



SHELTER SCOTLAND CONSULTATION RESPONSE: ACCELERATING HOME BUILDING, APRIL 2026

Summary

Shelter Scotland exists to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society. We work in communities to understand the problem and change the system. We run national campaigns to fight for home.

Building more social homes is the single most important action the Scottish Government can take to end the housing emergency. This emergency is a result of decades of underinvestment in social housing and a failure to prioritise building social homes over other forms of so-called 'affordable' housing. It is an emergency that has seen:

- 40,688 households make a homelessness application in 2024-25
- 18,092 households, including 10,480 children, trapped in temporary accommodation as of September 2025
- 16,485 households denied temporary accommodation they were legally entitled to in 2024-25
- 7,850 breaches of the Unsuitable Accommodation Order in 2024-25.¹

Building more homes for private rent or ownership will not end this emergency. Rather, Scottish Government intervention must focus on the problems the housing market has failed to fix.

Evidence shows that at least 15,693 affordable homes must be built each year for the next five years to meet affordable housing need in Scotland.² The research notes that "Given the composition and drivers of need, the predominant focus of affordable housing supply should remain social rented housing." The Scottish Government committed to building 110,000 affordable homes by 2032, 70% (77,000) of which should be for social rent. Yet almost five years in, only 32,479 homes have been delivered and the comprehensive spending review promises only 36,000 more by 2030 – which would leave 41,521 homes to be delivered in the final two years to meet the target.³ Given the current trajectory, it is highly unlikely that this target will be met.

While we support exploring options to use incentives such as additional tax powers to accelerate home building, the most effective mechanism to accelerate the delivery of social homes is central government investment. The increase to the Affordable Housing Supply Programme (AHSP) to £808m in 2025/26 and £926m in 2026/27 is welcome but follows two years of devastating cuts which have caused affordable housing delivery to slow. It also

¹ Scottish Government (2026) [Homelessness in Scotland: update to 30 September 2025](#)

² Marshall, M., Watkins, C., Keskin, B., Dunning, R., Ferrari, E. (2025) [Affordable Housing Need in Scotland Post-2026](#), commissioned by Shelter Scotland, CIH Scotland and SFHA

³ Shelter Scotland (2026) [Government 'on course to break' social housing promise as building falls behind](#)

remains well below the estimated £1.64bn required to build the 15,693 affordable homes needed to meet affordable housing need in Scotland each year.⁴

The Scottish Government must urgently increase the AHSP budget to address the shortfall in funding for social homes, and commit to a consistent level of long-term funding to restore confidence in the sector.

Any new measures must focus on accelerating the delivery of explicitly social homes, and the Scottish Government should ensure any revenue generated through new (uses of) taxes or levies is targeted exclusively at the building of new social homes. Care should also be taken to avoid new measures aimed at incentivising development resulting in an increase in landowners pursuing profitable build-to-rent projects as house prices stagnate, which would fail to contribute to reducing affordable housing need.

The new proposed More Homes Scotland Agency should similarly focus specifically on increasing the supply of social homes, ensuring it delivers social benefit rather than private profit.

Aside from the moral imperative of tackling the housing emergency, research shows social housing generates significant social value – estimated at £11,638.91 per resident including £10,648.47 of ‘wellbeing value’ and £990.44 ‘exchequer value’. Social housing drives improvements in social, economic and health outcomes for its residents, delivering significant preventative savings to wider society.⁵

Additionally, while focusing on social housing is the only way to end the housing emergency, it will also offer benefits for the private sector. Increased government investment in building social homes supports housebuilding across all tenures. Evidence from England shows that social housing acts as a “countervailing force” to the market, partially mitigating the boom-and-bust cycles experienced by the private sector by providing a stable source of demand for construction.⁶ On a smaller scale, sites with a higher share of affordable housing are built more quickly on average.⁷

In conclusion, Shelter Scotland supports the case for Scottish Government intervention in the housing market, but this must be with the overarching aim of making the market work for those it is currently failing. Finite resources must be targeted towards the only measure that can end this housing emergency – delivering more social homes. This will ensure that, in line with the aspirations of Housing to 2040, everyone has access to a safe, good quality, affordable home that meets their needs.

Response to consultation questions

Option 1: Introduce fiscal measures to tackle inactivity or slow build-out.

1) Could fiscal incentives offering relief to other charges help to accelerate build-out rates? Yes/No/Unsure. Please explain your answer.

⁴ Marshall, M., Watkins, C., Keskin, B., Dunning, R., Ferrari, E. (2025) [Affordable Housing Need in Scotland Post-2026](#), commissioned by Shelter Scotland, CIH Scotland and SFHA. It will cost an estimated £1.64bn to deliver 15,693 homes each year for the next five years, based on modelling with 75% of the affordable homes being made available for social rent. The estimated cost if all 15,693 were to be for social rent is £1.76bn.

⁵ HACT (2025) [The Social Value of Social Homes in Scotland](#), Shelter Scotland

⁶ Cebr (2024) [The economic impact of building social housing: A Cebr report for Shelter and the National Housing Federation](#).

⁷ Lichfields (2024) [Start to Finish 3: How quickly do large-scale housing sites deliver?](#)

a) Which charges / taxes / levies could the incentives be applied to? Please explain your answer.

b) Should relief be in the form of full exemptions or variable rates? Full exemptions / variable rates. Please explain your answer.

c) Could a tax impact differently on different types of land owners? Please explain your answer.

d) Please provide any evidence of how fiscal measures linked to other charges would impact development finance to influence built out rates.

2) Should we introduce a tax on sites which have been allocated for residential development and/or have permission for homes, but are not being built out as expected, as set out in option 1? Yes/No/Unsure. Please explain your answer.

Yes

We support exploring options to use tax powers to boost delivery of new social homes, whether through supplements to existing levies such as the Scottish Building Safety Levy or Land and Buildings Transaction Tax, introduction of a specific tax such as a delayed homes penalty or a vacant land tax, or charging council tax on delayed sites, as proposed. We would caution against the suggestion to charge council tax on sites after planning permission is secured and/or development commences as this could deter landowners from bringing forward sites for planning permission or developers from commencing development if they lack confidence in their ability to complete a project in time. A more proportionate approach could be to begin charging council tax a short time after the date a development is due for completion (with flexibility to waive this where there are legitimate and unavoidable reasons for delay), so developers are incentivised to complete projects on time and transfer the cost of council tax to new occupiers to avoid taking it on themselves. Alternatively, a new tax could be introduced and charged on delayed developments from the agreed completion date until actual completion. Work would likely be needed to agree a reasonable completion time for different types of project, as suggested later in this consultation.

As proposed, the aim of any new taxes or new application of taxes should be not to raise income, but to deter unreasonable, avoidable and deliberate delays to the delivery of much-needed homes. All income that is raised should be used exclusively to fund the delivery of social homes. With funding for the AHSP remaining well below what is required to deliver the 15,693 affordable homes needed this year, it is essential that any new revenue is targeted towards addressing this shortfall.

a) Should this apply to allocated sites, sites with permission, or both? Allocated sites/Sites with permission/Both. Please explain your answer.

Allocated sites

Applying new taxes or charges to allocated sites only once planning permission is granted could deter landowners from seeking planning permission, delaying potential development. To incentivise landowners to seek planning permission, it could be more effective to apply a tax on allocated sites until an application for planning permission is made. Removing the tax once the application is made rather than once it is granted would avoid penalising landowners for potential delays in the planning system whilst deterring land banking. A separate tax could then be charged on developments that are not being built out as expected.

b) How should the tax be calculated? Please explain your answer.

c) Who should be required to pay the tax? Please explain your answer.

Taxes applied to allocated sites should be charged to landowners to encourage them to seek planning permission for development. This should be accompanied by the introduction of Compulsory Sale Orders and Compulsory Lease Orders to ensure that, if taxes are not a sufficient incentive, there are other means by which land can be acquired and used to meet the needs of the local area. See Shelter Scotland's response⁸ and the Scottish Empty Homes Partnership's response⁹ to the consultation on Compulsory Purchase Reform for more information on our views on this.

Taxes applied to sites in development – for example, council tax charged from shortly after the agreed completion date for a development – should be charged to developers. This would encourage timely completion and mean landowners do not risk becoming subject to further taxes when they agree to release their land for development.

d) Should the tax operate as a local or a national tax? Local tax/national tax. Please explain your answer.

National

The tax could potentially be effective as either a local or a national tax. However, it would need to be applied consistently across all local authorities in Scotland to ensure it does not simply incentivise developers to seek out contracts in areas that have not introduced it or have done so at lower rates. This may be an argument for introducing a new tax rather than giving local authorities additional powers to charge council tax on delayed developments.

e) How should any income be used? Please explain your answer.

All income from any new taxes or new application of existing taxes should be used exclusively to fund the delivery of social homes. With funding for the AHSP remaining well below what is required to deliver the 15,693 affordable homes needed this year, it is essential that any new revenue is targeted towards addressing this shortfall.

f) Please provide any evidence of how a tax connected to sites allocated or permitted not being built out would influence build-out rates.

Option 2: Monitor build-out rates and intervene where these are unreasonably slow.

3) Should we bring forward powers for reporting on development progress and powers to intervene where it is considered to be unreasonably slow, as set out in option 2?

Yes/No/Unsure. Please explain your answer.

a) Should this include creating a legal framework for reporting on development progress?

Yes/No/Unsure. Please explain your answer.

b) Should there be a power for planning permission to be revoked, without compensation being payable, where reporting demonstrates that progress is unreasonably slow?

Yes/No/Unsure. Please explain your answer.

c) How would the pace of development be set and agreed – for example how would reasonable-ness be measured? Please explain your answer.

This would need to be agreed in consultation with the construction sector. It could be helpful to review the average delivery times for different types of project and the length of avoidable delays to determine a reasonable pace of development for each type. This would be more

⁸ Shelter Scotland (2025) [Shelter Scotland Consultation Response: Compulsory Purchase Reform](#)

⁹ Scottish Empty Homes Partnership (2025) [Scottish Empty Homes Partnership Consultation Response: Compulsory Purchase Reform](#)

difficult to determine for complex projects so it may be necessary to review the pace of these developments for their 'reasonable-ness' on a case-by-case basis.

d) Please provide any evidence of how reporting on development progress would influence build-out rates.

Option 3: Reduce procedural time and costs for SME developers.

4) Should we bring forward legislation to amend the development hierarchy, to enable us to introduce more streamlined planning processes on planning applications for smaller sites, as outlined in option 3? Yes/No/Unsure. Please explain your answer.

a) How many categories should be defined by the development hierarchy, and what size of development should these cover? For example, four categories, that define major, medium, small and very small developments.

b) What are your views on, and do you have any evidence relevant to whether creating more categories in the development hierarchy might have an overall effect of speeding up or slowing down build-out of housing?

c) What are your views on whether we should review and rationalise policy requirements in NPF4 for smaller housing sites, or introduce a new rules based policy for smaller housing sites?

d) Do you think that further advice on planning application information requirements would support faster delivery of housing on smaller sites? Yes/No/Unsure. Please explain your answer.

e) Do you think there are any further options that creating more categories in the development hierarchy might open up, further to those outlined in option 3? Yes/No/Unsure. Please explain your answer.

f) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.

Option 4: Diversify the output from deliverable land.

5) Do you think that encouraging more diverse housing outputs across the pipeline of deliverable housing land would increase the pace of build-out? Yes / No / Unsure. Please explain your answer.

Yes

Research from England has found that sites with a higher share of affordable housing, including housing agreed for off-the-shelf purchase by local authorities and housing associations, are built more quickly on average.¹⁰ Therefore, as well as contributing to meeting the need for affordable housing, increasing the proportion of social homes included in private developments could be beneficial to overall build-out rates.

However, we would caution against relying too heavily on diversification of private developments to meet social housing targets. While mixed tenure projects can unlock useful private capital to support social housebuilding, this model alone cannot be relied upon to deliver the social homes Scotland needs. Research by CACHE has found that securing land for social housing through section 75 agreements can be "prone to fail" due to market fluctuations,

¹⁰ Lichfields (2024) [Start to Finish 3: How quickly do large-scale housing sites deliver?](#)

with developers choosing not to build when the market stagnates.¹¹ Similarly, evidence from England that social housing has a stabilising effect on the housing market, partially mitigating the boom-and-bust cycles experienced by the private sector, also finds that this effect is reduced by an increased reliance on private cross-subsidy.¹² It is therefore crucial that the Scottish Government prioritises adequate grant funding for social homes and does not overestimate the role that diversifying housing outputs and leveraging private funding can play in delivering social housing.

a) Should we use legislation to require a diversity of housing types and tenures on sites above a certain threshold? Yes/No/Unsure. Please explain your answer.

b) Do you think that this measure would have any particular benefits for SME housebuilders? Yes/No/Unsure. Please explain your answer.

c) Please provide any evidence of how increasing diversity would influence build-out rates.

Further options

6) Do you have any other suggestions for measures which could use levers available, or which could be put in place through the planning system, to deliver more homes at pace?

The recently announced More Homes Scotland Agency, which we have welcomed, provides further opportunity to accelerate home building. We believe the agency should focus explicitly on increasing the supply of social homes, with the singular aim of reducing affordable housing need. The agency will need appropriate powers and funding to deliver this aim. Shelter Scotland has commissioned research on what a national housing agency could look like, with initial findings available now¹³ and a final report expected for publication shortly, which will provide more detail.

a) Please provide any evidence of how these potential measures would influence build-out rates.

¹¹ Professor Gibb, K., Young, G., and Dr Earley, A. (2024) [Sustainable Housing Policy in Scotland: Re-booting the Affordable Housing Supply Programme](#), UK Collaborative Centre for Housing Evidence

¹² Cebr (2024) [The economic impact of building social housing: A Cebr report for Shelter and the National Housing Federation](#).

¹³ Professor Gibb, K., Dr Earley, A., Dr James, G., and Dr Watson, A.R. (2026) [More Homes Scotland: Debating a new housing agency](#), UK Collaborative Centre for Housing Evidence