

More Homes Scotland

Debating a New Housing Agency

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Summary

The January announcement that Scotland will have a new national housing agency to build more homes, at pace and scale, has been widely welcomed by the housing sector. However, the difficult work starts now designing the scope, powers and functions of a body that will have to demonstrate that it provides additionality and can work closely with local government and several other key public agencies. This briefing paper summarises an initial round of interviews with the housing sector, including input from government. This indicates that there are 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.

- ◇ There are high level (spectrum) choices that have knock on consequences for the agency's role, power and arguably effectiveness. These include the underlying governance of the agency for which many commentators felt form should follow function, and the need specifically to have a clear delivery mission based around providing additionality contributions to overcome market and co-ordination failures.
- ◇ The range of interventions include finance, infrastructure support and powers to intervene in the land market through trading, land assembly, master planning and supporting large delivery sites. These powers will be enhanced by close, appropriate and trusting working relationships both with councils but also the major public agencies that can and will be brought in to support specific sites and local markets.
- ◇ There are risks to be managed in both design and operational practice - for instance, are incentives aligned both within the organisations and with partners; is the specific market / system failure argument and intervention clearly articulated; are inter-agency working practices streamlined and efficient; are there flexibilities to tailor interventions and clear criteria with which to move beyond the agreed goals of the organisations?
- ◇ This a moment of opportunity to set up necessary components of interventions that can promote the delivery of transformational supply chain. It will need to be resourced and well-designed but it will also need to tread carefully if it is to be focused on delivery and to add value without duplication or inefficiency.

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"This project was commissioned by Shelter Scotland to explore how a new land and housing agency could enable the delivery a minimum of 15,693 affordable homes every year to reduce affordable housing need. This threshold was identified in the [Affordable Housing Need in Scotland Post-2026 research](#), a project to which Cache was a contributor. This project builds upon work we have previously undertaken with the Joseph Rowntree Foundation and related work by the Scottish Land Commission." - **Gordon Llewellyn-MacRae, Assistant Director (Communications & Advocacy), Shelter Scotland**

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1. Introduction

On January 22, 2026, the First Minister announced that the Scottish Government would initiate a new housing agency (More Homes Scotland) to intervene to build homes across the housing system. This would be operational by April 2027 and fully working by April 2028 (assuming it is supported by the new government). This follows many commentators calling for such an agency to address market failures and support new supply, unlock sites and support larger building projects to deliver more homes quickly (LRRG, 2014; RICS, 2016; SLC, 2021; James et al. 2025; Gibb and James, 2025).

The UK Collaborative Centre for Housing Evidence (CaCHE) had just begun a project for Shelter Scotland on the case for such an agency when the announcement was made. After discussions between Shelter Scotland and the Government we agreed to pivot our research towards the design and delivery questions and to make our findings swiftly available to the Agency team. To that end we have undertaken a rapid evidence review and interviewed many people with expertise in this area.

This briefing paper is the first output of the project and has been rapidly assembled to be of use for the wider process of institutional development. We welcome feedback on this paper, which we will incorporate in our final report which will appear in April or May.

The immediate Agency development timetable is in the following steps:

- ♦ The Cabinet Secretary will provide an update to Parliament in the second half of March, prior to Parliament entering the election period.
- ♦ In June, after the election, the Government enters a 10-month period of detailed working up of the new Agency alongside a series of innovative pilots and experiments with intervention in housing land and finance which will inform the interventions that the agency might pursue once initiated.
- ♦ The Agency will be operational by April 2027 and fully operational 12 months later. The Scottish Government estimates currently that it will cost around £2 million to set up.

In this paper we will set out what we already know about the Agency and distinguish the key areas still to be decided with a series of options that potentially exist for the initiative's powers and mode of intervention. Next, the paper looks at salient examples of such agencies from Scotland's past, England and Ireland. The main section looks at the findings from our interviews and small focus groups undertaken across the housing sector over the month since the announcement which allow us to contribute constructively to the agency's emerging design. The paper ends with a short conclusion.

2. Uncertainties

We are familiar with Donald Rumsfeld's famous contribution to classifying risk and uncertainty. Thinking about the options and possibilities of a new agency, while they are being explored and narrowed down by Government in real time, makes it critical that we understand *what we know we know* (public statements and clear statements to the team from officials), *what we know we do not know* (key decisions to be made on the undecided

design of functional elements of the agency), and *what we, as yet, do not know we don't know* (e.g. thinking through different scenarios about possible design shape and direction of the agency). We have endeavoured here to stay mainly in the realm of the first two options – we hope that our future proposed group meetings after the March update in Parliament can focus more on the different scenarios open to the agency.

What do we know?

The January announcement (see Scottish Government, 2026) stated that

'the Scottish Government intends to establish a new national housing agency with a focus on simplicity, scale and speed to enable the delivery of housing of all types, helping to meet housing need across Scotland'.

This agency will focus on enabling and facilitating the accelerated delivery of homes to meet the needs of people across Scotland. The new agency would

'reduce duplication, build specialist expertise, and deliver greater efficiencies, enabling more value and impact to be derived from the significant funding directed towards the delivery of homes'.

The First Minister said that it

'will focus on a number of key areas – large-scale affordable housing projects; rural and island housing; acquiring, preparing and releasing land; enabling infrastructure work to unlock stalled sites; and closer working with the Scottish National Investment Bank[SNIB] to 'make best use of private finance.'

The announcement also highlighted that it

'is a new body that will offer simplicity, scale and speed - boosting delivery, and maximising savings, as part of our commitment to a decade of public sector modernisation and reform.'

The design of the agency, the types of intervention and the case for such mechanisms will be shaped by the public service reform ethos of non-duplication and additionality. It will be developed in partnership with the Scottish National Investment Bank (SNIB) and the Convention of Scottish Local Authorities (COSLA). It will be about simplicity, speed and achieving scale. It will operate alongside wider proposals, currently being consulted on, to accelerate homebuilding in Scotland. The agency is part of the response to the housing emergency and a reflection of recommendations made in the housing investment taskforce.

In an interview with *Inside Housing* (February 27, 2026), the Cabinet Secretary provided more detail, saying that the new agency would:

- ◇ Seek to acquire land hopefully at peppercorn value, carry out necessary infrastructure and remediation work and then pass it on to local authorities for development.
- ◇ Conversations with Homes England have indicated the value of a menu or a 'playbook' of interventions working in partnership with COSLA and SNIB.
- ◇ Beyond looking at agencies in England, they are also looking elsewhere such as in Canada.
- ◇ They seek to complement local authority powers and roles, not encroach on them.
- ◇ While Homes England is developing a regional model, the Cabinet Secretary suggested that a national agency working with local authorities and regional bodies would be the way forward in Scotland.

What do we not know?

This is all quite high level thus far with little operational detail at this point. There are several interdependent themes to be unpacked, and they offer choices across a spectrum of available ways forward. We explore these in more detail below, but they include:

- ◇ **Should the agency be an executive agency or a non-departmental public body, or something in between (or different)?** The NDPB option will probably require primary legislation, the former probably not. Alternatively, the underlying basis for the agency might be evolved more gradually. For instance, it has been suggested to us that ministers already have dormant existing powers which could be used by the new agency. This is a fundamental governance question - particularly as many of our interviewees have stressed giving the agency the space to do focused delivery with a clear mandate and an arms-length relationship with ministers and officials.
- ◇ **Where should the agency operate on a spatial scale between national, regional and local?** This is not an either-or question, but a sense of whether or how it might intervene at appropriate scales e.g. regional labour or construction markets, at local authority level, but also nationally. The choices made here will also reflect resource and capacity needs at these different levels. This remains an open operational question even if the Cabinet Secretary expects the agency not to have formal regional devolution.

- ◇ **How will the variable geometry of the different public bodies involved in development, innovation, affordable housing and spatial economic development coincide and collaborate with the new agency, and do so without duplication but with clear demarcation?** In practice, the new agency will be working locally with bodies like the Scottish National Investment Bank, Scottish Futures Trust, Scottish Enterprise, councils and city-regional joint arrangements. It can help coordinate, but efficient partnership is essential.

Our evidence review, and the interviews below, suggest that these (and other) spectrum choices are just a subset of key design questions to be grappled with. Answers to these questions will create other interdependencies about the shape of the agency. That reality of likely complexity must be traded off against the fundamental goal to simplify and efficiently intervene in housing land and related markets to increase housing supply. This is where we get into the question of unknown unknowns, which we leave until further into the development of the agency.

3. Evidence about Housing Land Delivery Agencies

Scotland

Scotland has deployed housing agencies previously. In the pre-WWII period, Scottish Special Housing Association (SSHA) was established in 1937,

“to provide employment and housing in the ‘special areas’ of Scotland specified in the Special Areas (Development and Improvement) Act 1934” (NAO, 1986:1).

Its geographical focus was later expanded to cover the whole of Scotland. It operated under the direction of the Scottish Development Department, being a government housing agency. Its

“basic role [was] to assist local authorities in meeting their housing needs by providing housing for rent and by managing and maintaining the stock so provided, consistent with current housing objectives.”

From 1937-1986, it

“constructed more than 102,000 houses in some 50 locations throughout Scotland, including 10,000 as agents for other public sector bodies. Some 85,000 houses remained in its ownership at the end of March 1986” (NAO, 1986:1)

SSHA operated until 1989 when it was abolished by the Conservative Government under Margaret Thatcher, by being merged with the Housing Corporation in Scotland to form the new agency Scottish Homes.

Scottish Homes was subsequently established as a Non-Departmental Public Body (NDPB) in 1989, responsible for

“the landlord functions of the former Scottish Special Housing Association and the promotion, regulation and funding roles of the former Housing Corporation in Scotland” (Clapham & Kintrea, 1990:309).

Clapham and Kintrea (1990) argue that Scottish Homes was established to follow UK housing policy imperatives: increase owner occupation, transfer Scottish Homes’ stock to housing associations and reduce “concentrations” of social rented stock. It operated until 2001 when it was replaced by the executive agency, Communities Scotland.

While Scottish Homes and Communities Scotland were much broader in role and intent than the proposed new 2026 agency, our interviews included views about learning from the experience of Scottish Homes. It was stressed that a clear purpose and vision, even if locally unpopular, is essential to the direction of an agency. Scottish Homes predated devolution and was a conventional NDPB with a chair, board and CEO. However, it was set up as the fusion of the SSHA and the Housing Corporation in Scotland, and both organisations’ cultures carried over into the new agency, and according to interviewees, to an extent held back innovation and progress within. For instance, it was the opinion of interviewees that incentives for staff to progress and develop were shaped by previous structures in the two antecedents rather than to support the goals and long-term interests of the new body.

It was also argued that the agency had to wrestle different priorities because of what might be called the unstable dynamics of a three-body problem: negotiating and managing agency objectives alongside those of local government and central government. It was also indicated that alongside structures, individual personalities can and did make a huge impact on system level outcomes.

It was during Scottish Homes' tenure that a (continuing) problem emerged regarding the allocation of housing investment between, crudely, deprivation need and affordability need. While they tried to use technical measures to allocate resources, in fact two respondents argued that in practice politics trumped everything else. That issue remains important today.

Communities Scotland operated till 2008 with two key functions: firstly, to support

“social housing activity in Scotland through its role as a funder of housing development and as the regulatory authority for RSLs (housing associations),”

and secondly, having

“the lead role in promoting and supporting community regeneration, particularly focused on Scotland's most socially disadvantaged and excluded communities” (Scottish Government 2007:1).

Its policy remit widened and covered housing, homelessness, communities and regeneration. Its head office was based in Edinburgh with eight area offices across Scotland. From 2008, these roles, including investment, were taken back into government (with regulation continuing as a separate agency). In our interviews it was noted that, post devolution, Scottish ministers wanted closer control over the newly devolved housing function as represented by Scottish Homes and consequently moved it to the Communities Scotland model, one that ministers were more clearly accountable for, so they shortened the length of the arm and, arguably, the focus of the agency's purpose was blunted. This also led in due course to bringing the functions back into government and winding up Communities Scotland.

Public interest models for Scotland

Scotland's recent public debate on housing delivery is increasingly framed as a land problem: not just the quantity of allocated sites, but institutional arrangements that privilege private value extraction over public value and place quality. The Land Reform Review Group (LRRG, 2014) argues that the (then) existing mechanisms were unlikely to meet housebuilding targets in ways compatible with placemaking aspirations, and proposed a Housing Land Corporation (HLC) to acquire land at a low but fair price, invest in enabling infrastructure, and dispose of serviced plots to a wider range of builders, including self-build and SMEs.

This call was echoed by others including the Royal Institution of Chartered Surveyors (RICS). RICS called for an independent Housing Land Agency, to operate especially in areas of market failure, using reformed CPO powers to acquire and service land and then release it to developers (RICS, 2016). Tolson and Rintoul (2018) developed a clearer rationale for “public interest led development”, or PILD, arguing that public leadership can integrate land, infrastructure and design objectives and pointing

to Scotland's New Towns (built by Development Corporations) as evidence that the state can take risk in return for social and economic reward.

Subsequent empirical and comparative work by James and Tolson (2020) further strengthened the evidence base for this, concluding that delivery needs a more proactive public sector role in land assembly and market shaping, particularly for large or low-value sites where private developers will not carry enabling risk. Satsangi et al., comparing Scotland with north-west Europe, highlight active land policy settings where public bodies play stronger roles in land banking, infrastructure-first planning and negotiated obligations, and, where ownership is fragmented, land readjustment approaches (see Adams et al., 2001) that help embed affordable housing and design quality in the development process.

The Scottish Land Commission's Land for Housing review (2021) translated these strands into a coherent set of proposals for Government, which included mechanisms to share and capture land value uplift; transparency requirements for options and conditional contracts; and, crucially, a new public land agency to maintain a pipeline of development-ready land. The emphasis was on long-term, recyclable capital and on enabling private and community delivery rather than displacing it.

Finally, and most recently, James, Satsangi and Lawson (2025) apply and refine some of these ideas for rural Scotland, where the absence of markets, infrastructure deficits and capacity constraints is acute. They assess alternative governance models (national, regional and local). They also draw on comparator institutions, Homes England and the Irish Land Development Agency, as reference points for recyclable finance and land assembly functions adapted for rural contexts.

Other parts of the UK

Looking beyond Scotland, we now briefly introduce recent practice in England and Ireland. We will

extend this review to, for instance, Europe, Canada and Australia in our final report.

Homes England

Homes England is a well-established NDPB that is the delivery agency for new supply, affordable homes and place-making for the relevant housing ministry in England, now the Ministry for Housing, Communities and Local Government – MHCLG. The UK election of Labour in 2024 and its key mission of delivering 1.5 million homes, placed Homes England at the centre of housing policy. They were big winners in the 2025 spending review with a £39b capital budget to chiefly increase the supply of social and affordable housing but also now have a capitalised housing bank (which the government suggests could unlock over £50 billion of additional private capital) (see Homes England, 2025) attached to the organisation to pursue its supply goals and its ambitious delivery targets. Homes England is also a key player in the development of the proposed new wave of English new towns.

Homes England was thoroughly reviewed in 2023 (Poulter, 2024). In the five years to 2023, Homes England invested £11.1 billion and contributed to the development of 186,000 homes and unlocked land for a further 392,000 units. The review identified that Homes England was the 'right vehicle' to deliver housing supply, regeneration and placemaking, but that it required to be more long term, more funding flexibility and clarity over its priorities. The outcome of the 2025 spending review has clearly helped in several of these regards.

Their strategic plan for 2025-30 (published December 2025) is concerned with tackling the barriers to housing and regeneration development and injecting pace into homebuilding. To make a generational change to social and affordable housing supply, to boost institutional investment in

housing and to support the potential of SMEs in the construction sector.

Homes England talk about their playbook of interventions to support their objectives. Such interventions include (pp.18 and 20):

- ♦ Proactively acquiring, preparing and enabling land that the market is unable to bring forward.
- ♦ Investing in infrastructure to unlock land for housing, targeting areas where market failure or viability issues have stalled delivery.
- ♦ Scaling up for SME housebuilders.
- ♦ Promote mixed tenure by default, to boost the rate of housebuilding through tenure diversity.
- ♦ Make stronger and more targeted use of statutory powers such as CPOs but also applying in-house expertise in large development applications.
- ♦ Increase investment in social and affordable housing through more use of grant-funding; and secure private investment through new partnerships and financial platforms, utilising guarantees; deliver low interest loans via the new bank; and, work in partnership with non-profit providers to provide the long-term financial certainty required to deliver their homebuilding ambitions.

Although there are important differences, Homes England represent a scaled-up version of the sort of agency that may be coming to Scotland. Apart from learning about the various instruments and approaches they work with, they can provide a sense of what works and why.

Irish Land Development Agency

Two reports (NESC, 2018; Irish Government, 2018) identified failings in the delivery of new housing in Ireland which led in turn to the advent of the Irish Land Development Agency. A non-departmental public body, the agency has a clear mission and purpose and a focus on delivery. To that end, the Irish government has a relatively light touch relationship with the agency and from the outset this was supported by the decision to allow the agency to hire expertise from the private sector at commercial rates. This has governed the appointment of now more than 250 staff and from their perspective, has impacted on the culture and approach taken by the organisation (they believe that it supports their delivery objectives and efficiency).

The agency is well-funded from Government and its initial operating model involved purchasing land (often at low cost from the public sector), adding infrastructure and assembling it, master-planning the housing tenure split and then selling it on to developers to provide it, recycling receipts thereafter. The agency was subsequently diverted into private renting after the collapse of the new build apartment PRS in Ireland (what we would call BTR) and has taken on the role of developing PRS apartments in the absence of market players to address the market failure as and until the market returns to health. Their expectation now is to return to their prior fundamental model, as set out above. While some commentators have described this shift into direct apartment rental supply as mission creep – the LDA argues that it was a necessary response to a market failure and shortage of rental housing. This was always viewed as a temporary measure, and they are clear about retaining their long-term direction and delivery goals.

4. Interviews and Key Themes

In what follows we consider recurring themes, different perspectives and redolent points made

(a) Purpose and case for change

A recurring theme in all our discussions concerned what is the purpose of the new agency and what problems are required to be solved it by its interventions? Alongside this, is the related question of the dividing line or demarcation of those housing and housing land roles already performed effectively that do not need to be displaced or undermined by a new agency?

The Government have stressed that the agency will be a delivery vehicle that will not duplicate existing function but rather add land market intervention and financial power to increase and speed up delivery. Nonetheless, several respondents asked just what problem was being solved and how would it be truly additional? This was also an opportunity to identify problems in the housing delivery system as candidates for intervention highlighting that there is not a single problem to address but multiple, and that the agency must be clear about its roles and where they cease. These problems included:

- ◇ Persistent social and affordable housing shortage, despite long running commitments and strategies
- ◇ Too many consented but undelivered sites (where barriers might be to do with viability, infrastructure or sequencing).
- ◇ Infrastructure deadlock where utilities are misaligned with housing and funding timelines
- ◇ Viability constraints particularly in rural, island and lower value markets

(b) Position in the wider housing and public policy system, including spatial role

A second related theme concerns the fit between the agency and wider housing system progress, including how would it work effectively with partners? Related to this is one of the spectrum design questions that emerged: to what extent does this national agency work at regional and local levels? Several interviewees stressed that the new agency must fit within the existing system and not derail what already works, strong partnerships in place, or just be a label to stick on existing arrangements and functions. It must also not get in

across eight broad themes made in the more than 20 interviews and small focus groups we conducted.

- ◇ Co-ordination failure arising from failure to complete land assembly or tackle fragmented land ownership - this is often where there are institutional gaps rather than market appetite constraints
- ◇ Skills shortages and high construction costs
- ◇ Systems failure and the need for innovation. How can the agency change things and work with the speed required to address the housing emergency?

The following are examples where respondents thought intervention was justified:

- ◇ Stalled but consented sites - If consents exists but delivery does not proceed within a reasonable timeframe due to identifiable blockages, intervention is justified.
- ◇ Infrastructure-induced viability failure - where development economics become viable only if infrastructure is sequenced or front-funded, agency intervention may be warranted.
- ◇ Structural rural and island market weakness - where persistent structural conditions prevent delivery despite need and planning allocation, intervention is justified.
- ◇ Fragmented land ownership / assembly deadlock - where coordination failure between landowners prevents strategic development from progressing.
- ◇ Capacity constraints in local systems - where institutional capacity, rather than market appetite, is the binding constraint.

the way where the market already works perfectly well.

Respondents argued that the positive role of the agency could include:

- ◇ A national policy enabling tool - the agency should help turn housing policy ambition into actual homes.

- ♦ A co-ordination tool - the agency should be a coordinator that aligns housing delivery with infrastructure and other public investment.
- ♦ A long-term agency - a stable long-term institutional presence aligned with the wider system. As well as addressing current housing need, hope that it can have a more strategic, longer-term vision.
- ♦ An infrastructure body: a local authority stakeholder felt the Agency should focus on infrastructure delivery as that's where the key gap is often found.
- ♦ An enabling role: making sites available for other sections (communities, housing associations, private developers).

A fundamental decision (where the ultimate choice made constrains many other aspects of the design of the agency) therefore is the attitude taken to the spatial structure of the agency. We saw earlier that the cabinet secretary conceived of the agency as a national body but one that might co-operate with regional economic development bodies and work closely with specific local authorities. Interviewees coalesced around the notion of a national body with strong regional presence and embedded relationships, that was sensitive to local context - but were generally cautious or sceptical about the risks of a national one size fits all approach. They saw the national role relating to strategic priorities, strategic

(c) Organisational model and governance

A third theme of our interview discussions concerned the key spectrum question of the governance of the new agency, in terms of its relationship and closeness to Scottish government, its degree of autonomy (the 'length of the arm'); and the extent to which governance form follows delivery function? There was a recurring preference for an organisation with a focused delivery strategy and culture, a well-defined remit and political legitimacy. Respondents favoured the agency having or evolving into a statutory footing with a clear arms-length from government. This was important if it was felt to give the agency 'teeth' and was linked to how respondents perceived its ability to intervene in the market and on specific sites. Several recognised that there is a potential trade-off here between the speed with which the organisation is fully established and its distancing or ability to deliver. It was recognised that it must be linked to government and be accountable, but it requires distancing from politics and the opportunity to operate an entrepreneurial and

approaches to land assembly, capital allocation and major intervention powers. They considered that local or regional intelligence was vital to ground regional delivery and avoid duplication and conflict with local actors. Respondents also stressed the difference between rural and urban housing delivery concerns and that the agency must recognise local and regional differences beyond the central belt.

A final key area under this wider housing system heading concerned working relations with partners. It was widely understood that effectiveness on housing delivery depends on deep partnerships and trusting working relationships. This would also suggest that the agency would be invited in by critical local partners (for example, local authorities as strategic leads) and not impose itself in a way that overrides local priorities and decision-making priorities or locks out existing provider expertise. Respondents argued that there needs to be a clear role delineation and avoidance of bureaucratic layering. In rural and island settings, it was noted that poor viability means public sector support is needed to make developments viable and for the private sector to partner.

Developing the viewpoint reflected in Ireland above, some respondents argued that the new agency must not just be about changing the name plate on More Homes but needs to inject new entrepreneurialism into an often 'cautious' public sector approach.

commercial culture where appropriate (including among senior staff) with finance, real estate and planning practice experience.

A further governance dimension concerns how the agency would work with other public agency entities, particularly Scottish Futures Trust, the Scottish National Investment Bank, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland and the City Regions. Respondents also mentioned the scope for partnership working within development corporation style models. Interviewees also discussed procurement expectations and the preference that the new agency could diversify to provide opportunities to support SME builders.

(d) Operating model

The fourth theme concerned the different ideas people expressed regarding the operating model and powers of the agency. This built on, but also added to, the ideas already circulating from Government on the agency's 'playbook', including the interface with planning. Key areas for the agency were:

- ♦ Land assembly: the agency should be a strategic land enabler, aggregating sites, packaging land for development and enabling infrastructure-first delivery.
 - ♦ Infrastructure: the agency can align infrastructure and front-funding with a strong focus on sequencing and capital alignment.
 - ♦ Remediation: it was recognised that the agency could help absorb risk in marginal or complex sites, thereby unlocking them.
 - ♦ Pipeline acceleration: working efficiently will reduce timetables.
 - ♦ Tenure focus: there was a divergence in focus between emphasising social and affordable housing and those who took an all-tenure focus.
- ♦ Compulsory Purchase Orders (CPOs) and Compulsory Sale Orders (CSOs). There was a general agreement that CPO powers should sit within the agency's toolkit, recognising that they are no panacea. Some respondents also called for the agency using sale orders to address inertia.
 - ♦ It was also restated by respondents that there was no appetite for unchecked compulsory intervention, with most who raised this stressing the need to consider local democratic decisions, the risk of legal challenge and avoiding intervention in functioning markets.
 - ♦ The agency should not be a parallel planning authority. Some respondents raised issues about planning permission bottlenecks, but others noted the volume of sites consented but not delivered, out of date local development plans, gaming of Section 75 agreements and the role of NPF4 and its impact on unallocated sites. All need to be addressed if the agency is to be as effective as possible.

(e) Resources and financial model

A further theme of importance that many raised concerned resourcing the financial model the agency would use, which also speaks to possible financial innovations that may be developed. There was strong cross-sector agreement that without additional funds, patient capital, a wider set of financial intervention tools (such as subsidised debt interest perhaps via financial transactions capital) - there is a danger of the agency being more symbolic than about achieved delivery. Respondents stressed the importance of front-end capital funding support and the normalising of recycling value for funding over time.

Respondents unsurprisingly saw key importance in providing additional funding for the working of the agency, though some of that would be pump-priming which would be hopefully re-used through recycling capital receipts. There was however some scepticism about whether new funding specific to the agency's proposed functions would be made available. It was pointed out if the model is under-capitalised this could be counter-productive for delivery and simply add more layers of co-ordination without resource. Instead, the agency was argued to need upfront intervention capital to de-risk development and, through land value uplift

or phased delivery, to recover value and recycle receipts over time.

Respondents argued that the agency should not simply be funded to reallocate existing resources but should include additional funding. Allied to this was the support from many quarters for greater flexibility on multi-year spending to provide pipeline stability, improve sector confidence and reduce end year bubbles in spending and underspend reallocations. It is interesting to note at this point that Scottish Government have already amended the public sector finance manual on land disposals within the public sector to introduce flexibilities that will mean that public land traded for housing may in future reduce cost (increasing delivery but also reducing grant costs).

(f) Evidence and intelligence functions

A further theme concerns the potential market intelligence and research function that the agency could play. While there was much mention in our interviews about the dangers of mission creep, several respondents felt that this was actually an important core function for a national housing deliver agency. It is however important that the research function has clear questions to focus its work and that these are directly complementary to the purpose of the agency.

It was recognised widely by respondents that data quality, coverage and intelligence about underlying local markets are poorly and unevenly available. There is also a recognition of the multiple ways the agency could intervene through the provision of information and understanding of market conditions to assist in accelerating and focusing delivery. Analytical research capacity, provided consistently from a national source, could guide decision-making, expand and enhance data collection and market intelligence, and this would complement and add to local authority planning and evidencing of their local efforts (and clearly important not to duplicate that work).

Multiple market intelligence roles were identified:

- ◇ Identifying a common language and appraisal of market failure and coordination failure as bases for intervention.

(g) Accountability, performance and evaluation

As a critical part of its operational governance, many respondents raised issues about how the agency would account for its performance, and how it would be evaluated, which in turn raised other related issues. There were claims of an accountability gap in the current system and, as below, a desire for clear measures and transparent performance reporting; calls for performance measures to reflect place differences (for example, to avoid rural being crowded out). Mission creep might also fit here – mentioned in two distinct ways i.e. as a risk and as a necessary determination delivery requires pushing beyond narrow remit.

Respondents argued that measures of performance should principally relate to tangible delivery outputs including the number of homes built, sites unlocked etc., and not strategies written or land acquired. Other stakeholders emphasised that the metrics shouldn't be only "numbers driven" as this prioritises big sites in the central belt, also needs to have a focus on other areas, on quality measures and

- ◇ An early and repeated landscape analysis of local market conditions and emerging priorities from identified system failures that require intervention.
- ◇ Delivery-focused site intelligence - practical intelligence to identify where and why sites are not progressing.
- ◇ Strategic market oversight - pipeline, tenure tracking to inform priorities and sequencing.
- ◇ Transparency - effective analysis required to ensure transparency and defensibility. There should be an expectation, where possible, of free availability and publication of evidence generated - a public good to aid decision making.
- ◇ Several respondents lamented the loss of historic housing research functions e.g., by Scottish Homes, but also in terms of market intelligence through local housing systems analysis, with its internal training function and support of housing planning research locally.
- ◇ Visibility of public assets - improve transparency and coordination of public land and incorporate regular public land audits locally.
- ◇ Portfolio vs site-by-site intervention - there are potentially opportunities for a holistic approach across multiple sites in addition to site-by-site interventions.

intervention in response to market failure. Other points that were raised included:

- ◇ Measure of performance should also relate to the reduction of timescales throughout the process.
- ◇ Unblocking and additionality - the agency should demonstrate that it has unblocked / delivered sites that would not be have been otherwise possible.
- ◇ The stabilisation of investor confidence and the attraction of new investment flows was seen as a tangible sign of agency performance.
- ◇ Several interviewees felt that performance measures should go beyond just units and should include aspects such as quality of place.

(h) Future opportunities and mission creep risks

Finally, several ideas were expressed about widening the role of the agency into cognate areas, although several people also spoke about avoiding mission creep. We have already noted the tension between delivery focus, arguable reasons for evolving and extending the agency's function, and areas of growth that might be deemed duplication of others' functions or likely to lose mission focus. Specific market failures or local situations may require intervention flexibility, but this would not normally be a dilution of focus. Similarly, there are multiple agencies involved, potentially, in the work to speed up and grow housing supply (SFT, SNIB, Scottish Enterprise, local government and related economic development agencies). The key will be

to understand where these involve partnerships and where they involve separate competencies that should not be duplicated or hindered. Close working relationships will be essential but will need to be worked at continuously. Areas raised as potential extensions of function include: a market intelligence research role, supporting net zero for example the development of district heat networks, wider placemaking and facilitating modern methods of construction. A sensible approach may be to outline criteria by which additional functions might be ruled out or in, systematically but quickly. This would work alongside a default or ex ante commitment to maintaining the delivery focus.

5. Provisional reflections and questions

In reading back our interviews and discussions over the last three or four weeks we identify a series of points around which there is some consensus, as well as striking points made by individuals or a minority. We also recognise at the earlier stages of institutional development that there are important questions which are really choices along a spectrum – decisions on those sorts of questions have all sorts of second round consequences for the agency. This also implies that there are trade-offs and constraints

around some decisions – making these trade-offs explicit is a useful part of institution-designing. We were told more than once that for the housing agency, form should follow function, where the latter represents the outcomes on the decisions about made about roles and powers. We finish this briefing paper by asking some questions for the government that arise from the discussions we had about the new agency.

Consensus points

- ◇ The agency concept is welcomed in a context of shortage, rising need and emergency. Scotland needs sustained, transformative action.
- ◇ It was widely agreed that the focus of the agency should be maximising additional delivery and that therefore government and stakeholders should design it around that goal.
- ◇ Many respondents stressed the need to be clear about what one is trying to fix, presumably this is about specifying and identifying market and co-ordination failures.
- ◇ The agency will need to operate in land markets, support construction (e.g. SMEs), unlock finance, and assist in provision of infrastructure.
- ◇ It will need to be as effective intervening in large urban markets as in rural island and remoter housing markets.
- ◇ Several asked that the agency leave functioning or efficient markets alone and develop, maintain and deepen trusted working relations with key partners, especially local authorities.
- ◇ Interventions are likely to involve land assembly, land trading, aggregating sites and introducing novel ways to bring serviced land forward that can facilitate development across mixed tenure schemes.
- ◇ Learn lessons from our previous Scottish housing agencies, from debates about housing land agencies in Scotland, but also from what works in Homes England and the Irish Land development Agency.

Spectrum choices that impact on design agency

- ◇ Governance form should follow function (and the powers required to do so and stay focused on the delivery goal).
- ◇ Decisions made about spatial (national-regional-local) perspectives, strategically and operationally will be important for wider design decisions.
- ◇ The variable geometry of aligning public bodies working alongside the new agency is also important – should the agency be the co-ordinator?
- ◇ The extent and intent of a research and market intelligence function.

Trade-offs

- ◇ Complexity and simplicity. The FM called for simplicity in the initial announcement but the site specific and market contexts, relationships and overcoming barriers will surface different complexities that are intrinsic to housing development and need to be addressed.
- ◇ Incentive structures. All organisations need aligned incentives to support the goals of the organisation, and this includes career paths for important skills, a culture that promotes working with the sector (and drawn from that sector). Incentive questions also relate directly to partnership working.
- ◇ The extent to which the focus is on all tenures versus supporting social and affordable housing and the extent to which devices like site control and master planning can overcome tensions regarding the non-market share of mixed tenure development.
- ◇ Many commentators argued for flexibilities that may encourage the agency to expand its role or extends its function in each situation, crisis or when the ‘facts change’. Deciding what to do in such situations could be shaped by pre-determined criteria rather than whim or hunch. Otherwise, the default on the core delivery goal remains.

Further design questions

- ◇ How will the agency manage its performance and what are the key metrics it should use?
- ◇ How will the agency’s interventions in local markets complement the work of the local affordable housing supply programme SHIPs?
- ◇ Can focus on recycling funds and receipts help to lessen reliance on budgets and their uncertainty in the future?

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