

# Letter from the Cabinet Secretary for Housing regarding More Homes Scotland, 25 March 2026

Dear Convener,

I am writing to update the Committee on the ongoing development of More Homes Scotland (MHS) and delivery priorities for the coming months as we progress the design and set-up of the new agency.

Since my appointment, I have focused determinedly on tackling the housing emergency - using the Action Plan I launched in September, together with the Housing (Scotland) Act 2025 and the 2026-27 Scottish Budget to accelerate our ambition and response.

I introduced the Housing Emergency Action Plan six months ago, and I am pleased to report that all actions are now underway, with 75% already delivered, including:

- doubling the Voids and Acquisitions Fund from £40 million to £80 million; working with councils to prioritise the acquisition of family homes;
- accelerating the flipping of suitable temporary accommodation to permanent;
- creating a £1.5 million national Fund to Leave, helping women and children leave an abusive partner;
- making an extra £3 million available to local authorities in 2025-26 to spend on Discretionary Housing Payments (DHPs) to support households struggling with private rents;
- providing £3 million to expand Housing First. In addition, we are extending rapid rehousing transition plan funding of £8 million into 2026-27; and
- introducing a new all-tenure sector ambition of increasing delivery by at least 10% each year over the next three years.

In addition, through the passage of the Housing (Scotland) Act we have:

- laid regulations to introduce Awaab's Law in Scotland - starting with tackling damp and mould - which will come into force on 6 October 2026;
- secured parliamentary approval to introduce a long-term system of rent control in Scotland with the exemption of mid-market rent and build-to-rent homes ensuring we continue to support the increase in supply of rented homes;
- introduced new, gold standard 'ask and act' duties on named relevant bodies, such as health boards and the police, to help prevent homelessness;

- provided £4m in 2025-26 to support 15 test and learn pilots to inform guidance and further regulations for the effective implementation of the new homelessness prevention measures; and
- as per Section 80 of the Act, we have drafted the Housing Emergency Response Good Practice Guidance in collaboration with partners including COSLA and ALACHO. After finalisation, it will be published following the election.

We have also laid regulations to enact part 2 of the Domestic Abuse (Protection) (Scotland) Act 2021. This will enable social landlords to end a perpetrator's interest in a tenancy so that a survivor of domestic abuse can remain in the family home.

More recently, I was pleased to announce a further £9 million investment in DHPs to mitigate the impact of the Local Housing Allowance freeze for households with children as part of the Tackling Child Poverty Delivery Plan. This action is forecast to benefit up to 18,000 families with 31,000 children in total by the end of 2026-27.

### **Affordable Housing Supply Programme**

On the delivery of affordable homes - the coming year will also see us make available a record £926 million for the Affordable Housing Supply Programme, a 21% increase. Alongside this we are providing four years of affordable housing funding certainty by investing up to £4.9 billion to 2029-30. This is more funding than ever before and provides greater certainty, a key ask of our delivery partners. This will see around 36,000 affordable homes delivered, providing family homes for up to 24,000 children - ensuring housing plays a key role in our government ambition around tackling child poverty.

I am also pleased to confirm that as part of this investment, I will be making £2.939bn available for four year local authority Resource Planning Assumptions (RPAs) – an uplift of almost £0.5bn on published RPAs for 2022-2026. This gives local authorities and RSLs the commitment and confidence they have been asking for, and ensures forward programmes can be planned and delivered at pace.

### **Design Phase of More Homes Scotland (MHS)**

My letter to you on 22 January set out the case for change and meeting the scale of the challenge requires us to think and act differently. This underpins our intention to establish MHS with a clear focus on simplicity, scale and speed.

MHS represents a significant step change in addressing the housing emergency and delivering more high quality housing. It will ensure less duplication, greater expertise, increased efficiencies, and make our substantial investment go even further working in partnership with the Scottish National Investment Bank (SNIB) to attract more commercial investment.

Since the First Minister's announcement, I have held positive discussions with local government partners, industry experts, investors, developers, academics and the third sector – including with the members of the Housing to 2040 Board, the Housing Investment Taskforce, Association of Rental Living, Scottish Property Federation,

Scotland's largest housebuilders and a cross-section of Registered Social Landlords. Wider and important stakeholder observations have also been offered to round out the context and the landscape within which the Agency will operate. These will all be considered, if not necessarily directly incorporated within the Agency's remit.

I am pleased to report that partners have welcomed the MHS announcement and that there is broad sector consensus on some clear themes for the new agency's mission, including:

1. **Meaningful, system wide reform:** Streamlining delivery across all tenures and focusing investment towards greatest impact to support viability.
2. **Regional collaboration and local flexibility:** Strengthening regional working while giving local authorities 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 for faster delivery.

## Operating Principles & Delivery Priorities

I have identified key operating principles and priorities critical to the success of MHS, noting its establishment and the priorities set out below are subject to the outcome of the 2026 Scottish Election.

This new agency must be underpinned by an all-tenure, whole system approach which increases supply at all levels – driving forward our 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 that Scotland needs, 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; - Introduce 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

The top priority for the coming financial year is simple - we must increase the supply of affordable homes and tackle the Housing Emergency. If re-elected, we would do this by maximising the impact of our record £926 million investment in 2026-27 as part of our Affordable Housing Supply (AHSP) programme. We remain entirely

committed to delivering 110,000 affordable homes by 2032, of which at least 70% will be available for social rent, and 10% will be in our rural and island communities. MHS is about simplicity, scale and speed in the delivery of Scotland's homes but it is also about fairness and providing the opportunity that a secure, warm and affordable home brings to individuals and families throughout Scotland. A plentiful supply of affordable homes is critical to addressing homelessness, ending child poverty and creating a Scotland of opportunity for all.

Stakeholders have highlighted the need for greater investment and for targeting toward the most acute housing need and areas of marginalisation. We agree this is essential, in particular to support our central aim of eradicating child poverty in Scotland. To maximise impact, MHS must stretch AHSP flexibilities, simplify funding routes, ensure the targeting of funding delivers for the people and the places in housing need, and streamline the process for acquiring new homes, optimising the benefits offered by multiyear funding commitments.

A new regional approach in which MHS is capable of aggregating schemes will be particularly beneficial in rural areas where smaller schemes can make a significant local impact but can face viability challenges. Equally, this novel aggregation approach will provide additional opportunities for SME housebuilders operating in rural Scotland.

## **Private Investment**

While the delivery of affordable homes and the AHSP remains the principal government intervention, we recognise it will be essential to grow the whole sector to reach the scale of delivery required in the coming years.

In the coming year we must continue to prioritise economic growth and increased investment in the whole housing sector, including through joint work with SNIB. Through our work with the Housing Investment Taskforce, it is clear the sector wants the new agency to help to drive economic investment and growth, support sustainable communities, and take a genuine whole system approach.

Partnership working between MHS and SNIB will deliver an increased role for public commercial capital in unlocking and accelerating cross-tenure development. SNIB, the Scottish Government and MHS will work closely together to examine strategic opportunities where blending sub-commercial, the Bank and private commercial capital can unlock developments. Examples of opportunities include the Cowlares regeneration project, Strategic Sites programme and West Edinburgh.

To begin enabling SNIB to progress additional investment in housing and maximise private investment, the Scottish Government will provide additional capitalisation of an initial £135 million for the Bank to take forward joint ventures with the public and private sectors, helping to deliver strategic sites and support for SMEs. It should be noted that the final position on allocations is subject to the outcome of the 2026 Scottish Elections.

We will also continue with investment approaches that are proven models for increasing delivery such as charitable bonds. To maximise opportunities for affordable housing delivery, the Scottish Government intends to make the scheme

more open in the future to enable a wider range of affordable housing providers to access this funding.

We will attract new entrants to deliver affordable housing in Scotland, including through Fund based approaches for mid-market rent, that can deliver at scale and speed, using subsidy efficiently. This, together with the resurgence of the Build to Rent sector in Scotland, will provide new routes for Scottish Local Government Pension Scheme (SLGPS) funds to invest in housing in Scotland. There is a strong platform for this, with the Scottish Government and Scottish National Investment Bank having engaged in extended dialogue with the SLGPS over the past year, and we will continue to work closely with the funds to support their vision to increase investment in Scotland, including housing. We will also work with SNIB and a range of financial institutions to ensure the operation of MHS attracts private investment into housing from a variety of sources.

We will use new government infrastructure such as Invest Scotland Portal to continue to highlight the investment opportunities within the Scottish housing sector.

## **Home Ownership**

For too many, the prospect of owning a home remains remote. This is why the First Minister has announced our intention, subject to the outcome of the 2026 Scottish Elections, to deliver a First Home Fund to support first time buyers with up to £10,000 towards a deposit to purchase a home. The scheme aims to support 10,000 first time buyers every year and will play a key role within the remit of the agency to support our all-tenure ambition as well contribute to affordable home ownership.

## **Rural and Island Communities**

Ensuring delivery in our rural and island communities remains a top priority. Communities in rural and island Scotland need more homes to serve social need and to unlock significant economic opportunity. In the coming year we will expand our work with local authorities, regional, rural and public and private partners to support the delivery of more homes in rural and island communities, this includes working with key investors, such as Scottish and Southern Electricity Networks, to support initiatives for worker housing and in the longer term the provision of affordable legacy housing. We will also further our work with both Highlands and Islands Enterprise and South of Scotland Enterprise to increase delivery across the sector. This will include promoting the development opportunities our rural and island communities offer, attracting investment including new and expanded businesses to the construction sector and supporting skills and supply chains, supporting momentum and focus and further building on our positive track record.

On 6 February 2026 the First Minister announced his intention for the Scottish Government to develop a Rural and Island Housing Grant Scheme, with an indicative budget of up to £20 million over four years. It is expected to provide support to first time buyers, families, rural returners and others to help them access affordable owner occupation in the rural and island communities of their choice. We will also work with rural and housing partners to develop the scheme - with a view to opening as quickly as possible this year - which will provide modest capital grants to help meet the cost of buying a home and supporting more properties to be used as permanent residencies; becoming a crucial part of the work of MHS.

## **Regional Approach and Modern Methods of Construction**

Facilitating regional cooperation to achieve scale and aggregation is a key priority for MHS. Stakeholders, including SMEs, continue to highlight cost pressures from inflation and supply chain challenges and see aggregation as a way to achieve economies of scale and more consistent delivery. Working with SMEs, MHS will help address supply chain issues and enhance collaboration.

We will build on research undertaken on behalf of the Scottish Government that identified potential cost benefits from larger minimum development sizes of around 40-50 units, especially if combined with standardised approaches and collaborative procurement. We will support use of Modern Methods of Construction through standardisation, optimising the growth potential and unused capacity of the housebuilding sector in Scotland.

Over the coming year, if elected, we will identify where wider adoption or mandating of standardised designs could deliver efficiencies, drawing on lessons from the Edinburgh Home Demonstrator (now the South East Regional Delivery Alliance – SE-RDA). We will also develop collaborative procurement to give greater certainty and support a more aggregated construction pipeline.

We are monitoring SE-RDA pilots, currently testing and adapting these approaches for use across sites in Edinburgh and South East Scotland Region at Greendykes and Burdiehouse, and the findings will inform any decisions by MHS to move into and support common approaches of this type. We will continue working with the SE-RDA and organisations such as BE-ST to develop and refine approaches to maximise best value for affordable housing delivery.

## **Land Assembly**

Making greater use of existing land assembly and preparation powers is another intended priority for MHS and 2026-27. Partners have stressed the value of a national agency taking a direct role in land assembly, infrastructure brokerage, decontamination and assembling shovel-ready sites.

We will test, in partnership with local authorities, the impact of providing funding to support housing-led regeneration through land remediation and repurposing buildings. This will include identification of innovative funding approaches to unlock infrastructure and land remediation barriers facing the Red Road (Glasgow) regeneration project – a mixed tenure site capable of delivering over 400 homes.

It is our intention that public land should, where appropriate, be considered for affordable housing development. Therefore, we will also work across government portfolios to identify suitable public sector owned land capable of being made available to support strategic housing delivery.

## **Planning**

2026-27 will also see us provide enhanced support on housing planning and development delivery. We will continue to improve our planning system and MHS will support that whilst avoiding added bureaucracy, procedure and complexity. There is a clear opportunity to complement statutory functions and bolster existing limited

professional planning resource. MHS will offer planning surge capacity to Local Authorities with the express purpose of expediting strategic planning applications. We will also approach standardisation with a view to accelerating planning determinations.

Since early 2025, we have worked collaboratively with industry and local authorities to remove barriers on stalled housing sites. This month also completes the first full year of the National Planning Hub. In 2025-26, the Hub has provided over £1 million of support in surge capacity with fifty projects across twenty planning authorities - alongside a cross-cutting programme by the Improvement Service. The agency will build on this to support delivery of necessary infrastructure and to broker solutions so proposals are acceptable and viable.

MHS will continue to prioritise boosting capacity within the planning system. We have also consulted on a comprehensive package of proposals to reform and modernise Scotland's compulsory purchase system. 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.

Delivering, testing, learning, refining - this is how we will finalise the MHS operating model and launch the agency in 2027-28, becoming fully functional in 2028-29.

## **Next steps**

I hope the foregoing material is useful to the Committee. While summarising some of what we have agreed will form part of MHS, it is by no means the end of development and we will continue to grow and refine the proposal.

As we approach the end of the current Parliamentary term, I take the opportunity to thank you and Committee Members for your diligent attention and consideration of these issues, which are of critical importance to Scotland's people.

Yours sincerely,

**Màiri McAllan**  
**Cabinet Secretary for Housing**