at the expense of design quality and standards. This is an additional important trade-off to the others above described in the CaCHE briefing paper.

Concern remained around the table that the Agency will not take sufficient account of how the housing system functions, the understanding of causes of blockages and failures, and, consequently making the optimal responses in the forms of intervention nationally or, especially, locally. Several people presented a strong market failure/co-ordination failure emphasis for the agency but one sensitive to local market contexts and settings and how the housing system functions. There remains a sense that the Agency plans do not take sufficient account of system complexity at different spatial scales and using terms like simplicity and speed may be unhelpful and counterproductive.

Affordable and all-tenure supply

A key question to be tackled by the design of the Agency is the choice (or emphasis) made about whether success is measured by reducing affordable need across Scotland by delivering more social and affordable homes, or whether the goal is an all-tenure target including private housing – and how this view orders the priorities of the agency. At present we understand the More Homes function within the Scottish Government will transfer to the new More Homes Agency. This function was responsible for delivering the Affordable Housing Supply Programme. It is not clear whether the Minister’s intention is to contextualise the delivery of affordable and social homes within an all-tenure strategy that incorporates levers like the use of Section 75 agreements, empty homes work, standardised design and other efficiencies, or to ask that team to now focus on private developments alongside their existing affordable housing remit. Some

participants reflected that it is possible to achieve an all-tenure target without necessarily achieving a reduction in affordable housing need.

There was considerable support for emphasising affordable and social housing supply over the all-tenure target. However, one can also argue that grounding that outcome within an all-tenure approach can be interpreted as a genuinely systems level approach. Provided clarity is achieved on Agency success measures, an all-tenure approach could sit alongside affordable supply support and also unlock opportunities to reduce affordable housing need (especially if there is a complementary commitment to addressing need through social and affordable housing). The question remains, however, as to how sophisticated and applicable is the government sense of *whole system* approaches to the realities of housing complexity and what exactly do they mean in terms of advocating both all tenure-supply through the Agency and delivering affordable and social housing? More clarity is required to define this fundamental operational purpose and goal of MHS.

Local focus and overcoming underlying process challenges

Several participants stressed the local focus i.e. local government has statutory responsibilities with respect to Local Development Plans (LDPs), Local Housing Strategies and Social Housing Investment Plans. The Agency should not go against, go around or over these powers and accountabilities. Moreover, in recognising the need to connect the Agency to other reforms underway or contemplated, that there is a case to strengthen local delivery by decentralising the AHSP through giving TMDF allocation and management powers to all Scottish councils. At the same time, it was recognised that there are delays and gaps in local development plans around Scotland which can be inimical to accelerating housing development.

There was also debate around continuing problems with programme underspends, pressure created by annuality considerations and intra-public valuation of land transactions. While briefing paper respondents pointed to aspirations (and evidence – revisions to the wording of the public finance manual) for the Agency powers to help with these issues, there remain challenging fundamental issues (noting that different interventions from the playbook may work effectively in different contexts). The conversation also ranged into policy requirements to support the existing housing stock, and policy promoting home ownership.

Pragmatic ‘asks’ for MHS

Finally, one participant helpfully suggested that we should ‘not let the perfect get in the way of good’ and, rather, we should suggest a small number of pragmatic asks for

interventions and roles that the Agency should play. To that end, several such ‘asks’ were proposed:

- Tackling land assembly problems.
- Releasing and progressing stalled sites.
- Ensuring the provision of a national co-ordination, analytical and research intelligence role (as with Scottish Homes).
- Ensuring a separate Agency budget in addition to AHSP.
- Focus on reducing Scottish affordable housing need.
- It is not going to be a large Agency in additional budget terms (ie beyond the deployment of AHSP and other funding mechanisms added to the portfolio like the renewed First Homes Fund), which means that whatever additional funds there are, need to be demonstrably well used. How decisions to spend such funds are made (and which choices are not pursued), will be closely scrutinised externally.
- A reiteration to collaborate with local government and not to overstep statutory local authority powers.
- Spread TMDF programme management to all councils.
- Clarify how long the arms-length relationship between the Agency and Scottish Government will be.

Summary

There are several connecting points between the stakeholder group and the briefing paper:

1. The need to clarify key Agency functions and how it will collaborate with other key public agencies and local government.
2. All-Scotland roles including diverse local settings and importance of local autonomies.
3. Importance of land, planning and infrastructure.
4. Support a market intelligence and insight function for the Agency.
5. Concerns about the underappreciation of the complexity of the housing system at different scales and how to make intervention as effective as possible.
6. Recognition of the trade-off (and clarity over its resolution) between a focus on affordable and social housing versus all-tenure provision.
7. A question over how the AHSP might be reshaped and reformed within the wider development of the Agency.
8. How will the Agency itself be measured, monitored and performance assessed?

4. Summary from Roundtable Event

The roundtable, with a series of sector experts from across the housing system, took place on March 23, 2026, with the briefing paper again pre-circulated. This meeting also operated under the Chatham House rule. Like the stakeholder meeting, the roundtable took place before the update letter was published¹ (which happened the following day). It involved two extended discussions before and after lunch. The first session focused on approaching what we know so far, and the second session considered fundamental challenges and requirements for a housing Agency like MHS. The two sessions in practice were more fluid in terms of content, which permitted deeper discussion of many of the emerging themes.

Intent and Sector Reaction

The intent of the Government's thinking has broad support across the sector – but we don't know the detail. Some felt that they may be going *too fast* with excessive expectations of short-term wins. Many things within housing supply inevitably take time e.g. land assembly for a major project. It may be easier in the short run to focus on other things such as acquisitions of existing stock, which can make targeted but not aggregate sense in terms of meeting need. These trade-offs between short run wins and longer-term system transformation are critical to the decisions over powers and priorities for the Agency and speaks to the debate about over-simplifying the Agency task given the complexity of the housing supply and wider system that participants stressed repeatedly during the roundtable (and elsewhere).

It was generally felt that the Agency remains within the spirit of *Housing to 2040*, a vision statement that the Government continues to centre housing policy around. While sector-wide reaction has been generally positive, political reaction locally has been more lukewarm to another new national agency policy that is perceived to be a force for centralisation (this was considered also to be the view from sections of local government politicians, if not from COSLA). Hence, the importance stressed of there being demonstrable non-duplication and genuine, even innovative transformative work. It was also noted that the role of the Housing Investment Taskforce both in terms of its recommendations and the persuasiveness of the taskforce's arguments have been particularly significant with government thinking regarding the development of the Agency.

¹ Despite our best efforts to hold the roundtable after the update but before the pre-election period began.

The fundamental spectrum choice between the Agency as an Executive Agency or a Non-Departmental Public Body (NDPB) surfaced concerns about executive agencies. There was a widely discussed risk that they may be too much imposed on the sector by Government rather than working to build up consensus for that model. The Government will argue that the Agency discussion has been broad, inclusive and wide-ranging and is following public sector reform principles. Nonetheless, expressed views around the table were in favour of an NDPB model. For instance, the Scottish Land Commission (an NDPB) was argued to be more innovative and contained a broader view of stakeholders and customers. It was argued that being distanced from ministers is not about the relationship with government as much as that with your broader community of interest. The downside of an executive agency is that it is more difficult to have that broader support. There was also, however, the recognition of the issue of accountability to parliament and hence the requirement for a short arms-length agency. After the election, the new cabinet secretary may welcome distancing for accountability reasons².

Connecting the form of the Agency to the earlier issues regarding timescale and complexity, participants argued that there would be utility in taking more time over the development of the functions and role of the new institution and take the wider sector with them. Moreover, that stress on quick wins and volume may not support quality and innovation in new housing supply. This also has a spatial dimension – quicker wins may be disproportionately found in the central belt and that is not consistent with other objectives of the Agency regarding rurality and Scotland as a whole.

Local Variations

It was stressed that the housing requirements of Scottish councils are not homogeneous: they do not face the same need or desire for new build. Some are struggling with infrastructure needs and others want to build but on their own terms, to support new settlements, to pursue regeneration or for economic development reasons. All have different perspectives and different ways of responding to the emergency. How does a national agency respond to those disparate voices?

The roundtable felt that Scotland's housing system is complex and heterogeneous. Spatial issues are compounded by the current Scottish Housing Investment Framework (SHIF) and TMDF resource allocation models (of which it was recognised that the former has been reviewed). The SHIF model was viewed as an archaic hangover from sorting

² We note that much of the update letter is couched in the views and support of stakeholders who were consulted and who provided examples of current or imminent supply innovations.

out regeneration spending in the 1980s – and needs to take more account of affordability and homelessness. It was argued that is relatively hard to access grant above benchmark in the east, which means that some projects do not go forward. For all the talk of collaboration, government needs to demonstrate inclusive working in the design and purpose of the organisation and how AHSP resource assumptions are allocated. In this context, it was noted that there was little if any collaboration on the recent uplift of the grant benchmark (welcome as it is) or the SHIF.

Professional Expertise

The roundtable discussed staffing of the agency and the extent to which direct private sector development and construction expertise would play a role. Evidence from other housing agencies in England and Ireland suggests that private sector knowhow is important for efficiency, quicker decisions and for innovation. Just relying on transferred officials would be a missed opportunity and lessen the prospects for culture change, transformation and innovation. Questions were also raised about how the agency and its staffing would impact on the retained housing policy role within government and how the Housing Emergency would be tackled going forward, including working with the Better Homes division.

The Quality – Quantity Trade-off

There was useful discussion in the roundtable on the extent to which the focus and target is about quantitative completions performance, and to what extent it is also about the quality of the housing and placemaking developed? The view was clear that it must be about raising quality too. It was also noted that divergence in new build standards has led to large monetary differences in social and private housing standards for new build, which has consequences for benchmark and actual grant support. This is a challenge that will necessitate intervention but may also reduce scope for innovation and transformation.

Land and Infrastructure

Focusing on the land market and the sorts of interventions the Agency might make, there was a recognition that some interventions are only applicable and appropriate on their own and would not operate together. Thus, where it is possible to reduce land prices through intra public sector land trade deal, then CPO powers would not be relevant. But in other circumstances, CPO may be the right way to intervene. Similarly, there may be scope in specific cases of land assembly interventions to offer income strips as part of a land readjustment (or regeneration partnership zone) process whereby landowners accept lower land prices in return for an equity stake in the investment. Other ideas mentioned included recycling receipts across linked

regeneration projects to unlock infrastructure and remediation costs. Too much stress on CPOs may reduce the ability to be more innovative about land market intervention.

Can the Agency help with off-site infrastructure investment such as transport, as well as other agencies impacting planning i.e. water, environmental protection, energy and nature? The roundtable agreed that there are innovative examples of good work or overcoming problems, referring to examples within the Transforming Communities Glasgow programme, Winchburgh (the exception across seven strategies in Edinburgh in terms of making progress to development quickly and effectively) and accelerator models partnering between Edinburgh council and CCG at Granton. It would make sense therefore for the Agency to map and analyse what works with these effective and innovative new build projects of different sizes and contexts across Scotland to learn lessons for their future interventions and decision-making.

Development Pinch points and Interventions

What constrains the development process – what is creating the problem? Hence what should the priorities be? One issue is lack of market demand – the Agency may therefore need to stimulate demand through partnership regeneration or some other way of stimulating demand where there is market failure. S75 in the east works for affordable housing. It would be good for the Agency to help in the west with land remediation and expediting practical issues with Scottish Water, SEPA and Nature Scotland – that is where a lot of the blockages in the system were argued to concentrate.

The development and related markets are cyclical and generally considered to be in a trough just now because of viability issues i.e. rising costs of building have gone up by broadly twice that of housing rents and prices in last two years. This was argued to be driven by the effects of Brexit, the ageing construction workforce not being replaced by international in-migration and hence skills shortages. More locally, construction workers can choose not to work outside the central belt hence problems for rural housing and for the challenges facing SME builders. The SME construction sector halved in the decade to 2019 and then halved again 2019-24 (Homes for Scotland, 2024). They lack finance and face the same viability problems. Another way of putting it is that smaller developers cannot buy the land in instalments, and there are not any financial returns until homes are sold. A third problem is getting access to land, especially where there is not a current LDP. A fourth issue is land with consent to develop which is not being developed in practice. This figure was estimated at 164,000 housing units at mid-2024 (Scottish Government, 2026). It is believed that about a quarter of these may be down to viability and consequent build out. While it is generally

considered that land prices move with house prices, they appeared to have stalled in recent years although it was important to stress how poor land price data in Scotland is presently – which is a fundamental issue (and opportunity) for a housing delivery agency and its research function.

The roundtable discussed more proactive interventions in the land and housing markets. Should the Agency try to drive land prices down to help with viability issues? The UK Labour Government did this in the 1960s using CPO powers in larger developments. There is also a problem with the cost of land and infrastructure going on to the developer's balance sheet – it would be much more effective if a public agency or a fund doing long term investment, e.g. 80 years, held it – builder profit is a lot safer but would be on a smaller risk-adjusted rate of return. While this might seem like a more sustainable long term builder model, the reality is that the development industry quite likes market volatility i.e. being able to buy land at the bottom of the market and focus profit at the top. The view in the Roundtable was that greenfield sites on the edge of cities generally are not a problem for S75s – which guarantee sales (and construction profit). Brownfield sites are generally much more difficult as you do not know fully what is in the ground until you start. Viability becomes squeezed and with thinner profit margins S75 agreements become trickier.

If different government departments trade land at cheaper cost for social and affordable housing, might this spill over into reduced land costs? This might be done, as discussed in the next section, by agreements between government departments, but it could also be achieved in some cases through land readjustment. However, it is important to understand the interests and goals of land vendors e.g. does the receipt from former NHS land go to the local trust or to the NHS centrally? But the general point remains – with derelict public land - can't it be co-ordinated better to support land for social and affordable housing? A further preventative argument of course is that many of these government services are short of skilled workers precisely because of unaffordable housing.

Simplicity and complexity: land

In the same way that concerns were raised over failing to work through the implications of housing market complexity, participants in the roundtable also contended that there was a danger of working with an overly simplistic understanding of how the land market works. It was argued that is better understood as a socially constructed, network market. Applying basic economics does not work. One priority therefore would be to understand or seek to influence or reconstruct the land market so that it serves the actual outcome we want to achieve: to make development more viable, housing more

affordable and build out more homes. To do this the Scottish Government, through the Agency, would need to do much more collaborative working – combining housing, planning, economic development, rural needs. This would need, as identified above, much better data on land market and values. A proper land price index by area is essential if we are to understand how land prices are changing, in contrast to the current situation where there are no systematic market signals providing the sector with information. The participants debated the potential role of housing associations to support SMEs in underserved (e.g. rural) markets and whether there is a route to promote SMEs by going through partnership with developing RSLs with the Agency playing a brokerage role.

Other roles for the agency

There is a clear co-ordination role for the Agency working with different public bodies including planning – the agency could really help there. Working in partnership with BE-ST and companies with experience of off-site work like CCG would be important to modern methods of construction. Similarly, are there partnerships that can show good practice and innovation on mechanisms to deal with remediation? This might also involve building up case work good practice whereby the Agency can fix similar problems like this with other public sector partners that are blocking progress on developments.

Research

Market intelligence, evaluation and evidence-based policy need to be reasserted. Especially if the sector is to learn from the Agency's testing and trialling. The participants thought a research function in the Agency should be more regional in shape and focus, hence the importance of a serious local intelligence function. The Scottish Land Commission planned to have a small in house team and to contract out work as well. This meant that there was a decent research budget but over time and for good reasons however, the staffing complement increased and as a result they lost the flexibility to commission research. This point returns the debate to the capacity of the agency and whether there is expert competence and/or a commissioning role or use of secondments from the private sector. The view seemed to be that it would be better to keep the research team tight and small, have secondments and commission externally. One priority ought to be to support good practice in market intelligence - enabling others to carry it out in the future, as well as tackling the most obvious data gaps e.g. a land price index, as well as deep dives into important medium term concerns like the construction labour market, land value data, supply chains and innovation in interventions and partnership working.

While the participants welcomed the intent of assessing possible innovations rolling out over the next 12 months (and already underway) in specific local authorities, with SNIB and SFT – they noted that these are not genuine test and learn cases, with no clear government criteria for these, or formal robust evaluation behind them. The Agency design team should consider straightaway what is the most consistent way to examine the projects of interest, and assess their progress over the next months, and how they are assessed and evaluated. Further down the line this is another obvious agenda item for research, insight and analysis.

The roundtable participants argued that there is good practice out there e.g. the programme of pilot initiatives by SFT and the many models used such as Tax Incremental Financing, accelerators and outcome-based models. We need wider applicability for what works. It was noted by several that there was a case for returning to a deficit or gap funding model like the Grant for Owner Occupation (GRO Grant): a classic housing market failure intervention tool, also providing public funds to support regeneration partnerships. It appears that Scottish Government have the intervention ‘on their books’ but are not using it. Is there also a case for a return to the GRO grant to stimulate home ownership, contributing to placemaking in locations where owner-occupation is under-served?

Recap

In short, the roundtable built on several of the earlier themes. Participants welcomed the intent and the opportunity created by the Agency but injected real-world criticality into the debate, identifying challenges regarding how the Agency could be additional, efficient, transformative and innovative. This meant needing clarity over roles, but also a deeper understanding of the task (such as the nature of land), the underlying complexity of the housing system (and the land market), taking a clear position on critical trade-offs (e.g. quantity versus quality and short run versus medium to long term successes), and the need for a research, analysis and insights function. The roundtable identified several important leverage points in the land market and housing system and stressed public sector land, construction skills, infrastructure, and ensuring that the agency is smart in its recruitment such that that the agency has sufficient, apposite private sector expertise and skills. A market failure intervention role is not a simple, predictable activity but highly context specific. Clarifying how to best work in partnership with local government, SNIB and the SFT, let alone the other infrastructure and development-relevant agencies regarding water, power, environment and nature – is equally material to the success of the agency.

5. Key Points from Letter to Committee, March 25, 2026

The Cabinet Secretary provided a written update to the Local Government, Housing and Planning committee on the progress of MHS thus far (dated 25 March 2026). Below, the content highlights of the letter are summarised and then assessed in terms of the material and arguments developed by this project and in this paper's earlier sections.

Introduction

The update states that MHS will focus on simplicity, scale and speed. It will be a 'significant step-change' in addressing the housing emergency and deliver more high-quality housing. It will ensure less duplication, greater expertise, increased efficiencies, and make the planned investment go further working in partnership with SNIB to lever more commercial investment. There is *broad consensus* from the sector around clear themes for the new agency, including:

1. Meaningful system-wide reform (streamlining all tenure delivery, focusing investment to ensure greatest impact to support viability).
2. Regional collaboration and local flexibility (strengthening regional working while giving LAs flexibility to meet local needs).
3. Data and long-term insight (improving research and intelligence capability through robust approaches to evidence and information management).
4. Pipeline of land and accelerated planning (accelerating planning by offering surge capacity, pinpointing viable sites and aligning funding to faster delivery).

The new agency must be underpinned by an all-tenure whole system approach which increases supply at all levels – driving forward child poverty reduction and growth objectives by responding to need and ensuring economic opportunity can be unlocked.

To bring simplicity, speed and scale to the delivery of housing, MHS will:

- Make greater use of land assembly and preparation powers to support viability and help accelerate pace of delivery.
- Provide enhanced support on housing planning and development delivery, introducing greater opportunities for standardisation and adopt simplified commissioning options, and
- Promote flexible funding approaches to drive economic growth opportunities including through joint work with SNIB.

Affordable housing supply

The update says that the greatest priority for next year is to increase supply of affordable homes and tackle the housing emergency. They agree that it is essential - stakeholders

have said greater investment should be targeted towards the most acute housing need and areas of marginalisation (to support ending child poverty).

The update says that, to maximise impact, MHS must stretch AHSP flexibilities, simplify funding routes, ensure that the targeting of funding delivers for the people and places in housing need, and streamline the process of acquiring new homes, optimising the benefits offered by multiyear funding commitments. A new regional approach wherein MHS can aggregate schemes will be particularly beneficial in rural areas which face viability issues. This will also help SMEs in rural areas.

Private investment

The whole housing sector needs to grow in the coming years if the scale of delivery required is to be achieved. This will be done in partnership with SNIB. The HITF shows that the sector wants the new agency to help drive economic investment and growth, support sustainable communities, and take a *genuine whole system* approach. Working with SNIB will increase the role of public commercial capital to unlock cross tenure investment – blending sub-commercial, bank and private commercial capital to unlock strategic site developments. The Scottish Government will provide an initial capitalisation of £135m to allow the bank to take forward joint ventures with the public and private sector, helping to deliver strategic sites and support for SMEs.

They will also continue with what are seen to be proven winners, such as charitable bonds, which will be more open in the future to enable a wider range of affordable housing providers to access the funding. The Government aims to attract new entrants to deliver affordable housing, including through fund-based approaches for mid-market rent that can deliver at scale and speed with efficient use of subsidy. Along with a resurgence in BTR it will provide new routes for Scottish local government pension schemes (SLGPS) to invest in new housing. There is a ‘strong platform for this’ – and ongoing dialogue between them, Government and SNIB. MHS will also work with SNIB and a range of financial institutions to ensure that the Agency attracts private investment into housing from a variety of sources.

Home ownership

If re-elected – the Government will reopen the First Homes Fund providing equity loans of up to £10,000 (down from £25,000) for up to 10,000 First Time Buyers (FTBs) (i.e. a £100m fund). Other than being for FTBs, there are no other caps or limits applied to the scheme.

Rural and Island communities

A priority in the Update is to work in partnership to deliver more rural homes. This includes working with key economic development partners to provide worker homes and in the longer-term legacy affordable housing. The Update noted the intention to run a rural and island housing grant scheme (£20m) for FTBs, families, rural returners and others, to help them access rural home ownership. Modest capital grants and securing more homes to be used as permanent residences – a ‘crucial part of the work of MHS’.

Regional approach and MMC

Facilitating regional cooperation to achieve scale and aggregation is a key MHS priority. Stakeholders including SMEs continue to highlight inflation cost pressures and supply chain challenges – and see aggregation as critical to achieving scale economies and more consistent delivery. They will build on research that suggested 40-50 units as the larger, minimum development size, which will support MMC through greater standardisation and collaborative procurement. Over the next year they will test where wider adoption or mandating of standardised designs could deliver efficiencies to a more aggregated construction pipeline working with BE-ST to refine and maximise best value in affordable housing delivery.

Land assembly

Partners have stressed the value of a national housing agency taking a direct role in land assembly, infrastructure brokerage, decontamination and assembling shovel ready sites (and preparation powers). The update says that government will investigate with councils the impact of providing funding to support housing-led regeneration through land remediation and re-purposing of existing buildings. Identifying innovation funding to unlock barriers on remediation and infrastructure like in Red Road. Public land should, where appropriate, be considered for affordable housing development. Therefore, they will work across government portfolios to identify suitable public land portfolios capable of being used in this way.

Planning

According to the Update, the Government will continue to improve the planning system supported by MHS while avoiding added bureaucracy, procedure and complexity. MHS has an opportunity to complement statutory functions and bolster existing limited professional planning resource. MHS will offer planning *surge capacity* to councils with the express purpose to expedite strategic planning applications (the National Planning Hub is already helping to do this). They will also approach standardisation to accelerate planning determinations. MHS will build on this and in collaboration with the improvement agency to support delivery of necessary infrastructure and to broker

solutions so that proposals are acceptable and viable. MHS will prioritise boosting capacity within the planning system and Government will consult on a comprehensive reform and modernisation of Compulsory Purchase nationally. This will be a strong basis for the agency to make greater use of land assembly and preparation powers (a key ask from the sector).

The update reiterates that the Government will finalise the MHS operating model and launch for financial year 2027-28.

Reflections on the Update

Below, we reflect on the details of the update and how they correspond or not to the developing points made in our research.

The update is, despite areas where there is less detail, bullish in its outlook. Agency purpose and intent are here focused on simplicity, scale and speed, through delivering high quality homes. The update argues that there will be less duplication, more efficiency and greater expertise. The update is couched in meeting need but also growing economic opportunity. This, it is asserted, will create meaningful all-tenure system-wide reform. MHS is a national agency but one where genuine collaboration will happen at regional and local level.

Research function. It is good to see this role highlighted, improving research, insight and intelligence capability through robust approaches to evidence. They say that they will finalise the MHS operating model and launch in 2027-28 through delivering, testing learning and refining the work. Outstanding questions remain – the breadth of the research function, how does it add insight, does it undertake or manage evaluations of interventions, the critical land price lacuna, and to what extent will MHS support growing research capacity more widely?

Alongside the all-tenure emphasis, the document does say that the greatest priority for next year is to increase supply of affordable homes and tackle the housing emergency, with the greater investment to be targeted towards the most acute housing need and areas of marginalisation. This is in part a reminder of the continuing centrality of the AHSP. MHS must ‘stretch AHSP flexibilities’, simplify funding routes, ensure that it is targeted at the people and places in housing need, streamline processes and seek benefits from aggregation. Importantly it also stresses optimising the benefits offered by ‘multiyear funding commitments’, which is presumably about certainty and more flexibility in annual rules. However, it remains worth asking what happens to this priority after the first year?

The repeated use of the phrase *genuine whole system* approach remains problematic. The worry is that outside of mixed tenure developments interacting across tenure and S75 agreements, this is more a description of working across all tenures than one that embraces analytically and empirically how a complex interdependent dynamic housing system works and the consequences for intervening in parts of that system. Because there is understandable concern about the extent to which the agency is focused on social housing and affordable supply, it is important to provide as much early clarity about what exactly all-tenure supply means in the context of the Agency.

Institutional investment. The Government aims to attract new entrants to deliver affordable housing, including through fund-based approaches for mid-market rent that can deliver at scale and speed with efficient use of subsidy. Along with a resurgence in BTR this will provide new routes for Scottish local government pension schemes (SLGPS) to invest in new housing. The update says that there is a ‘strong platform for this’ – through dialogue between the pension funds and the Government and SNIB. When might this dialogue become a flow of funds?

The First Homes Fund announcement is a £100m contribution to supporting potential first-time buyers. While this may be considered an ‘all-tenure intervention’, we may still ask whether this form of intervention a good use of scarce public funds? It is a relatively untargeted demand side contribution which can be questioned even if, as an equity loan scheme, funds will return to the public purse in due course. Are better options to support entry level home ownership available (noting the earlier discussion of GRO grant) or should resources be prioritised elsewhere in the housing system, especially if MHS is to make meeting affordable need the priority?

Interventions to deliver more rural homes through partnership are expanded upon in the update. This includes working with key economic development partners to provide worker homes and in the longer-term legacy affordable housing. They also will run a ‘modest’ rural and island housing grant scheme (£20m) to help access rural home ownership. The update states that this is a ‘crucial part of the work of MHS’.

Construction, skills and modern methods of construction. The update says that facilitating regional cooperation to achieve scale and aggregation is a key MHS priority. They see aggregation as critical to achieving scale economies and more consistent delivery. They will support MMC through greater standardisation and collaborative procurement. Over the next year they will test where wider adoption or mandating of standardised designs could deliver efficiencies to a more aggregated construction pipeline working with BE-ST to refine and maximise best value in affordable housing

delivery. These developments will warrant scrutiny particularly in terms of the volume-quality trade-off concerns expressed earlier.

Land assembly is now a critical element of the work of the Agency. There will be greater use of land assembly and preparation powers to support viability and accelerate delivery, including through reformed national CPO powers i.e. taking a direct role in land assembly, infrastructure brokerage, decontamination and assembling shovel ready sites (and preparation powers). And, importantly, public land should, where appropriate, be considered for affordable housing development with a clear commitment for the Agency to work across government portfolios to identify suitable public land capable of being used in this way. This commitment allied to the revisions to the public finance manual and the multi-year funding focus – are all positive developments.

Planning is also a key means by which the update suggests that delivery can be accelerated and simplified. The document stresses introducing greater opportunities for standardisation and adopting simplified commissioning options. There is an opportunity to complement statutory functions and bolster existing limited professional planning resource. The Agency will offer ‘planning surge’ capacity to councils with the express purpose to accelerate strategic planning applications. They will also approach standardisation to accelerate planning determinations. MHS will collaborate with the improvement agency to support delivery of necessary infrastructure and to broker solutions so that proposals are acceptable and viable. Elsewhere, the government is consulting over incentives to accelerate sites with consent to come forward more quickly post-planning.

Throughout the update, there are proposed interventions that correspond to manifesto and stated government commitments following the Housing Emergency Action Plan. This also means that several of the elements of the operational programme of the Agency has been identified.

There is a lot in the Update that is helpful and positive marking significant steps forward. But some of it is unclear, and there is silence on specific, important issues. While there is mention made of risk-sharing, there is none regarding income strips or land adjustment type models, nor of monitoring and success criteria for the agency, nor evaluation of its own instruments and intervention portfolio. There is nothing here either about market failure as the basis for intervention and how that would be identified and how consistent criteria would be applied. Also, many things are either not adequately addressed or remain a little vague or cryptic, e.g. what precisely do they mean by

‘expertise’, can they give more confidence on the trade-off between numbers and quality or standards, how close is Scottish local government pensions investment, and where stands the review of the AHSP. Other important ideas or Agency intentions which are stated or asserted without being explained or properly assessed include: the meaning of the terms ‘simplicity,’ ‘whole system’, and ‘stretching flexibilities’. These terms and their meaning need to be clearly defined and developed.

6. Final Reflections and Conclusions

The MHS Agency was only announced in January but there has been considerable progress with its plans in the run up to the 2026 Scottish Parliament election period. There is still much work to be done, especially over the critical period from June through to the launch of the Agency in April 2027. While there is much worthwhile detail in the update letter, there remain several important areas which lack clarity or are subject to ambiguity. We also note that both of our collective discussions raised concerns about going too fast at this formative stage.

In the end, our interviewees, stakeholders and roundtable participants, want to see an agency that is genuinely innovative, takes chances with interventions, is a learning organisation that tries out different interventions, and seeks to be genuinely different and culturally transformative. It should think of the land market as a complex social set of relations and embrace system thinking and not just the sectoral sense of housing as a system. If the Agency is to make the most of intervening where the greatest leverage exists - it needs to optimise its collaboration with key partners, other relevant public agencies, the private sector and other key stakeholders.

The Agency needs to be clear about its purpose and scope of its interventions. It needs to justify its overarching governance and modes of collaboration. And its operating model needs to demonstrate a clear sense of working within system complexity and to use a market or organisation failure methodology to trigger interventions (there is no mention of this explicitly anywhere in the update). Doing all of this will support the wider goals of the Government's public service reform agenda.

Key challenges

We have heard many suggestions about how the Agency might intervene or be innovative to help accelerate delivery. None of this is possible without a budget and a business plan.

Can the agency now definitively resolve the perceived trade-off between AHSP investment addressing acute social/affordable need as its focus versus what the all-tenure supply emphasis means in practice? This is essential if the Agency is to clearly order its priorities. Our view is that reducing affordable need must be the priority and should be so stated. However, we recognise that a system-wide approach can be genuinely transformative. Thoroughgoing land market interventions within all tenure master-planning and other private sector led developments can also support and facilitate new affordable communities and reduce their cost. This all-tenure role within

such a systemic approach overall should not however be at the expense of a long-term target to reduce affordable need.

Overcoming another of our initial trade-offs – how can the Agency produce a combination of short-term wins, examples of on-going innovation and long-term accelerated delivery that can genuinely transform the housing system for all of Scotland? Allied to this, there needs to be a clear sense of how quality of new housing is not going to be compromised in the context of a quantitative target focus on new build. Saying it is not enough – how is this to be achieved?

The Agency needs to address the extent to which the new organisation will include private sector development and construction professional expertise and specialist recruitment e.g. for research functions. This, many of our informants suggested, is crucial to the transformative culture that can bring long term change to the housing system.

What can the Agency say about how its fundamental governance arrangements will work in practice between MHS and the other key national agencies (SNIB and SFT) and local government? How will work with the relevant other agencies involved in offsite infrastructure planning (Scottish Water, SEPA, Scottish Nature, etc.) to overcome blockages and support new supply? How will success be measured including agency performance, and will the research role include undertaking rigorous analysis of the learning opportunities from innovations already ‘in the field’.

Returning to systems thinking (Gibb and Marsh, 2019) – the sector needs clarity about how the Agency’s operating model understands how the housing system functions, thereby allowing the agency to better identify blockages and market failures, and where best to intervene. Many of our discussions aired concerns that the approach to the Agency thus far does not properly appreciate the complexity of the housing system operating at different spatial scales and is essential to effective identification and deployment of effective interventions to support delivery, and, arguably to maximising the potential of the agency. Ockham’s razor suggests following the simplest path, but where the path and the mechanisms are complex and socially shaped, as our housing and land systems undoubtedly are, interventions and leverage points must possess the requisite variety, in other words, they should be fit and apt to match the complexities faced.

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