

# THE MISSING MACHINERY

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May 2026



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## How to Break the Land Market and Build the Homes Scotland Needs

*A policy paper on the structural causes of Scotland's housing emergency and four instruments to address them. A Technical Annex carries the legal framework analysis, worked figures, and governance detail; cross-references below are to that document.*

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### Executive Summary

As at 30 September 2025, 18,092 households, including 10,480 children, were in temporary accommodation, both record highs since the statistics series began in 2002.<sup>1</sup> The Scottish Housing Regulator's 2024/25 loan portfolio review records the RSL sector at a 13.9% interest-to-income ratio, down from a 15.1% peak in 2023/24 but still well above historical norm.<sup>2</sup> The Scottish Government's figure of 164,000 unbuilt consented homes is an undifferentiated aggregate: it includes lapsed consents, outline permissions with no Section 75 obligation yet attached, sites constrained by Scottish Water capacity, sites in public ownership, and sites held speculatively by private landowners. Any penalty calibrated against that aggregate will reach the wrong targets and miss the right ones.

The instruments proposed to date will not accelerate delivery because they leave the two structural causes intact: a land market that captures public planning value as speculative holding gain, and an RSL finance route at the edge of what the sector can carry. Four instruments address those causes, paired one-and-one.

**Proposal 1: Scottish Designated Residential Land Tax (DRLT).** An annual charge on LDP-allocated residential land that carries no residence, from the date of allocation. Rate starts nominal while infrastructure is being delivered; escalates once the infrastructure is in; ceiling constrained by A1P1 proportionality; statutory review by the Scottish Fiscal Commission before the escalator bites hardest. Modelled on Ireland's Residential Zoned Land Tax, live from February 2025. The success metric is homes built, not revenue raised. Rate schedule and revenue projection in Annex 3.

**Proposal 2: Statutory Pre-Emption Rights.** A right for local authorities and More Homes Scotland to purchase LDP-allocated land at existing use value plus a premium on disposal. Paired with a 24-month declaration window: existing holders either commit to a binding build-out schedule (preserving market-value rights) or accept prospective EUV-plus pre-emption. Designed within ECHR A1P1 proportionality requirements. Proposals 1 and 2 are a package; neither works without the other.

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<sup>1</sup>Scottish Government, Homelessness in Scotland: update to 30 September 2025. 18,092 households (10,480 children) in temporary accommodation, both record highs since the statistics series began in 2002.

<sup>2</sup>Scottish Housing Regulator, Annual Review of RSLs' Loan Portfolios 2025. £7.18bn total facilities; interest expenditure £247.3m (13.9% of gross rent income); 15.1% peak in 2023/24.

**Proposal 3: Scottish Housing First Foundation (SHFF).** A national non-profit institution to acquire housing at scale, house people immediately, and pass stock to RSLs as capacity builds. Drawing on Finland's Y-Foundation and adapted to Scotland's RSL and local authority structure. Year-one task: acquire long-term empty properties, refurbish, and let as permanent tenancies to households in temporary accommodation. Faster than new build. Capitalises to a £1 billion revolving fund over five years (Annex 4). Constituted under s.2(2)(o) of the Housing (Scotland) Act 1988; no Bill slot required.

**Proposal 4: Scottish Housing Finance Guarantee.** A government backstop on RSL and SHFF bond issuances, modelled on the Dutch Waarborgfonds Sociale Woningbouw. Operated by a Scottish Housing Guarantee Fund (SHGF) constituted as an RSL-owned mutual body; no Bill slot required. Proposals 1 and 2 will compress the property values against which RSL bank lending is collateralised; the Guarantee substitutes sovereign credit support, making land-market reform safely implementable. Contingent liability, not direct: the Dutch model's government backstop has never been reached in forty years of operation. Net government exposure on central-case loss rates is approximately zero (Annex 6).

A parallel Construction Workforce Plan is the precondition all four proposals share. Scotland needs 17,950 additional construction workers by 2029.<sup>3</sup>

Recommended legislative sequencing: one Housing Emergency (Structural Measures) Bill for Proposals 1 and 2. SHFF formed as a company under s.2(2)(o). The government backstop by executive action through the 2026/27 bond programme. The vacancy register (Proposal 8) and national land valuation survey (Proposal 9) are operational infrastructure. One Bill, two executive actions.

## Introduction

I developed this paper as a private individual. I am a social housing tenant with restricted mobility. My family, including two of our children, spent six months in temporary accommodation after long-term illness cost me my freelance income and our home. Scottish healthcare is free; a freelancer's mortgage is not. An RSL housed us and then moved us into long-term social housing. That is the system working. Most families waiting for the same outcome are still waiting.

The Scottish Parliament declared a national housing emergency on 15 May 2024. Mark Griffin moved the motion (S6M-13197); the vote passed 95-29. When it did, approximately 10,000 children were in temporary accommodation. The most recent data puts the figure at 10,480. Declaring the emergency did not resolve it. Every party contesting the 7 May 2026 election carried a housing target. The SNP's 110,000 figure was already in the motion that declared the emergency: the party declared an emergency against its own missed target. The target is 110,000 affordable homes by 2032, at least 70% of them for social rent. By December 2024, 24,400 had been delivered, with annual completions well below the 11,000 required to close

<sup>3</sup>CITB, Construction Workforce Outlook 2025-29: Scotland.

the gap.<sup>4</sup> What none of the manifestos contains is the structural machinery to change that trajectory.

One instrument did pass: the Housing (Scotland) Act 2025 introduced rent controls, capped at CPI+1% in designated areas. That instrument protects the affordability of existing tenancies. It does not create tenancies that do not yet exist. The 18,092 households in temporary accommodation are not priced out of the private rented sector; they are absent from it, on waiting lists, in B&Bs, in emergency hostels. The architecture in this paper is designed around the fair-balance requirement I read in Strasbourg's housing jurisprudence:<sup>5</sup> a rent-regulation regime that does not sit inside a policy framework permitting sustainable housing delivery is vulnerable to A1P1 challenge. The proposals are the supply instruments the rent controls need to be something more than a redistribution of scarcity. The two halves belong in the same programme.

## Part 1: The Diagnosis

### The 164,000 figure

The headline figure is 164,000 homes with planning permission unbuilt. The aggregate combines outline permissions with no detailed consent or S75 obligation yet attached; consents that have lapsed; sites under construction; sites paused for infrastructure constraints; sites where the developer has entered administration; sites in public sector ownership; and sites held speculatively. The Scottish Government's own consultation describes it as "a broad estimate which does not take into account or reflect the deliverability, constraints or programming of these sites."<sup>6</sup>

Each category has different implications for policy design. Lapsed consents cannot be built on as they stand. Outline consents have no S75 obligations attached. Sites in public ownership are a resource allocation problem the proposed fiscal penalties cannot reach. Scottish Water capacity constraints mean a site is physically unserviceable regardless of planning status. The subset genuinely accessible by the proposed instruments (privately held with detailed consent, S75 obligations attached, and infrastructure-ready) is unknown until the disaggregation recommended below is published.

The first recommendation of this paper is that the Scottish Government consolidate and publish site-level disaggregation from data already held across planning authority records, Homes for Scotland returns, and SHR submissions. Five fields per site turn an undifferentiated aggregate into a deployable enforcement target: local authority, consent date, infrastructure status, developer status, and years elapsed without commencement. The land-market instruments in Proposals 1 and 2 do not depend on this exercise; DRLT attaches from LDP allocation and pre-emption is exercisable on voluntary disposal or on S75 breach regardless. The disaggregation is what the proposed penalty instruments need before they can be designed with confidence.

<sup>4</sup>SPICe, Affordable Housing Supply Programme briefing (April 2025). Target: 110,000 affordable homes by 2032, at least 70% for social rent. 24,400 delivered by December 2024 (24% of target); requires approximately 11,000 per year to close the gap.

<sup>5</sup>Hutten-Czapska v Poland [2006] ECHR 628 (Grand Chamber).

<sup>6</sup>Scottish Government, *Consultation on Land for Housing* (2024).

## Market logic of under-delivery

The Scottish Land Commission's investigation into land banking (2020), using Glenigan planning permission data, found that on sites of 250 homes or more, only 12 per cent of permissions granted over three years had reached completion, compared with 30 per cent for smaller sites. Glasgow City Council's own housing land audit<sup>7</sup> programmes market housing at a maximum of 25 homes per site per year for large housebuilders; build-to-rent on the same sites achieves 220 per year. The difference is not a construction constraint. BTR developers monetise through rental yield and have no per-unit price to protect; volume housebuilders drip-feed to maintain sale prices on each phase. The same mechanism appears in English volume builders: margins of 17-32% correlated to planning-permission value uplift rather than construction output.<sup>8</sup> Large-scale allocations in Scottish case studies concentrate delivery among a reduced number of developers, limiting competition and the pace of supply.<sup>9</sup>

That behaviour compounds a structural holding dynamic. Bare residential land allocated in an LDP carries no meaningful annual cost. No dwelling means no Council Tax. Non-Domestic Rates do not apply to bare land without commercial buildings. Agricultural exemption persists until the owner chooses to act. Land value appreciation on LDP-allocated sites has historically exceeded the opportunity cost of capital held elsewhere. Hold, appreciate, sell when ready. DRLT breaks that logic by inserting a real annual cost from the moment the public planning decision created the speculative value.

Most major residential sites carry a specific obligation under S75 agreements to deliver at least 25% affordable housing under NPF4 Policy 16. Those obligations were accepted voluntarily by the developer at consent. Those agreements tie affordable delivery to percentage thresholds against market completions, not calendar dates; the national target has no transmission into individual consents. The housing emergency is partly a planning enforcement failure: the social and affordable housing that planning law already requires is not being delivered because no mechanism compels build-out. Proposals 1 and 2 are those instruments.

## Land ownership and planning gain

Andy Wightman's research documents that fewer than 500 private landowners own around half of Scotland's private rural land. The direct relevance to residential development land is narrower: volume housebuilders, not traditional estates, hold most permissioned sites. What travels across is the principle: planning gain is created by public decision and public investment, and the landowner's claim to the uplift is contingent, not natural. The 18,092 households in temporary accommodation are the present output of the structural arrangement this paper proposes to change.

Volume housebuilders' viability calculations assume rising residential land prices. RSL borrowing is priced against asset values that rise with planning designation. The AHSP grant pipeline depends on land entering the system at prices the public sector can absorb. The funding architecture of housing supply, public and private, is the land appreciation it gener-

<sup>7</sup>Glasgow City Council Housing Land Audit (2025), paragraph 5.8.

<sup>8</sup>Foye and Shepherd (2023).

<sup>9</sup>James and Tolson (2020).

ates. Proposals 1 and 2 compress that appreciation; Proposals 3 and 4 build the public-capture and finance-guarantee instruments that substitute for it. This is structural replacement of the funding mechanism, not incentive adjustment. Read the four proposals as incentive tweaks and they look radical or insufficient; read them as the substitute mechanism and the pairing logic follows directly.

The diagnostic in this part is convergent with a substantial body of Scottish housing scholarship, from the Land Reform Review Group (2014) through the Scottish Land Commission's 2021 *Land for Housing* review.<sup>10</sup> Part 3 specifies four instruments in the form a Bill team could legislate.

## Part 2: Comparator Models

Current policy draws on UK and Irish precedent. Both have housing crises. The more instructive comparators are jurisdictions that have demonstrably reduced theirs.

**Andy Burnham's Greater Manchester.** The closest operational precedent under UK fiscal rules. The Combined Authority's Housing Investment Loans Fund started at £300 million in 2015. By July 2024 the fund had committed £983 million from that £300 million revolving base (approximately £1.2 billion in cumulative loans approved), with zero defaults across 56 fully repaid loans and 10,974 homes delivered or contracted.<sup>11</sup> GMCA returned a £29 million surplus to its own books and £20.3 million to central government.

The independent evaluation measured the fund's primary value as delivery acceleration: without it, only 46% of the 7,100 units completed between 2017 and 2023 would have been completed by 2023.<sup>12</sup> The Housing First pilot, drawing on the same Finnish model that informs Proposal 3, housed 350 people at a 78% tenancy sustainment rate.<sup>13</sup> Rough sleeping fell 42% between 2017 and 2024 against the national trend (154 from a 2017 baseline of 268).<sup>14</sup>

Three constraints prevent Greater Manchester from building the full architecture. Right to Buy remains in force, and the statutory discount strips asset value from the council's balance sheet with every sale. A city-region Combined Authority cannot legislate the instruments this paper proposes. And the fund's lending concentrated: one developer group received over half the total book, a level of single-counterparty exposure that no commercial credit committee would approve. A subsidy challenge under the Subsidy Control Act 2022 followed; the Competition Appeal Tribunal dismissed it in 2025, but the concentration was the attack surface. Scotland revoked RTB in 2016, holds the legislative competence, and the SHFF architecture distributes lending across a regulated membership base with portfolio limits that prevent the same failure.

**Ireland.** The Residential Zoned Land Tax, live from February 2025, attaches to zoned and serviced residential land at 3% of market value. First-year data from Revenue Ireland calibrates

<sup>10</sup>Land Reform Review Group (2014); Tolson and Rintoul (2018); James and Tolson (2020); Scottish Land Commission (2021); Wightman (2011).

<sup>11</sup>GMCA (2024); GC Insight interim evaluation, January 2025.

<sup>12</sup>GC Insight interim evaluation, January 2025.

<sup>13</sup>GMHP, September 2023.

<sup>14</sup>GMCA, autumn 2024 single-night count.

the Scottish instrument proposed in Part 3, with open caveats about single-year data and implementation frictions (Annex 3).

**Netherlands.** Non-profit housing associations house approximately 30% of Dutch households with no direct government subsidy, self-financing through scale and long loan tenors (40 to 50 years). Dutch municipalities use pre-emption rights to purchase allocated housing land at existing use value. The OECD's 2025 Netherlands Economic Survey recommended extending this tool and noted that idle designated land should face more onerous land value taxes.

**Helsinki and Finland.** Helsinki owns 70% of the land inside its city boundary,<sup>15</sup> commissions around 6,000 new units per year, and requires 25% social housing in all new developments. Finland's homeless population fell roughly 80% between 1985 and 2023, from approximately 20,000 to 3,429.<sup>16</sup> The trend has since reversed: 3,806 in 2024, the first increase since 2012, driven by welfare and income-support cuts. The mechanism was not primarily new build: existing shelters were converted to permanent Housing First tenancies first; new supply was built behind that. The Y-Foundation holds over 19,000 apartments across 58 municipalities,<sup>17</sup> financed through state-guaranteed loans at preferential rates. The governance coalition matters as much as the operating model: founding partners included government, municipalities, the construction industry, the construction union, the Red Cross, and mental health organisations.

**Norway.** Husbanken has provided below-market loans to municipalities, cooperatives, and individual buyers since 1946 and has survived multiple changes of government and ideological direction. Conservative-led governments narrowed its mandate on crowding-out grounds; Labour-led governments widened it again. The institution persisted because the underlying architecture was sound. That durability across eight decades and opposing ideologies is the longevity test the Scottish Guarantee needs to pass.

**Spain.** The cautionary mirror. Pre-2008 Spain liberalised land regulation and offered unlimited credit; approximately five million new homes were built between 2000 and 2009,<sup>18</sup> largely the wrong stock in the wrong places. Planning liberalisation without land market discipline produces oversupply of the wrong stock. The full analysis is in Annex 10.

None of these is a clean success story. Greater Manchester's lending concentrated on a single developer group to a degree no credit committee would approve. Ireland's RZLT has been deferred, legally challenged, and scope-changed mid-cycle. Vestia's 2012 near-collapse tested the Dutch sector's mutual support architecture; the government backstop on WSW's loan guarantees was not reached (Annex 5). Helsinki's reduction required 70% municipal land ownership Scotland does not have. Husbanken has been periodically narrowed on crowding-out arguments. Each friction is addressed in the instrument design that follows. A wider comparator scan covering Vienna, France, Iberia, the Mietshäuser-Syndikat, Sweden, Germany, Homes England, and the Irish Land Development Agency is in Annex 10.

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<sup>15</sup>Housing2030.

<sup>16</sup>Varke (2024).

<sup>17</sup>Y-Säätiö (2025).

<sup>18</sup>INE (Spanish National Statistics Institute) construction data, as cited in Bardhan, Edelstein and Kroll (2011).

## Part 3: Proposals

### Proposal 1: Scottish Designated Residential Land Tax (DRLT)

Proposals 1 and 2 are a package. Neither works without the other.

The Irish RZLT trigger is correct: the tax attaches to land zoned for residential use and serviced, before any planning permission is sought. Planning permission can increase the value of agricultural land from around £16,500 per hectare in Scotland<sup>19</sup> to £750,000 to £1.9 million in comparable Northern English local authorities (no Scottish residential land value survey exists),<sup>20</sup> and above £5 million in high-pressure English areas.<sup>21</sup> Rumours of allocation are enough to start the speculative race; formal LDP allocation locks in the holding incentive. That is the moment the cost attaches.

I propose a Scottish Designated Residential Land Tax levied annually from the date of LDP allocation, not from the date of planning application. Application timing is the landowner's decision; a DRLT that attaches at application can be deferred indefinitely by never applying. The rate structure follows the design logic directly. In the early years, while infrastructure is being procured, the rate is nominal: the holder is on notice but the instrument does not penalise landowners for delays in statutory body delivery. Once the infrastructure window closes, the rate escalates. Build and the completed hectares exit the taxable base. Hold and the carrying cost makes continued speculation progressively irrational. DRLT is non-rebatable: there is no deferral during construction and no abatement on completion. The charge falls on undeveloped residential land for as long as it remains undeveloped. Rate schedule, revenue projections, and the rationale for the non-rebatable design are in Annex 3.

The rate base is per-hectare, not percentage of assessed annual value. An assessed-value base introduces a discretionary variable; discretionary variables in instruments affecting large financial positions get colonised. The S106 viability story is the warning: once the post-global financial crisis (GFC) playbook of inserting a cost and winning on methodology succeeded, it was adopted wholesale because the instrument design foreclosed nothing. Per-hectare removes the per-site assessment surface. Land area is recorded in the Land Register, verifiable from Ordnance Survey data. The rate applies to a geographic zone band benchmark, a coarse published proxy for land value per hectare that calibrates for regional variation without bespoke per-site assessment. A published benchmark to apply, no per-site valuation to dispute.

The escalator's structure is deliberate on three grounds. The nominal phase-in acknowledges that receiving institutions (SHFF, More Homes Scotland) are being built from a standing start. The rate step coinciding with the 24-month declaration window closure is the political signal that the regime has transitioned from notice to active pressure. The ceiling is an A1P1 proportionality constraint: an uncapped charge eventually crosses from control of use into effective confiscation. A landowner knows from year one precisely what they face in any future year, the legal certainty the instrument needs to withstand challenge. The legislation includes a statutory rate-review at year three by the Scottish Fiscal Commission against defined metrics

<sup>19</sup>Scottish Land Commission (2025).

<sup>20</sup>Crook (2018), using 1995-2001 VOA data for cross-border comparability.

<sup>21</sup>MHCLG (2023); MHCLG (2018); Foye and Shepherd (2023).

(delivery uplift, LA infrastructure designation rate, revenue trajectory), with Parliament voting on any adjustment from year four.

A developer challenging the exclusion on A1P1 grounds, arguing that a real cost cannot lawfully be excluded from a planning assessment, faces the proportionality architecture in Annex 1: the phased escalator, the infrastructure gateway, the SFC rate-review, and the ceiling are the fair-balance controls that make the exclusion Convention-compliant.

**Active agricultural use exemption.** Land in active agricultural production at the date of LDP allocation is exempt for the duration of that production. Liability attaches when the owner applies for planning permission, sells the land, or voluntarily takes it out of production. Eligibility verified against Rural Payments Scotland records, not self-certification. RPS registration alone is insufficient: the Bill should define active production by reference to the Basic Payment Scheme eligibility criteria, requiring land to be maintained in a condition suitable for grazing or cultivation and meeting Good Agricultural and Environmental Condition (GAEC) standards. A site carrying RPS registration but no productive activity above the BPS minimum threshold is not in active agricultural production for DRLT purposes. Without an intensity test, a landowner holding allocated residential land can preserve the exemption indefinitely by grazing a handful of livestock at negligible cost. Mechanics in Annex 2.

**Active economic use exemption.** Land in active non-residential economic use at the date of LDP allocation is exempt for the duration of that use. A joiner's workshop, a distribution warehouse, a functioning office: the DRLT targets speculative holding gain from a public planning decision, not the operating premises of a going concern. Liability attaches when the owner ceases the existing use, applies for residential planning permission, or sells. Eligibility verified against Non-Domestic Rates records held by the Scottish Assessors Association, not self-certification: if the site carries a live NDR valuation for an active hereditament, the exemption applies. Mechanics in Annex 2.

**Infrastructure viability gateway.** Where a local authority confirms a site is absent from a named statutory capital programme of Scottish Water, SSEN, Transport Scotland, or SEPA, DRLT liability is suspended until the infrastructure is programmed with a binding delivery date. The designation is made by the local authority on objective programme absence, not developer self-certification. The Bill should provide that where a local authority fails to determine a gateway application within 60 days, the application is treated as refused and the DRLT runs from the application date; passive non-determination should not shelter a site. The gateway converts the strongest objection to DRLT (that it punishes developers for infrastructure councils have not built) into a mechanism that forces councils to either own the gap or stop sheltering behind it.

Every DRLT-exposed holder will file a gateway application at commencement. The determination must not depend on 32 planning departments each conducting a fresh investigation under volume pressure. The Bill should require each statutory undertaker (Scottish Water, SSEN, Transport Scotland, SEPA) to publish and maintain a capital programme register of committed infrastructure delivery dates by site. Revenue Scotland, which administers DRLT, holds the register of liable sites and performs the primary gateway determination by matching each site against the published programmes. Where the registers show no committed infrastructure

delivery date, Revenue Scotland grants the suspension directly; no local authority application is required for the four-register check.

The local authority's role is limited to a supplementary determination on local infrastructure constraints outside the four statutory registers (road capacity, local drainage, site-specific conditions). Revenue Scotland cannot override a local authority's supplementary determination, and the local authority cannot override Revenue Scotland's register-based determination: the two operate on different questions. The 60-day deemed-refusal provision applies to the local authority's supplementary determination only. Design detail in Annex 3.

**Rural and island suspension.** A local authority may apply to Scottish Ministers to suspend DRLT on a specific site for a renewable two-year period where the site is in a rural or island area and no planning permission has been granted or applied for within the preceding five years. The suspension prevents DRLT from operating as a deadweight penalty on family-owned or small-scale landholdings in areas where the LDP allocation was aspirational and no developer, large or small, has sought to build. The proportionality case requires this: a behavioural instrument is disproportionate where the holder has no realistic path to the behaviour the charge is designed to produce. If the allocation has attracted no planning application in five years and the LA applies for a second or third suspension, the allocation was wrong. The remedy is de-allocation in the next LDP review, not a rolling suspension that lets a bad allocation persist while exempting the holder.

**Committed developer pathway.** A holder who lodges a binding delivery commitment with a defined build-out schedule preserves market-value rights on future disposal; the commitment determines pre-emption exposure, not DRLT treatment. DRLT applies at the same rate to all holders of undeveloped residential land regardless of commitment status. The per-hectare exit mechanism is the instrument's only relief: each completed hectare leaves the taxable base immediately. A developer who can evidence active pipeline progress is building, and completed hectares are exiting. A developer who cannot evidence any of that is not managing a pipeline; they are holding land and paying the full annual charge on every undeveloped hectare.

The binding delivery commitment is a transitional mechanism. It applies to land already in private hands during the 24-month declaration window. Once MHS holds the site, the enforcement architecture changes. MHS acquires at EUV plus, consults with the local authority and RSL delivery partners on tenure mix and local need, and tenders development parcels with S75 targets written into the procurement specification. Builders competing for the work accept the affordable housing percentage, the tenure split, and the build-out schedule as conditions of bidding. Non-delivery triggers termination and re-tender, not statutory penalty on land the developer still owns. The slow-build exploit that the transitional regime must constrain does not survive into the mature state because the developer never owns the land.

Within the transitional regime, the commitment must compel materially faster delivery than the status quo drip-feed of 25 homes per site per year. The specific build-rate parameter (minimum completions per hectare per year, or equivalent) is a Bill team specification, not a paper prescription. The parameter must be high enough that the commitment is distinguishable from managed delay, and low enough that a genuine builder facing supply-chain friction is not penalised for circumstances outside their control. Getting that calibration right is an implementation question the Bill team inherits.

The same foreclosure logic that drives the per-hectare rate base drives three S75 viability constraints: mandatory EUV land input, statutory independent assessment, DRLT excluded from viability calculations. Each closes a discretionary surface before it can be colonised. DRLT must be explicitly excluded by statute from development viability calculations for S75 purposes. The instrument that enforces S75 delivery cannot simultaneously become the argument that reduces S75 obligations. Statutory framework in Annex 1.

England is the control condition. The Community Infrastructure Levy, introduced in 2010, was designed to close the viability argument: a non-negotiable tariff not individually negotiated at consent. It failed on three counts: exemptions proliferated, implementation remained discretionary, and CIL ran alongside S106 rather than replacing it. Then the 2012 NPPF made viability an explicit material planning consideration, converting what had been abuse into a government-endorsed design feature. Scotland must not replicate that mistake. The exclusion must be written in before the first assessment is made.

The 500+ Irish deferral claims are a design warning. The same volume housebuilders operate in Scotland. Between 2012 and 2019 in England, Barratt, Persimmon, and Taylor Wimpey filed 183 planning appeals between them, with success rates of 59-71%; Barratt subsequently acquired Gladman Land, a firm whose business model is adversarial land promotion through the planning system, for £250 million.<sup>22</sup> Speculation by appeal is as systematic as speculation by holding. DRLT liability accrues regardless of any pending legal challenge: the principle is the same one that governs contested income tax assessments. Payment may be deferred during litigation, but the clock runs and the full liability is payable on resolution.

The Oireachtas enacted the RZLT in 2021 and deferred the first liability date twice. In 2024, before a single euro had been collected, the volume of residentially zoned land sold increased by almost 30% against 2023 while the median price per acre fell by 6%.<sup>23</sup> The anticipation alone moved the market. By September 2025, approximately 1,800 returns had been filed with liabilities of around EUR 40 million paid. Two caveats: one year of data from a neighbouring jurisdiction is indicative, not definitive. Ireland has also encountered material implementation friction, set out in Annex 3.

DRLT is a behavioural instrument, not a fiscal one. Receipts should be modelled as volatile and non-recurring, not written into baseline budgets. Tobacco excise duty is the textbook case of the trap to avoid: Treasury revenue from smokers runs directly against Scotland's tobacco-control objectives, and the body that should be reducing the harm acquires a quiet stake in the harm continuing. A government that writes DRLT into its baseline has bought itself an institutional interest in speculative land-banking persisting. Receipts go directly to growing MHS and SHFF's working capital: seed money for the machinery, not revenue for the baseline.

DRLT is an annual holding tax on allocated residential land, not a transaction tax analogous to LBTT. The Scottish Law Officers will need to advise whether it falls within existing devolved competence or requires a Section 80B Order in Council before primary legislation can follow. The Scotland Act 1998 (Specification of Devolved Tax) (Building Safety) Order 2024 is the direct procedural precedent. On either reading, primary legislation is required and should be in the first legislative programme.

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<sup>22</sup>Foye and Shepherd (2023).

<sup>23</sup>Revenue Ireland, September 2025.

## Proposal 2: Statutory Pre-Emption Rights

When LDP-allocated housing land reaches the market, it sells at hope value: the speculative premium from the allocation. I propose legislating a statutory pre-emption right for local authorities and More Homes Scotland to purchase any LDP-allocated housing land offered for sale at EUV plus, existing use value plus a statutory premium, the rate set by order of the Scottish Ministers within a ceiling specified in the Act and subject to a three-year Scottish Fiscal Commission review parallel to the DRLT rate cycle. The seller may decline. But if they decline, they cannot sell privately at hope value; the DRLT continues to run.

This is not an untested mechanism. The Town and Country Planning Acts 1947 nationalised development rights, removing hope value from CPO compensation and holding acquisition to existing use value. Local authorities and New Town Corporations delivered 1.8 million homes and twenty-one new towns between 1948 and 1959.<sup>24</sup> Parliament reversed the compensation regime in 1959 and 1961, and no comparable delivery rate has been sustained since. Scotland's share came to roughly 180,000 homes in eleven years. The current target is 110,000 affordable homes. What is missing is the legal instrument that held land acquisition to existing use value.

EUV as used in this paper requires a statutory definition in the Bill, not a cross-reference to the RICS Red Book.<sup>25</sup> The Red Book's "existing use value" assumes a willing seller and an open market for the current use; those assumptions are incompatible with a pre-emption regime that compresses the seller's alternatives by design. The Bill's definition should specify: the value of the land assuming continuation of its current lawful use, disregarding any value attributable to residential development potential conferred by LDP allocation, planning permission, or the expectation of either. Value that depends on development not yet carried out is development potential, not existing use. Valuation methodology, the interaction with the three-tier treatment in this paper, and dispute resolution are matters for the Bill team and parliamentary counsel.

Three structural options exist for transition. The maximalist (EUV from day one on existing holdings) is A1P1-incompatible and risks a market freeze. The minimalist (prospective application to new allocations only) leaves the existing consented stock untouched for decades. I recommend a declaration window with prospective pre-emption as the backstop. Within 24 months of commencement, each holder either lodges a binding delivery commitment (preserving market-value rights) or accepts that EUV-plus pre-emption attaches on any future disposal. Infrastructure-stalled holders who commit are not penalised for delays they do not control. Landowner agency is preserved throughout; only the speculative cohort is targeted.

For LDP allocations made after commencement, EUV pre-emption attaches from the date of allocation, with no declaration window. There is no expectation of speculative uplift to disappear because the legislation extinguishes it at the moment the allocation is made.

The standard freeze objection sounds like a warning about the reform. It describes the present. A landowner with LDP-allocated land and no delivery intention does not sell today. They hold. Post-reform, a holder has three choices: build, meeting S75 obligations and preserving market-

<sup>24</sup>MHCLG, Live Table 244: permanent dwellings completed by tenure, England, historical calendar year series (the table header states 'United Kingdom'; the data covers England only; UK completions in the same period exceeded 1.8 million). New Town Development Corporations designated 1946-1970; 21 designated by 1959.

<sup>25</sup>RICS (2024), *RICS Valuation - Global Standards*.

value rights; sell to MHS at EUV plus; or pay DRLT at the ceiling and hold, the worst option for any investor with access to alternatives. The fourth option (hold at zero cost while the crisis compounds) does not exist once the Acts commence. A land bank held by an owner who declined the declaration window carries an EUV-plus rider on disposal and an escalating annual tax on retention. The asset is worth its productive value and costs money to hold. That is the architecture working.

**S75 enforcement.** S75 obligations face two attack surfaces: viability challenge and non-delivery. Post-GFC, viability challenges to S106 contributions in England almost all succeeded.<sup>26</sup> The mechanism: land cost assumptions are pre-agreed between developer-funded consultants and the developer's parties, then presented at planning examination as settled fact.<sup>27</sup> Two statutory provisions close it: EUV as mandatory land cost input, and statutory independent assessment replacing the Circular 4/2025 discretion. Volume builders have standing counsel. Local authorities have overworked planning officers. Remove the discretionary input and that asymmetry matters less.

Non-delivery is addressed by pre-emption crystallisation. Where a site's social and affordable components are undelivered at the LDP target date, the pre-emption right crystallises on the whole site at EUV plus. Whole-site acquisition is what makes this credible: if pre-emption applied only to the S75 portions, a developer could let the obligations lapse while retaining hope-value uplift on the private portion. The mechanism is novel; no exact domestic or international precedent exists. Three hostile characterisations are foreseeable (forfeiture, penalty, coercion) and each is answered in the architecture. The full proportionality analysis, case-law treatment, and procedural safeguards are in Annex 1.

New consents carry calendar dates for the affordable component, derived from the AHSP programme requirement. Miss the date, pre-emption activates. This is not a retrospective imposition on existing rights: it is a condition accepted at consent, priced into the land purchase as Circular 4/2025 already requires. Existing consents without calendar dates are addressed by DRLT: the escalating holding cost makes indefinite delay irrational without requiring retrospective amendment of the obligation.

For the speculative cohort, the architecture makes CPO unnecessary. The developer who builds on time and meets S75 obligations never encounters the pre-emption machinery. The developer who banks land funds social housing by choosing to hold rather than build. The developer who misses the S75 deadline returns the site at EUV plus as the consequence of a commitment they accepted at planning consent. None of those outcomes require CPO.

For sites in active non-residential economic use, the position is different. The holder is exempt from DRLT and has no incentive to sell at EUV plus because the reform has compressed the windfall that previously motivated voluntary disposal. CPO becomes the residual mechanism, but the reform has made it affordable: with hope value compressed across the board, compensation at existing use value plus the statutory disturbance allowance reflects the productive use that was actually happening, not speculative potential the holder never sought. A council exercising CPO on such a site must have provided for relocation of the displaced use within the LDP.

<sup>26</sup>McAllister et al. (2014), cited in Foye and Shepherd (2023).

<sup>27</sup>Foye (2022).

Agricultural use is structurally distinct: the planning system cannot conjure new farmland, so the agricultural exemption from DRLT and pre-emption is absolute for the duration of active production. CPO at agricultural value remains available, and in a regime that has eliminated the speculative premium, CPO and tender become the likely primary route for converting allocated farmland to housing.

The three-tier treatment (speculative, active economic, agricultural) is the instrument's answer to the fact that LDP allocations land on sites in different states of use, and a single mechanism cannot justly reach all three.

This mechanism depends on information that does not currently exist in usable form. S75 agreements are held in council filing systems at varying levels of completeness, not aggregated nationally, and not monitored against delivery. A developer can miss a delivery deadline in confidence that no monitoring system will start the enforcement clock. A national S75 register held by MHS aggregates this data. The register does not require primary legislation: ministerial direction and a planning circular establish the reporting format, standardised deadlines as a mandatory condition, and annual delivery verification returns.

The Bill's pre-emption provisions reference the register as the evidence base for non-delivery and define the trigger for actionable breach. MHS needs statutory standing to act on identified breach without requiring the originating council to initiate; that standing is conferred in Part 2. Without the register, the crystallisation trigger exists in statute but fires in practice only when a council chooses to enforce. Register design and transitional provisions are in Annex 1.

A seller-side clawback provision addresses the gap between consultation launch and Royal Assent: consultation-launch trigger, 48-month lapse condition, clawback to MHS of the excess over EUV at date of disposal. Buyer title is undisturbed. Design in Annex 1.

A note on hope value at different stages. Hope value at LDP allocation reflects the market's expectation of eventual consent and is smaller than hope value at detailed consent, where the specific permission, S75 terms, and infrastructure position are known. The pre-emption instrument does not need to distinguish between them: it acquires at EUV plus regardless of planning stage, stripping whatever speculative premium exists at the point of disposal. The clawback likewise captures the excess over EUV at the date of disposal, not at a fixed reference point. Where the distinction matters is the MHS revenue model in Part 5: MHS acquires at EUV plus and disposes at a price reflecting the consent it has obtained or the serviced-plot value it has created. That margin is consent-stage hope value, not allocation-stage. The two figures are materially different, and the capital projections in Annex 4 use the consent-stage figure.

This design carries two distinct A1P1 analyses because it contains two distinct mechanisms. The general pre-emption right attaches from LDP allocation and is exercisable when the holder voluntarily disposes. No holder is dispossessed; the state acquires at EUV plus only when the holder chooses to sell. *James v UK (1986)* and *Lithgow v UK (1986)* held that transfer at less than full market value can be compatible with A1P1 where the public aim is sufficient and procedural protections exist; the architecture is designed around those holdings.

The S75-breach mechanism is different in kind. Where a site's affordable components are undelivered at the deadline, MHS can acquire the whole site at EUV plus without the holder having offered it for sale. This is not a voluntary disposal; it is closer to specific performance of a contractual obligation the holder accepted at planning consent. The developer agreed, in the S75, to deliver affordable housing by a date. The legislation codifies what happens when they do not. The A1P1 proportionality argument rests on consent-stage acceptance, not on the absence of deprivation: the holder knew the consequence at the point they accepted the obligation. The Scottish Land Commission's Land Value Capture paper examined German and Dutch acquisition models and found them compatible with ECHR principles.<sup>28</sup> Convention compliance analysis in Annex 1.

### **Proposal 3: Scottish Housing First Foundation (SHFF)**

Proposals 3 and 4 are a package, paired in the same way as Proposals 1 and 2. Neither works without the other.

Scotland's homelessness emergency and housing emergency share a single structural cause: insufficient permanent social tenancies. I propose establishing a Scottish Housing First Foundation: a non-profit social landlord with national remit, drawing on Finland's Y-Foundation and adapted to Scotland's RSL and local authority structure.

Three reasons the existing RSL sector cannot substitute. Scotland has 138 RSLs<sup>29</sup> operating locally with local registers and no statutory national remit, and the TA population is distributed across local authority boundaries. No existing RSL has statutory authority to acquire land at EUV plus through pre-emption. The 13.9% interest-to-income ratio demonstrates that the existing finance route is at the edge of what the sector can carry. SHFF is a structural addition, not a replacement. SHFF issues bonds guaranteed by the SHGF in Proposal 4, accessing capital markets at rates the existing RSL finance structure cannot reach. Stock transfers to RSL partners as their balance-sheet capacity develops under the Guarantee.

Year-one task: acquire long-term empty residential properties, refurbish to lettable standard, and let as permanent tenancies to households currently in temporary accommodation. From day one, SHFF draws on existing local authority council-tax empty-property data to begin voluntary acquisition negotiations; the national register built on cross-agency occupation signals is assembled behind that, not ahead of it. Scotland has over 44,000 privately owned homes empty for more than six months.<sup>30</sup> SHFF lists them by estimated value, identifies owners through Registers of Scotland, and makes voluntary acquisition offers at condition-reflective prices. Faster than new build, cheaper on a per-unit basis, and does not consume AHSP grant.

As households leave B&Bs and emergency placements, freed temporary accommodation stock with conversion potential can be acquired and enter the renovation pipeline. A permanent tenancy is a homelessness case discharged, not a placement managed indefinitely. The TA budget line shrinks. From year two, SHFF acts as RSL of last resort for the statutory affordable housing floor in Proposal 5, absorbing new social housing that RSLs cannot yet afford to take onto their balance sheets. Protocol detail in Annex 4.

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<sup>28</sup>Crook (2018).

<sup>29</sup>SHR, March 2025.

<sup>30</sup>Scottish Government, September 2025.

Capitalisation is additional to AHSP, not carved from it. The primary funding vehicle is guarantee-backed bond issuance under Proposal 4. DRLT receipts cover seed equity. This creates a sequencing dependency: the Guarantee must be in place before SHFF can access bond markets at the rates that make the numbers work. Capital envelope, confirmed versus contingent split, and year-by-year sequencing are in Annex 4.

SHFF must be constituted as a co-founding coalition: Scottish Government, COSLA, SFHA, and civil society organisations with operational homelessness and Housing First delivery capacity. The coalition's composition is a design decision for the Bill team; the architectural requirement is that legitimacy and durability come from the founding table, not from ministerial appointment. The founding articles should include an anti-privatisation device requiring unanimous founding-member consent for bulk stock transfer, reclassification of social housing to market tenure, or voluntary dissolution. The unanimity requirement is scoped to these structural decisions only; operational disposals (plot tendering to RSL delivery partners, construction tendering to developers under MHS procurement, individual unit sales under shared-equity programmes) are board decisions under standard governance. Without this scoping, a single founding member opposed to any form of disposal can block the operational activity the instrument exists to conduct.

The statutory anti-alienation provision in the Bill reinforces the articles: SHFF stock cannot be sold, transferred, or encumbered below replacement cost without founding-member consent and ministerial approval. SHFF should be constituted as a company limited by guarantee with charitable status. The COSLA governance design and dispute resolution architecture are in Annex 7.

SHFF is constituted under s.2(2)(o) of the Housing (Scotland) Act 1988, which empowers Scottish Ministers to form companies under the Companies Act 2006 for housing purposes. No Bill slot required. No statutory instrument required. The company can be registered within weeks of a ministerial decision.

#### **Proposal 4: Scottish Housing Finance Guarantee**

Scotland's RSLs can already access bond markets, but the terms are the problem. The SHR's March 2025 data records the sector paying £247.3 million in interest, 13.9% of rental income, on £7.18 billion of total loan facilities; only £1.57 billion of that is capital-market funding, across 26 bond agreements held by just 13 RSLs.<sup>31</sup> The 2024/25 ratio improvement is denominator-driven (income grew faster than interest fell) and does not resolve the structural constraint: 70% of the debt book is on fixed rates issued at 5%-plus during 2022-2024.

Proposals 1 and 2 are designed to compress the speculative residential land market. Over time, the resulting contraction reaches the bank-lending tranche of existing RSL finance, which is secured against property values the reform is designed to moderate. If the reform succeeds, that collateral position deteriorates sector-wide. The Guarantee is not an optional cost-of-capital improvement. It is the credit-support substitute the land-market reform requires to be safely implementable. Proposal 4 is the structural precondition for Proposals 1 and 2. "Committed"

<sup>31</sup>Scottish Housing Regulator, Annual Review of RSLs' Loan Portfolios 2025. £7.18bn total facilities; interest expenditure £247.3m (13.9% of gross rent income); 15.1% peak in 2023/24.

has a measurable meaning: initial issuances executed and market pricing confirmed within a defined spread of sovereign-backed comparators, demonstrating that RSLs are borrowing through the Guarantee at reduced rates. A company registered but not yet issuing does not meet that test.

I propose a Scottish Housing Finance Guarantee modelled on the Dutch WSW. The instrument is a government backstop on RSL and SHFF bond issuances, enabling portfolio borrowing at lower rates and aggregation for smaller RSLs. The body that operates it is a Scottish Housing Guarantee Fund (SHGF), constituted as a company limited by guarantee under the Companies Act 2006 with its member RSLs as the sole controlling interest. RSL members incorporate the SHGF; no ministerial power is required for the formation. The government's role is providing the backstop guarantee under s.2(2)(d) of the Housing (Scotland) Act 1988 and potentially seed capital through SNIB under s.6(2)(d) of the Scottish National Investment Bank Act 2020. All three acts are in force; no new legislation is needed to create the SHGF or attach the backstop.

Two institutional separations are load-bearing. First, from government: the SHGF owned by its RSL members and not controlled by Scottish Ministers can be classified as private sector by ONS, keeping the guarantee book off the Scottish Government's balance sheet until the backstop is called. A government subsidiary or SNIB subsidiary cannot achieve that classification; the guarantee becomes drawn public debt from day one regardless of whether it crystallises. Second, from SHFF: SHFF is the SHGF's largest single borrower. A body that underwrites its own debt cannot credibly monitor its own covenant compliance. WSW works because it does not own housing. The guarantor and the guaranteed must be separate legal persons with separate boards, separate balance sheets, and opposing interests on issuance discipline.

The SHGF operates a four-layer buffer replicating WSW's structure. Layer 1: individual RSL capital adequacy, monitored by SHR. Layer 2: mutual risk pool funded by member contributions proportionate to guaranteed borrowing. Layer 3: the SHGF's own risk capital, built from guarantee fees charged on each issuance. Layer 4: Scottish Government backstop at 80% of principal on eligible RSL bond issuances, contractual and interest-free, callable only when layers 1 through 3 are exhausted. WSW guarantees EUR 94.9 billion in housing association loans across 264 member associations.<sup>32</sup> The government backstop has never been reached; the fund's first-ever guarantee claims came in 2018, thirty-five years after establishment, and were absorbed within WSW's own risk capital and the sector's committed capital pool.

The SHGF applies a higher first-loss threshold at layers 2 and 3 to compensate for lower portfolio diversification. Architecture in Annex 5; contingent liability in Annex 6.

Three moral hazard controls: total guaranteed issuance capped at three times the SHGF's net asset value; RSL eligibility restricted to SHR Compliant status; the SHGF holds first-loss at layers 2 and 3 before the government backstop is callable. The leverage cap binds the SHGF's capital adequacy to the guarantee book it underwrites.

The risk profile benefits from two structural advantages absent in England. Scotland revoked Right to Buy in 2016; the social housing asset base does not leak. The SHR regulatory regime produces covenant compliance rates and default exposure that make Scottish RSL lending among the lowest-risk asset classes in UK public finance. Greater Manchester's Housing In-

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<sup>32</sup>WSW, Annual Report 2024.

vestment Loans Fund committed £983 million across nine years with zero defaults, operating without a guarantee and within a jurisdiction where RTB still erodes the collateral. That is the performance floor, not the ceiling.

The guarantee architecture also locks the RTB revocation in place: once housing stock is collateral backing guaranteed bonds, discounted sale is a covenant breach. The mechanism is set out in Annex 5.

Seed capitalisation draws on two existing statutory powers: SNIB under s.6(2)(d) of the Scottish National Investment Bank Act 2020, or Scottish Ministers under s.2(2)(d) of the Housing (Scotland) Act 1988. The seed is scaffolding: as member contributions build, the SHGF's own capital base replaces the public seed and the SNIB or ministerial exposure rolls off.<sup>33</sup>

**Membership density risk.** The mutual architecture depends on near-universal RSL participation. The obligo layer (each member's contingent liability for the pool) works at scale because losses are distributed across the sector. If the largest RSLs decline to join because their individual credit ratings already secure competitive bank terms, the first-loss buffer is thinner and the government backstop layer is reached sooner. WSW has 264 members (97% of Dutch housing associations) because participation works for the associations, not because the Dutch government mandated it. Scotland's equivalent incentive is the RTB lock: guaranteed bond covenants make RTB reintroduction at statutory discount a covenant breach. Every RSL board that remembers what RTB did to the stock has a reason to join that goes beyond the interest rate. The design risk remains: if membership density falls short, the SHGF's loss-absorption capacity is weaker and the fiscal exposure on layer 4 is higher than the central case projects.

The package logic: SHFF and RSLs cannot reach rate-reduced bond capital without the Guarantee. The Guarantee cannot operate the layered architecture without a capitalised SHGF holding first-loss. Guarantee-first sequencing carries three structural reasons: absorbing the credit stress from land-value compression; unlocking SHFF's and RSLs' bond market access; and reducing MHS's carry rate on assembled land, which flows through to affordable tenure on the output. Without near-sovereign carry rates, MHS assembles land cheaply and prices it expensively, which defeats part of the architecture's purpose. All three reasons point at the same instruction: the Guarantee has to be committed and operational before the land-market reform begins to bite.

### Proposals 5 to 9 (briefly)

**Proposal 5: Statutory 25% affordable housing floor.** Replace negotiated S75 agreements on sites above 20 homes with a statutory floor, not dischargeable by commuted sum. At least 15% social rent as defined by the Housing (Scotland) Act 2010; remaining affordable tenure mix set by local HNDA. The 18,092 households in TA are waiting for social rent, not shared equity. Deliverable only if the finance machinery in Proposals 3 and 4 is operational. If no RSL is identified to deliver the affordable component within 12 months of consent, SHFF steps in as RSL of last resort.

<sup>33</sup> Audit Scotland, *Scottish National Investment Bank* (May 2025). UK Treasury rules prevent SNIB from retaining investment returns across financial year ends; single-year capital allocations from the Scottish Government create ongoing pressure on the Bank's position.

The 25% floor binds on sites passing through private hands. On sites MHS tenders, tenure mix is a procurement specification set at tendering rather than a planning obligation negotiated at consent; as MHS's share of the pipeline grows, the floor remains on the statute book but the viability negotiation that currently erodes affordable delivery has progressively less territory to operate in.

**Proposal 6: More Homes Scotland as active land agency.** The First Minister announced on 22 January 2026 that a new national housing agency would be established, operational April 2027. Proposals 1, 2, and 6 of this paper are the legislative architecture for that body. EUV via Proposal 2 is the basis on which the Cabinet Secretary for Housing's stated objective of acquiring land "at peppercorn value"<sup>34</sup> becomes operationally possible at scale; without it, the commitment is aspiration without mechanism. MHS will be the most important near-term user of the national land valuation survey proposed in Proposal 9; the survey should be operational before MHS begins pricing acquisitions.

**Proposal 7: Statutory recognition of Collective Housing Development Groups.** A statutory planning pathway for collective self-build using the Baugruppen model, with the Mietshäuser-Syndikat anti-privatisation device built into the framework (Annex 10).

**Proposal 8: Scottish Vacant Residential Properties Register.** A national register of long-term vacant residential properties, built on occupation signals the Scottish Government already holds (council tax, Scottish Water, Registers of Scotland, etc.). The analytical approach inverts the obvious direction: properties appearing in none of the occupation signal datasets above a threshold period are the residual. No personal data crosses system boundaries. The register's primary function is operational: it identifies the acquisition pool for SHFF's year-one pipeline.

Approximately 44,000 properties are long-term empty; the policy-relevant subset (structurally sound, in housing pressure zones, held vacant for financial rather than operational reasons) is materially smaller, but still larger than any single year's acquisition capacity. The register is operational infrastructure stood up by SHFF and More Homes Scotland once constituted; it does not require primary legislation.

The choice of a register rather than a Vacant Homes Tax reflects Ireland's first-year experience. Ireland's VHT received approximately 5,000 declarations of vacancy and about 3,000 liable returns in its first chargeable period (November 2022 to October 2023), against the 2022 Census's 163,433 vacant dwellings.<sup>35</sup> Self-declaration does not work when every financial incentive runs against declaring. A register built on existing occupation signals identifies the acquisition pool directly, without asking holders to volunteer the information.

The analytical work is days. The bottleneck is data-sharing governance: purpose limitation assessments under UK GDPR for each source controller take 6 to 12 months on standard timescales, 3 to 4 months on expedited ministerial direction. That timeline is what separates a vacancy instrument from a surveillance instrument, and it determines whether the register supports SHFF's year-one acquisition programme or arrives in year three. The load-bearing question for the housing portfolio is whether the data-sharing work has been commissioned and, if so, on what timescale.

<sup>34</sup>Inside Housing, February 2026.

<sup>35</sup>Revenue Commissioners; CSO Ireland, *Census of Population 2022*, Profile 2 (final figures, July 2023).

**Proposal 9: National Land Valuation Survey.** Scotland has no national land valuation survey. The SLC publishes agricultural and rural land prices annually; no equivalent exists for residential, commercial, brownfield, or any other non-agricultural use class. Every land-based fiscal instrument in this paper requires a current, disaggregated picture of what land is worth across use classes and local authority areas.

The institutional capacity half-exists. Scottish Assessors already value every non-domestic property in Scotland for business rates, on a rolling revaluation cycle, with local market knowledge and comparable-evidence methodology. What they produce is a composite rental value: land and improvements together. What they are not asked to produce is the land component separated from the building. For residential property, they have no current mandate at all; council tax runs on 1991 capital values. Extending the Assessors' mandate to separate land values from their existing non-domestic work and to cover residential land would produce the survey from within an institution that already does most of the underlying analysis.

Where distributional consequences require phasing, transitional relief (capping annual increases at 5% of the prior-year liability until the new valuation is reached) is the standard mechanism; every business rates revaluation already works this way.

MHS will be the most important user in the short term, but the survey serves every land-based fiscal instrument: DRLT rate-setting, pre-emption valuations, and any future reform of local taxation. A state that does not know what its land is worth cannot price public acquisition of it. The survey is operational infrastructure for the instruments in this paper. Its wider uses are a matter for Parliament.

Producing the survey is only half the task; publishing it openly is the other half. Scotland already has a national land-data spine. The Improvement Service's Spatial Hub amalgamates local authority records on land ownership, vacant and derelict land, development plan allocations, employment land, and housing land supply into consolidated national layers under the Open Government Licence. The richer attribution on these key datasets is gated all the same: it reaches public-sector bodies free, and universities free through EDINA's academic service, but a private company, a third sector body, or an individual member of the public has to go through a commercial reseller.<sup>36</sup> Public money collects the data, an open licence governs it, and the public reaches it only through a middleman. A valuation survey behind the same gate fails the public-interest test that justifies building it. The mandate that creates the survey must require open publication by local authority area, free at the point of access and without an intermediary.

## Part 4: What Not to Do

**Permission revocation without compensation.** The architecture avoids this route because I read it as legally fragile under A1P1, likely to face immediate challenge, and destructive of the investment confidence long-timeline brownfield sites depend on. The threat is not credible. No government will actually revoke 164,000 consented units and absorb the consequences.

<sup>36</sup>Improvement Service, Spatial Hub access policy and FAQ (2026). The richer attribution on key datasets is free to PSGA public-sector bodies and, via EDINA DigiMap, to academic institutions; commercial, third sector, and general-public users must obtain it through a commercial partner. [data.spatialhub.scot/faq](https://data.spatialhub.scot/faq).

An unenforceable penalty has negative threat value: it signals regulatory volatility without producing behavioural change.

**Mandatory reporting without defined enforcement triggers** is documentation, not policy. Specify what action the data is supposed to trigger before specifying how to collect it.

**LBTT supplements on build-out pace** are too narrow, easily managed by phasing manipulation, and penalise SMEs disproportionately. **Planning reform or NPF4 revision as an alternative** is deflection. DRLT and statutory pre-emption correct the land price signal whether NPF4 stays, goes, or is revised. LDP allocation creates at least a tenfold value uplift (English figures suggest fifty to over three hundred-fold)<sup>37</sup> and no holding cost regardless of the planning framework around it. Planning reform and structural land market reform address different problems.

## Part 5: Fiscal Framework Reality

On my reading, DRLT does not require Fiscal Framework renegotiation. The competence route (existing devolved powers, or a Section 80B Order in Council followed by primary legislation) is a question for the Scottish Law Officers. DRLT must be structured as a national tax. On the local route, revenues default to local authority expenditure, requiring pooling legislation to reach SHFF. Local administration produces fragmented implementation, with individual authorities free to set different rates or decline to implement. And DRLT's per-site determinations are each individually challengeable, placing it in LBTT's category, not Council Tax's. LBTT is administered nationally by Revenue Scotland because its application criteria cannot safely be left to local interpretation. Cash-constrained council planning departments cannot sustain multi-year tax appeals against national housebuilders' legal factories. Local administration of DRLT does not just risk inconsistency; it produces structural under-enforcement against the largest landbankers. Council Tax survives as a local tax because there is nothing in it to challenge: a blunt band rate, valuations frozen since 1991, too few bands.

The revenue profile is rise-then-fall, not decline from day one. The DRLT motivates accelerated disposals in early years (Irish RZLT was enacted in 2021 and deferred twice; land sales rose almost 30% in 2024, before the first charge date).<sup>38</sup> SHFF capitalisation draws from that early peak. Declining receipts in later years confirm land is entering development. The distinguishing metric is hectares exiting the taxable base through completion (success) versus hectares exiting through exemption claims, de-allocation, or valuation disputes (erosion). The SFC rate-review at year four reports both figures to Parliament.

The Housing Finance Guarantee interacts with HM Treasury classification rules. The RSL-owned mutual structure in Proposal 4 is the design response: the SHGF owned by its private-sector RSL members, not by Scottish Ministers, maintains private-sector ONS classification, keeping the guarantee book off the public balance sheet as long as the government backstop is not called. The Scottish Government's exposure is a contingent liability, not drawn debt.

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<sup>37</sup>MHCLG (2023); MHCLG (2018).

<sup>38</sup>Revenue Ireland, September 2025.

Two residual risks remain. ONS could judge the government backstop as constituting effective control, reclassifying the SHGF as public sector; and Treasury could score even a properly classified contingent liability against Scotland's capital borrowing cap (£450 million baseline, rising with inflation).<sup>39</sup> If either occurs, the Guarantee book and SHFF capitalisation compete for the same cap headroom. The architecture is slower, not broken. The Treasury negotiation is about ambition and pace, not viability.

The SHFF capitalisation envelope sits at the edge of Scotland's current borrowing envelope if funded through direct state lending. Two mitigations: the revolving-fund mechanic reduces net drawdown as the fund matures; and the Guarantee architecture can extend to SHFF's own borrowing, transferring capacity to private bond markets. The capital path is sequenced, not single-source: year one draws on direct state lending and DRLT seed receipts; year two adds bond market access; years three to five rely increasingly on bond markets, rising DRLT receipts, and revolving rental income.

The credit-performance basis for that assumption has a UK operational precedent. Greater Manchester's Housing Investment Loans Fund deployed a £300 million government loan into housing lending, committing £983 million across recycled tranches with zero defaults,<sup>40</sup> operating without a guarantee and within a Right to Buy regime that weakens the collateral base. SHFF's recycling mechanism is different (acquisition and rental income, not loan repayment), but the underlying proposition is the same: public capital deployed into housing at devolved-government scale recovers in full. Scotland adds the Guarantee and revoked RTB in 2016.

From confirmed sources alone, year one runs at a fraction of the full-envelope rate. The Treasury negotiation determines how fast SHFF scales, not whether it works.

There is a question this paper has approached but not resolved. The architecture is self-financing in steady state because MHS is the treasury function for the entire programme. MHS acquires at EUV plus under Proposal 2, services the land, and disposes plots at prices reflecting the planning consent. The margin between those two values is the hope value captured publicly rather than privately. That margin capitalises SHGF's first-loss tranche, funds SHFF's acquisition pipeline, and replaces DRLT bridge receipts as the disposal programme matures. The transfer mechanism is statutory hypothecation of MHS disposal receipts: the Bill directs net disposal proceeds (after infrastructure and administration costs) to SHGF and SHFF in proportions set by ministerial order, analogous to the NDR pooling mechanism that distributes non-domestic rates revenue. The revenue that currently leaves Scotland as volume housebuilder shareholder return stays in the system and builds the next tranche of homes.

The capital requirement during operational ramp-up is real and substantial. The funding triangulation (DRLT receipts, direct state lending, contingent borrowing subject to HM Treasury classification) does not credibly source the full envelope across the ramp-up window. This is the test of whether 18,092 households and 10,480 children are treated as an emergency or as an embarrassing statistic. The funding requires either material Treasury concession, redirection of existing devolved spending (politically constrained), or bridge use of devolved tax-

<sup>39</sup> Agreement between the Scottish Government and the United Kingdom Government on the Scottish Government's Fiscal Framework (revised 2023). Baseline annual capital borrowing limit: £450 million, indexed to nominal GDP.

<sup>40</sup> GC Insight interim evaluation, January 2025.

varying powers Scotland already holds, sunsetted once the architecture is self-financing. Vienna's Wohnbauförderungsbeitrag is the architectural precedent for dedicated, hypothecated housing funding at scale (Annex 10).

The design principle for any bridge fiscal commitment is that it is bridge funding, not permanent. Sunset is the design device that distinguishes emergency response from permanent fiscal expansion. Illustrative parameters: DRLT revenue hypothecated to SHFF capitalisation sunsets at year five, or when SHFF's net asset value reaches £500 million, whichever is earlier. Specification of trigger thresholds is a Bill team matter; the architectural commitment is that the bridge is bounded, the architecture is permanent, and the sunset device is the political honesty that distinguishes the two.

The diagnostic case has been made repeatedly: by the Land Reform Review Group in 2014, by the Scottish Land Commission across multiple papers since 2018, and by the academic work cited in Part 1. What has not been written is the legislative specification at the level of detail a Bill team needs. Each instrument considered alone looks unilaterally radical: a land tax without pre-emption is a holding-cost penalty without a disposal route; pre-emption without a tax is asset-value compression without behavioural pressure; a national social landlord without a finance guarantee is an unfunded ambition. The pairing is what makes each instrument defensible rather than radical.

The structural diagnosis in Part 1 is not particular to Scotland. The same constraints operate across the UK. A Scottish first-mover position presents Treasury with a choice that is more useful than it might first appear. The Scottish model, if implemented, becomes a working precedent that can be adapted for England. Fiscal Framework negotiations will go better if both sides frame them in those terms.

The underlying constraint, which neither this paper nor the consultation can resolve, is that the Westminster public accounting framework draws no useful distinction between long-tenor housing investment and short-tenor capital expenditure. A social housing portfolio repays the borrowing from operating receipts; a school building and a road do not. Reform of that treatment, separating self-financing housing investment from general capital expenditure for cap and forecast purposes, would convert the machinery in this paper into a serious capital programme. Until that reform happens, the machinery is the precondition rather than the programme.

## Part 6: Fiscal Risk and Implementation Considerations

**Correlated risk.** The architecture's central fiscal risk is not that individual instruments fail in isolation. It is that land-market reform and finance-side instruments produce stress on the same underlying asset class simultaneously. DRLT and pre-emption compress the speculative premium. The bank-lending tranche of the RSL sector's £7.18 billion book is implicitly collateralised against continued asset-value growth. A compression in that growth could weaken the implicit collateral position before the Guarantee is fully operational as its substitute. The Guarantee-first sequencing instruction is the design response. The modelling required before Royal Assent: what rate of land-value compression over what timeframe, against what loan-

to-value distribution across the RSL book, would produce covenant stress requiring Guarantee intervention at what scale?

**Transition risk.** A window exists between the instruments commencing and the institutions being fully capitalised. Holding-cost pressure on the declined cohort is real and rising, but institutional capacity to absorb voluntary disposals at EUV plus may not be sufficient to handle volume. Phased rate escalation, the 24-month declaration window, and the infrastructure gateway are designed to calibrate this. The modelling required: at what disposal volume does MHS's capital programme become the binding constraint?

**Planning-uplift allocation.** MHS captures the hope-value margin on every site it acquires at EUV plus and disposes at consent value. Local authorities allocated those sites in the LDP, processed the consents, and under this architecture receive no direct share of the uplift. That creates a rational incentive to under-allocate residential land in future LDP rounds or to steer allocations toward sites where private developers retain the margin. During ramp-up, the margin must capitalise MHS, SHFF, SHGF, and the RSL mutual body; any LA revenue-sharing formula draws from residual margin only. The design of that formula is a Bill team question, but the skew should be named before it becomes a political obstacle to LDP cooperation.

The transitional regime is where the ECHR exposure concentrates. In the mature state, MHS owns the land and tenders on its own terms; that is standard public procurement, and the A1P1 surface narrows to EUV acquisition alone. During transition, a non-rebatable escalating tax, a deemed delivery deadline the holder never individually agreed to, and whole-site pre-emption at EUV plus operate simultaneously on the same parcel. Each is defensible individually. A well-resourced claimant will argue the cumulative effect: de facto expropriation dressed as regulatory compliance. No single precedent covers the combined architecture, because no jurisdiction has built this combination before.

The likeliest attack is an application for interim relief before the DRLT escalator bites. The argument is textbook: irreparable harm from an escalating tax liability accruing during litigation with no abatement; balance of convenience where the developer offers an undertaking to commence within a defined period; serious question to be tried on a novel combined architecture with no directly analogous authority. If interim relief suspends the DRLT clock, the declaration window becomes meaningless because no holder has to choose while the case is live.

The DRLT-payable-during-litigation provision is the structural defence: liability accrues, the clock runs, payment is deferred but owed on resolution. That is the income-tax principle applied to a property tax, and no directly analogous statutory provision has been tested in Scottish courts. It must survive judicial scrutiny for the transitional regime to function. The transitional regime does not need to survive indefinitely. It needs to survive long enough to transfer the exploit-surface land into MHS procurement, where enforcement is contractual and the Convention exposure is structurally narrower.

**Safeguards in the architecture.** Guarantee-first sequencing. The year-three SFC rate review. The leverage cap on the SHGF. The sunset clause on bridge fiscal commitments. The DRLT non-suspension rule. These are necessary but not sufficient; effectiveness depends on parameter calibration the three commissions below are designed to test.

**Required modelling.** Three commissions before the first Bill passes: independent actuarial modelling of the Guarantee's contingent liability under central and stress-case scenarios; an RSL balance sheet stress test under land-value compression scenarios; and an MHS capital adequacy assessment mapping disposal volumes against acquisition capacity. All three are necessary for the PSND scoring, Barnett consequence, and legal competence analysis the Bill requires.

## Part 7: The Construction Workforce Gap

None of the above delivers homes if Scotland cannot physically build them. This paper does not contain a construction workforce strategy. It contains a housing delivery architecture whose success is contingent on one.

The sector is not shrinking. Scottish construction employment grew 1.8% in 2024, output by 4.0%.<sup>41</sup> The constraint is structural under-capacity against the scale of delivery the four proposals demand. The share of workers over 60 rose from 8% to 16.2% between 2021 and 2024.<sup>42</sup> CITB's Construction Workforce Outlook 2025-29 estimates 17,950 additional workers needed over five years (3,590 per year), down from 5,220 per year in the previous forecast cycle. The revised figure reflects a methodological change and a lower baseline, not a solved problem: 2024 workforce growth of 1.8% on a base of 207,100 added approximately 3,700 workers, close to the annual requirement. But that 1.8% was unusually strong (driven by non-housing repair and maintenance, not new housing), and CITB forecasts average annual growth of 0.7% through 2029. At 0.7%, the sector adds roughly 1,450 workers per year against a requirement of 3,590. The gap does not close at trend growth rates.

71% of engineering construction employers report difficulty hiring.<sup>43</sup> Construction cost inflation compounds the problem: material and labour costs rose sharply from 2021 and have not returned to pre-pandemic levels. Any delivery programme modelling static construction costs will underestimate capital requirements within two years.

Existing mechanisms address parts of the gap. Construction is the largest occupational grouping for Modern Apprenticeship starts in Scotland: 25.6% of all MA starts in 2024-25, approximately 6,500 places per year.<sup>44</sup> The CITB levy funds employer-led training. The Scottish Procurement Alliance's NH3 framework supports Modern Methods of Construction across public-sector housing. These are components of a workforce pipeline, not a workforce strategy. None of them is calibrated to the delivery volumes the four proposals are designed to produce, and none addresses the retirement cliff the over-60 share represents.

What this paper's architecture contributes is the demand signal the training pipeline currently lacks. Volume housebuilders programme 25 homes per site per year<sup>45</sup> and cannot offer multi-year procurement visibility to the supply chain. SHFF at operational scale offers exactly that: predictable, sustained, multi-year procurement at volumes no single anchor client currently provides in Scotland. Greater Manchester's Housing Investment Loans Fund demonstrated

<sup>41</sup>CITB, Construction Workforce Outlook 2025-29: Scotland.

<sup>42</sup>CITB, Construction Skills Network.

<sup>43</sup>ECITB, *Workforce Census 2024* (January 2025).

<sup>44</sup>Skills Development Scotland, 2024-25.

<sup>45</sup>Glasgow City Council Housing Land Audit (2025).

the effect at city-region scale: the 24-person delivery team was funded from the fund's own surplus,<sup>46</sup> and supply chain firms invested in capacity because the pipeline was visible and committed. SHFF procurement clauses requiring minimum apprenticeship shares in trades positions (Annex 8) convert that demand signal into training places, but the clauses work only if the FE sector has the capacity to absorb them.

The incoming government should commission a parallel Construction Workforce Plan covering three areas this paper identifies but does not design: FE capacity expansion for construction trades, calibrated to the delivery volumes in the four proposals; MMC adoption incentives that reduce the labour intensity per unit (the NH3 framework exists, the financial incentive to use it at scale does not); and a construction-specific migration route for skilled trades during the ramp-up period, sunsetting as the domestic pipeline matures. The workforce plan can begin before the first housing Bill, and it should, because SHFF procurement at scale without the workforce to fulfil it produces cost inflation, not homes.

## Part 8: Distributional Effects

**Who loses.** Speculative landowners holding LDP-allocated stock for hope-value uplift lose the largest share of their expected return. This is intentional; the speculative premium is the policy target. The rational response to DRLT and pre-emption depends on the holder's capacity to build. Holders without development capacity face a disposal at existing use value plus a premium; holders with it face a business model change. Both outcomes produce homes.

Volume housebuilders lose the land-assembly profit model. Research on the big three found gross margins of 17-32% through 2014-2021, sustained not by construction efficiency but by capturing planning-permission uplift: average plot costs fell from around 21% of sales price in 2011 to under 15% by 2020.<sup>47</sup> DRLT tracks inactivity, not the calendar: developers who build at pace and meet S75 obligations face no escalation, gain planning certainty, and access serviced plots through MHS at reduced cost. Non-adapters pay for banking publicly obligated land and cede market share to those who don't.

Existing homeowners in areas where new supply is delivered may see slower price growth. The effect is modest in aggregate. For homeowners who are also parents, the trade runs the other way: the housing their children will need becomes less expensive. The distributional question is whether a price trajectory sustained by restricting supply of a basic necessity is a defensible baseline.

**Who wins.** SME housebuilders gain access to a land market currently structured around holding rather than building. RSL tenants and the waiting list gain a faster route to permanent tenancy and lower borrowing costs. The construction workforce gains anchored demand and apprenticeship clauses. The 18,092 households in TA move faster into permanent housing. The 110,000 target contains the 77,000 social homes where they and those who follow them will live. Public health, social care, and criminal justice costs fall on the pattern documented in Finnish data (Annex 4).

<sup>46</sup>GC Insight interim evaluation, January 2025.

<sup>47</sup>Foye and Shepherd (2023).

The losers' position rests on a market structure that produces 18,092 households in temporary accommodation and 10,480 children in unsuitable housing. The status quo is not neutral. It is itself a distributional choice. The proposals change the allocation. They do not invent it.

## Part 9: Anticipated Objections

**1. A1P1 compatibility: constructive compulsion.** The architecture is designed around this objection, not around avoiding the label. I read the Strasbourg case law as testing not whether fiscal pressure exists but whether the regime is foreseeable, procedurally protected, and proportionate. The declaration window preserves voluntary disposal; no holder is dispossessed; each exercise requires a published proportionality decision open to appeal. Where pre-emption follows S75 breach, the position is stronger: the state is enforcing a planning obligation the developer voluntarily accepted.

The combined effect of DRLT and EUV pre-emption on a holder who declined the declaration window is severe: an asset stripped of its speculative premium and subject to escalating holding costs. The severity is proportionate because it follows a choice. The holder was offered a 24-month window to commit to delivery and retain market-value rights. The combined pressure is the consequence of declining that offer, not an ambush. Full case-law and proportionality treatment in Annex 1.

**2. Land market freeze.** Addressed in Proposal 2. The current system already produces the freeze by making do-nothing free. The reform puts a cost on a dormant market. One cohort warrants acknowledgement: long-horizon holders whose projected appreciation exceeds the ceiling may rationally continue holding. The year-three SFC review is the mechanism for assessing whether the ceiling is sufficient against that cohort.

**3. DRLT rate: indirect confiscation.** The ceiling should be calibrated to sit below the threshold at which holding becomes legally impossible rather than economically unattractive; the holder retains choice throughout. The SFC rate review, infrastructure gateway, agricultural exemption, and year-three parliamentary vote bound the instrument. A declining receipt trajectory is the explicit success condition.

**4. Guarantee fiscal exposure.** WSW's track record is set out in Proposal 4; the governance controls are built around the Vestia failure. The proposed Scottish architecture replicates the tiered structure with a higher first-loss threshold to compensate for lower portfolio diversification. The SHGF's RSL-owned mutual structure keeps the guarantee book classified as private sector until the government backstop is called; the Scottish Government's fiscal exposure is a contingent liability disclosed in the accounts, not drawn debt scored against the capital borrowing cap. Net government exposure under central-case loss rates is approximately zero (Annex 6). The comparison is transparent, bounded public risk against opaque systemic risk already present in RSL bank lending.

**5. Institutional delivery capacity.** The design separates four functions across four institutions, and the separation is structural, not administrative. SHFF holds tenancies, manages homelessness response, and acts as landlord of last resort. MHS assembles and services land. The SHGF underwrites RSL and SHFF debt; it does one thing, with a staff comparable to WSW's

seventy,<sup>48</sup> and does not manage housing. Construction runs through procurement contracts. The SHGF cannot sit inside SHFF because the guarantor cannot be the guaranteed: merging them destroys the moral hazard architecture that makes the Guarantee credible. No institution builds, holds tenancies, assembles land, and underwrites debt simultaneously.

**6. Workforce constraint.** SHFF creates the anchor demand that makes sector investment viable. The Construction Workforce Plan is the shared precondition and can begin before the first Bill.

**7. Comparator transferability.** Before reaching the international comparators: EUV acquisition delivered 1.8 million homes and twenty-one new towns domestically between 1948 and 1959,<sup>49</sup> at ten times the required scale, before being deliberately removed. The paper extracts functional components (public land assembly, preferential finance, revolving-fund non-profit landlords), adapts each to Scottish constraints, and scales outcome expectations to the Scottish starting position.

**8. Pre-commencement anti-avoidance: retroactivity.** The provision captures only the hope-value excess above EUV, preserves buyer title, and lapses if legislation is not enacted within 48 months. My assessment is that legal risk is higher than for prospective pre-emption. The design manages that risk rather than avoiding it. Detail in Annex 1.

**9. System dependence.** The coupling is deliberate but the architecture is not indivisible. DRLT operates as standalone holding-cost discipline regardless of the Guarantee. Pre-emption is exercisable on voluntary disposal or S75 breach regardless of whether SHFF exists. Partial implementation yields partial gains. The risk the objection correctly identifies is optimisation risk, not viability risk.

**10. Legislative bandwidth.** The four instruments do not require four Bills. DRLT and pre-emption are two Parts of one Bill. SHFF is company formation under existing Housing Act powers. The government backstop is executive action or a Sewel motion. The vacancy register is operational infrastructure stood up by SHFF and More Homes Scotland. One Bill, two executive actions.

## Legislative Sequencing

The four instruments split into two paired interventions, one for each diagnostic cause, requiring two legislative vehicles.

**Housing Emergency (Structural Measures) Bill** (Proposals 1 and 2). DRLT as Part 1, statutory pre-emption as Part 2. The instruments are designed to work in combination and belong in the same Bill for the same reason they belong in the same analysis. Everything else depends on them.

**SHFF company formation** (Proposal 3). Ministers can incorporate SHFF under s.2(2)(o) of the Housing (Scotland) Act 1988, capitalise it through s.2(2)(a)-(b), and guarantee its obligations

<sup>48</sup>WSW, Annual Report 2024.

<sup>49</sup>MHCLG, Live Table 244: permanent dwellings completed by tenure, England, historical calendar year series (the table header states 'United Kingdom'; the data covers England only; UK completions in the same period exceeded 1.8 million). New Town Development Corporations designated 1946-1970; 21 designated by 1959.

through s.2(2)(d). No Bill slot consumed. Parliament chose primary legislation for the Scottish National Investment Bank despite holding the same power; the faster route for SHFF is company formation now with governance set through articles, and the option to legislate requirements later if the balance sheet warrants it.

**Housing Finance Guarantee** (Proposal 4). The SHGF is constituted as an RSL-owned mutual body, not a government subsidiary. RSL members incorporate it as a company limited by guarantee under the Companies Act 2006. Seed capital from SNIB under s.6(2)(d) of the Scottish National Investment Bank Act 2020 or from Scottish Ministers under s.2(2)(d) of the Housing (Scotland) Act 1988. The mutual structure is the design feature that keeps the guarantee book off the public balance sheet: RSL ownership maintains private-sector ONS classification. The Guarantee should be in place before SHFF begins operating and before the land-market reform begins to compress asset values. Operational sequencing and structural necessity give the same instruction.

## Conclusion

This paper does not claim to solve the Scottish housing crisis. It identifies the minimum machinery without which no proposed solution can work, drawing that lesson from regimes that have built the machinery and from regimes that have tried to do without it. Planning reform without land market reform produces consultation documents, not homes. Scotland's missing piece is the land market reform itself.

The four pieces are the precondition for a serious capital programme: pre-emption rights at existing use value plus a premium; an SHFF with institutional architecture to scale; a finance guarantee breaking RSL dependence on commercial rates; and a DRLT pricing speculative holding at the right point in the land value chain. They become the programme when the Westminster public accounting convention is reformed to permit one. Until then, the machinery is what allows Scotland to act within the fiscal constraints it currently has.

The number of children in temporary accommodation is the measure that matters. It is higher now than when the emergency was declared.

Build it now. It is the part that does not need to be rebuilt later.

## Glossary

**A1P1:** Article 1 Protocol 1 of the European Convention on Human Rights (Protection of Property)

**AHSP:** Affordable Housing Supply Programme

**CaCHE:** UK Collaborative Centre for Housing Evidence

**CITB:** Construction Industry Training Board

**CFV:** Centraal Fonds Volkshuisvesting (Netherlands social housing sector fund; merged into Autoriteit woningcorporaties in 2015)

**COSLA:** Convention of Scottish Local Authorities

**CPO:** Compulsory Purchase Order

**DRLT:** Designated Residential Land Tax (proposed in this paper)

**ECHR:** European Convention on Human Rights

**EUV:** Existing Use Value (statutory definition in Proposal 2: the value of land assuming continuation of its current lawful use, disregarding residential development potential from LDP allocation or planning permission)

**FE:** Further Education

**GFC:** Global Financial Crisis (2008)

**GMCA:** Greater Manchester Combined Authority

**HLA:** Housing Land Audit (annual programmed-completion record published by Scottish planning authorities)

**HMT:** HM Treasury

**HNDA:** Housing Need and Demand Assessment

**LBTT:** Land and Buildings Transaction Tax

**LDP:** Local Development Plan

**MHS:** More Homes Scotland (national housing agency announced 22 January 2026)

**MMC:** Modern Methods of Construction

**NDR:** Non-Domestic Rates

**NH3:** Scottish Procurement Alliance / LHC framework for Modern Methods of Construction of new public-sector homes

**NPF4:** National Planning Framework 4

**ONS:** Office for National Statistics

**PSND:** Public Sector Net Debt

**RSL:** Registered Social Landlord

**RTB:** Right to Buy (revoked in Scotland 2016)

**RZLT:** Residential Zoned Land Tax (Ireland; live February 2025)

**S106:** Section 106 of the Town and Country Planning Act 1990 (England); planning obligation; English equivalent of Scotland's Section 75

**SFC:** Scottish Fiscal Commission

**SFHA:** Scottish Federation of Housing Associations

**SHFF:** Scottish Housing First Foundation (proposed in this paper)

**SHGF:** Scottish Housing Guarantee Fund (proposed in this paper; RSL-owned mutual body operating the Housing Finance Guarantee)

**SHR:** Scottish Housing Regulator

**SLC:** Scottish Land Commission

**SNIB:** Scottish National Investment Bank

**TA:** Temporary Accommodation

**WSW:** Waarborgfonds Sociale Woningbouw (Dutch social housing guarantee fund)

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