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Accelerating Home-building in  
Scotland: A Consultation on  
Incentives and Penalties to  
Speed Up Housing Delivery

**SPF Consultation Response**

Submitted on 30 April 2026

## SCOTTISH PROPERTY FEDERATION

The Scottish Property Federation is the voice of the real estate industry in Scotland. We work closely with our members to support the **growth of the real estate industry and to improve Scotland's built environment** - key pillars that underpin a productive, thriving society.

Our industry-wide membership enables us to provide government and regulators with **expert insight and informed guidance**, helping shape effective policy and regulation. Our members reflect the **diversity of the real estate sector** - ranging from property owners and developers to funders, agents, and professional advisers.

From June 2026, SPF will transition to **Real Estate:Scotland** following the merger with BPF/SPF, IPF and AREF.

## CONSULTATION SUMMARY

### Accelerating Home-building in Scotland: A Consultation on Incentives and Penalties to Speed Up Housing Delivery

The Scottish Government is investigating various ways to speed up the delivery of housing of all tenures to help address Scotland's housing emergency.

The consultation focuses on three main areas:

- Tax, penalties and fiscal incentives
- Planning - including setting a reasonable 'pace of development', reporting on progress, amending the development hierarchy and rationalising policy requirements for smaller housing sites
- Encouraging or mandating diversity of housing tenures

## GENERAL COMMENTS

### SPF Response

This is a timely consultation given Scotland's housing emergency, and we are pleased to have the opportunity to express our views. There are aspects of this consultation which we welcome, particularly the focus on incentivising delivery. That said, we are concerned about the potential for unintended

consequences. The potential to introduce additional taxes, penalty charges, requirements to mandate a pace of development, or prescriptive delivery of tenures could risk undermining delivery in practice.

## Tax and Fiscal Incentives

We strongly disagree with the introduction of additional taxes or penalties for delayed or slow development. Instead, the focus should be on mechanisms that actively incentivise development, for example through reductions or reforms to Section 75 obligations, LBTT, affordable housing contributions and the Building Safety Levy. The priority should be on enabling schemes to come forward and be delivered, rather than introducing further punitive measures.

We also highlight the broader environment in which developers and investors are operating. Delivery is not affected by planning or local demand, but is also significantly influenced by macroeconomic conditions, including interest rates, inflation, build cost pressures and wider market confidence that are outwith their control. New tax liabilities could impact development finance through reduced investor confidence.

## Planning

Planning is often cited as a key barrier to delivery so measures to improve the efficiency of the planning system are welcome. That said, careful attention is needed so that the measures do not inadvertently reduce supply or increase complexity.

In particular, proposals to set a 'reasonable pace of development' should be approached cautiously, as build-out rates are influenced by factors many of which are outwith a developers control such as market conditions, infrastructure capacity and site-specific factors that vary significantly. That said, we support greater transparency and reporting on delivery progress, provided this does not add unnecessary administrative burden.

There is also merit in simplifying policy requirements for smaller sites and reviewing the development hierarchy to help support faster delivery from smaller and medium-sized schemes.

## Diversity of Tenure

We support the principle of increasing diversity of tenure where this reflects local housing needs and can be delivered viably. A mix of tenures, including affordable housing, build-to-rent, PBSA, later living alongside owner-occupied homes, can play an important role in supporting delivery and meeting varied housing demand.

However, tenure requirements should remain flexible and market-led. Prescriptive or rigid requirements risk impacting viability and reducing overall housing delivery, particularly where they do not reflect local market conditions or site-specific constraints.

The focus should remain on enabling schemes to come forward and ensuring that a range of tenures can be delivered where they are viable and supported by demand.

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

The government and public sector should prioritise adopting policies to support making development viable and making Scotland an attractive place for investors. This might include some forms of fiscal incentives, or it may involve relief from developer obligations or relief from potential new taxes such as the Building Safety Levy or transaction charges required in the purchase of land (LBTT). The Great London Authority recently published a report in March 2026 on support for housebuilders suggests that temporary flexibility and delivery-linked mechanisms during downturns should be implemented where the priority should be to get schemes built rather than implement any major policy changes that penalise developers. This includes greater planning flexibility, relaxation of design standards such as dual aspect requirements and an emphasis on speed and certainty with options for fast-track routes where appropriate. It also suggests that housing delivery may also increase where there is a lower threshold of required affordable housing or where there is greater grant funding for affordable housing.

**QUESTION 1A****Which charges / taxes / levies could the incentives be applied to?****Please explain your answer.**

We suggest in our answer to Q1 the Building Safety Levy and Land and Buildings Transaction Tax above. There are many other forms of fiscal interventions though such as mitigating s75 planning obligations - indeed there is evidence from some authorities that easing affordable housing expectations has significantly increased housing delivery in some areas as it makes development more viable. The case for such flexibility will vary from location to location, but if development is not happening then clearly the delivery of affordable housing will be reduced in that area which will not deliver the increase in housing supply needed for all tenures of the market. We oppose any taxes or charges as this fundamentally shifts the balance of risk in a way that undermines the private sector's role in housing delivery. The delivery of housing in Scotland relies heavily on private sector investment, where returns are directly linked to risk. Introducing punitive or coercive mechanisms in place of market-based incentives risks undermining investment confidence and could deter capital from entering the sector.

**QUESTION 1B** **Should relief be in the form of full exemptions or variable rates?**

- Full exemptions  
 Variable rates

**Please explain your answer**

Full exemption would certainly be a powerful signal and incentive. However, developments are likely to be phased for practical reasons and there may be a tangible rationale for a variable approach to relief. We have discussed the evidence of flexibility from planning obligations in our answer to Q1a.

**QUESTION 1C** **Could a tax impact differently on different types of land owners?****Please explain your answer.**

The impact is likely to vary depending on the scale and structure of the landowner / developer. Any additional tax liabilities resulting from a penalty type regime would likely be treated as a cost 'overrun' which could trigger an event of default under existing lending agreements. This could lead to increased financing costs or additional equity requirements from the developer. In some cases, it could result in the withdrawal of funding. SMEs are likely to be disproportionately affected as they will often rely on site-specific development finance and have less capacity to absorb additional costs or unexpected charges in lending conditions. Lenders may also reassess scheme viability in light of additional tax risk, which could result in more conservative lending terms, reduced loan-to-value ratios, or higher interest rates. This would further impact smaller developers, who have less access to alternative funding sources.

Overall, we do not agree that further taxation is likely to generate an increase in new housing supply and imposing new tax burdens would contradict wider policy aims to support SMEs. Our view is that the government will not achieve increased housing supply, more quickly, through tax.

**QUESTION 1D** **Please provide any evidence of how fiscal measures linked to other charges would impact development finance to influence built out rates.**

We believe the suggestion of punitive tax measures would add further risk to development projects and this would be a disincentive to the development industry.

Additional taxes or charges are likely to add uncertainty and cost at an early stage of development. This can make sites less viable and may delay or discourage them from coming forward, rather than helping to speed up delivery. As highlighted in the previous question, development projects are typically funded through structured finance arrangements, where lenders will agree funding based on a variety of factors such as costs, timelines, and the projected scheme values.

New and additional fiscal liabilities which could be incurred during the development process would increase overall scheme costs and may be treated as a cost overrun against the original funding assumptions. This can trigger reassessment of the lending position, including potential breaches of covenants or events of default under existing facilities.

Where new facilities are being arranged, lenders are likely to factor in the presence of such fiscal measures into their assessment of risk. This may result in more conservative underwriting assumptions, including lower loan-to-value ratios, higher interest rates, or reduced willingness to lend against anticipated scheme value. In practice, this reduces the amount of debt available and increases the equity requirement from developers.

These changes in financing conditions would directly impact development viability. Schemes that were previously marginal may become unviable, and even viable schemes may be slowed as developers adjust build-out rates to manage increased cost pressures and financial risk. This is particularly relevant where developers are reliant on phased development finance, where cashflow is closely linked to delivery milestones.

**QUESTION 2** **Should we introduce a tax on sites which have been allocated for residential development and/or have permission for homes, but are not being built out as expected, as set out in option 1?**

- Yes
- No
- Unsure

We disagree with the need for taxation penalties and do not see this as an incentive to commit to residential development in Scotland. There can be many reasons that build out rates may not be as quick as hoped, many that are not in the control of the developer.

We note that the Competition and Markets Authority has previously found no evidence of systematic land banking which contributes to ‘negative consumer outcomes’. As such, it is questionable to design policy interventions on the basis that inactivity is deliberate or strategic, rather than a result of planning conditions, availability of contractors, unexpected site events, adverse weather conditions, infrastructure and utility delays just to name a few. Contractor insolvency is a current and significant challenge for the sector. When a contractor becomes insolvent it is not uncommon for 12 months or more of delay which inherently means developers will have to manage increased financial exposure. Applying additional tax charges particularly when there has been a delay of this nature is overly punitive given the developer has had no control of the underlying cause of delay.

In addition, build-out rates are highly sensitive to wider market conditions. Demand-side factors and broader macroeconomic conditions, including interest rate movements, inflation, and global shocks such as COVID-19 or geopolitical instability such as the recent Iran war, can all materially impact scheme viability and sales rates. In such circumstances, it may be commercially rational and fiduciary for developers to adjust delivery in response to reduced demand or deteriorating viability. Major development is already inherently complex and high-risk, hence the need for stability, predictability and an encouraging policy environment which can attract investors who have an ability to deploy capital globally. A potential new tax risk on top of existing taxation and regulatory measures would be a further disincentive to initiate residential development. Increased perceived risk

would also require higher investor returns, which in turn reduces viability and results in fewer deliverable developments coming forward.

**QUESTION 2A** **Should this apply to allocated sites, sites with permission, or both?**

- Allocated sites**
- Sites with permission**
- Both**

**Please explain your answer.**

We disagree with the proposal of tax penalties.

**QUESTION 2B** **How should the tax be calculated?**

We disagree with the proposal of any form of tax penalties therefore do not consider it appropriate to set out a methodology for how such a charge should be calculated. Any charge linked to build-out performance would introduce significant complexity and uncertainty into the development process. It is not clear how such a measure could be consistently defined, applied, or justified in a way that reflects the wide range of legitimate reasons for variations in build-out rates.

**QUESTION 2C** **Who should be required to pay the tax?**

We disagree with the proposal of tax penalties.

**QUESTION 2D** **Should the tax operate as a local or a national tax?**

- Local tax**
- National tax**

**Please explain your answer.**

We disagree with the proposal of tax penalties.

**QUESTION 2E** **How should any income be used?**

**Please explain your answer.**

No comments.

**QUESTION 2F** **Please provide any evidence of how a tax connected to sites allocated or permitted not being built out would influence build-out rates.**

We disagree with the tax and believe this would be a disincentive to development projects in Scotland and could slow development, not accelerate it. Recent policy interventions such as rent controls significantly undermined confidence and appetite to build, with an estimated £3bn worth of BTR investment in Scotland lost. While this is not directly comparable to a tax, it illustrates the broader principle that policy measures which increase uncertainty or reduce expected returns can have a chilling effect on investment decisions.

The development industry in Scotland faces an acute challenge of development viability and yet another tax (there is already a Building Safety Levy) would in our view only make the viability challenge harder. For this reason, we believe there would be less, not more supply of housing in Scotland.

**QUESTION 3**

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

- Yes  
 No  
 Unsure

**Please explain your answer.**

As highlighted in previous responses, build-out rates are often driven by market conditions, viability constraints and macroeconomic factors rather than intentionally withholding delivery. It is also important to recognise that these are privately held land assets, and development decisions are made within a commercial framework requiring risk-adjusted returns. Developers already incur significant holding costs, including financing costs, rates, security, and utilities. Decisions to slow or pause development are therefore not taken lightly and will only occur where viability or market conditions make delivery too risky.

Against this backdrop, we do not consider it appropriate for the government to introduce intervention powers based on subjective assessments of what constitutes “unreasonably slow” delivery. There is a significant risk that such an approach would misinterpret legitimate commercial decision-making and further increase uncertainty in the investment environment.

**QUESTION 3A**

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

- Yes  
 No  
**Unsure**

**Please explain your answer.**

We support greater transparency on build-out, but that should not mean creating a new legal reporting framework. Build-out rates are already closely monitored by developers, funders and local

authority Housing Land Audits, so an additional reporting requirement would duplicate existing processes and add administrative burden without delivering clear practical benefit. Delays in delivery are usually driven by external factors such as infrastructure provision, market absorption, and planning-related processes, rather than by a lack of reporting.

If reporting is to be strengthened, it should be limited to a proportionate, standardised approach that focuses on meaningful milestones such as commencement dates, infrastructure dependencies, phasing and revised delivery timetables. Reporting needs to be consistent and useful to both public and private sector stakeholders, but it should not become a box-ticking exercise that creates more delay or cost.

**QUESTION 3B** **Should there be a power for planning permission to be revoked, without compensation being payable, where reporting demonstrates that progress is unreasonably slow?**

- Yes**  
 **No**  
 **Unsure**

**Please explain your answer.**

We strongly oppose the revocation of planning permission without compensation. Planning permissions are often secured following significant time, cost and technical assessment and are relied upon by developers, landowners and funders when making investment decisions. Developers and investors require certainty that, once permission is granted, it can be relied upon when committing significant capital to land acquisition and building. The ability for permission to be revoked without compensation would fundamentally undermine that certainty.

Revocation would introduce a high level of uncertainty into the development process and could deter investment in housing delivery. In many cases, slower build-out is due to factors outside the developer's control, such as infrastructure delivery, market conditions or delays in discharging planning conditions.

A blanket power to revoke permission would not address these underlying issues and could ultimately reduce confidence in the planning system, leading to fewer sites coming forward rather than accelerating delivery.

**QUESTION 3C** **How would the pace of development be set and agreed – for example how would reasonable-ness be measured?**

**Please explain your answer.**

It is important to recognise that every site is different, and delivery timelines will vary significantly between sites therefore, it may be difficult to standardise 'pace of development'. Site-specific circumstances such as the construction methodologies used, the types of

infrastructure required, the mix of tenure, and whether external factors are impacting demand or viability could impact pace of delivery.

That said, if reasonable pace is to be measured then it should be site-specific, agreed via LDP programming or pre-application Masterplan Consent Areas (MCAs), benchmarked against evidenced absorption rates (e.g., local sales data, what is relevant to the local area, 50-100 units/year for urban sites) and infrastructure triggers (e.g., roads/utilities complete). National guidelines could reference HLA data excluding force majeure like economic downturns or planning delays by authorities.

**QUESTION 3D Please provide any evidence of how reporting on development progress would influence build-out rates.**

No direct causal evidence exists linking reporting to faster build-out; UK examples (e.g., England's build-out monitoring) show compliance burdens without delivery uplift.

**QUESTION 4 Should we bring forward legislation to amend the development hierarchy, to enable us to introduce more streamlined planning processes on planning applications for smaller sites, as outlined in option 3?**

- Yes
- No
- Unsure

**Please explain your answer.**

We are not in favour of a legislative amendment to the development hierarchy, as it could introduce unintended rigidity that limits local LDP flexibility for SMEs on brownfield or rural sites. Non-legislative options, such as updated national guidance, standardisation or simplified validation for <50-unit applications, may achieve similar streamlining more quickly and adaptably, building on Short Life Working Group insights into planning delays. Further evidence on implementation timelines and local authority capacity would help clarify if legislation is needed.

More broadly, there is a need to improve efficiency across the planning system as a whole, including for larger sites and across all forms of residential development, including homes for sale, BTR, co-living, PBSA, and later living. A more holistic approach to streamlining would have a greater overall impact on housing delivery.

**QUESTION 4A How many categories should be defined by the development hierarchy, and what size of development should these cover? For example, four categories, that define major, medium, small and very small developments.**

There may be merit in refining the development hierarchy to better reflect different scales of development. However, introducing additional categories should be approached with caution, as it risks adding complexity rather than simplifying the process.

If additional categories are introduced, a clear distinction between very small, small and medium-sized developments could be helpful, for example below 10 units and 10–49 units. This could allow for more proportionate planning requirements to be applied.

The focus should be on ensuring that any categories introduced lead to genuinely simplified and proportionate processes, rather than creating additional layers of policy or procedure.

**QUESTION 4B What are your views on, and do you have any evidence relevant to whether creating more categories in the development hierarchy might have an overall effect of speeding up or slowing down build-out of housing?**

Creating additional categories in the development hierarchy could support faster decision-making if it enables a more proportionate approach to assessment and information requirements.

In practice, there is also significant variation in how planning requirements are applied across authorities, particularly for smaller sites. This can include differences in validation requirements, the scope and level of supporting technical information requested (for example in relation to ecology, drainage, transport or ground conditions) and how policies are interpreted at officer level.

For similar scales of development, applicants may be required to submit different levels of information depending on the authority, or may receive additional requests for supporting material during the determination process. This can lead to iterative rounds of information requests, which extend determination timescales and increase costs.

There can also be differences in how consultees engage with applications, including the timing and consistency of responses, which can further affect programme certainty.

For SME developers in particular, this lack of consistency introduces a higher level of upfront risk, as it is more difficult to anticipate the scope of work and cost required to secure planning permission.

As a result, the structure of the development hierarchy alone is unlikely to have a significant impact on delivery unless it is accompanied by greater consistency and proportionality in how planning requirements are applied in practice.

**QUESTION 4C What are your views on whether we should review and rationalise policy requirements for smaller housing sites, or introduce a new rules based policy for smaller housing sites?**

We support reviewing and rationalising existing policy (e.g., simplified NPF4 checklists for <50-unit sites) over new rules-based policy, which risks inflexibility in varied local markets. Insights from the stalled sites short life working group highlight pragmatic simplification without legislative overhaul.

Simplifying existing policy and reducing duplication across policy areas is likely to be more effective and flexible, particularly given the variation in site characteristics and local contexts across Scotland. A rules-based approach risks being overly rigid and may not respond well to site-specific constraints, which are often a key factor in smaller site delivery. Achieving simplification and clearer, consistent direction in planning policy is not unique to the Scottish Planning system – England has certainly faced similar challenges.

Consideration should also be given to approaches being taken elsewhere, such as the recent introduction of National Development Management Policies in England in 2025. The NDMPs aim to establish a consistent set of national planning policies on commonly applied issues, reducing the need for repetition across local plans and allowing greater focus on location-specific matters. This is a similar aim to the Scottish Planning Circulars in force in Scotland although as Guidance there remains considerable local flexibility. The NDMP approach has the potential to streamline decision-making and reduce the burden on local planning authorities without introducing inflexible rules-based systems and it will be interesting to see if benefits can be derived from the NDMPs that may be transferable to the Scottish Planning system.

**QUESTION 4D Do you think that further advice on planning application information requirements would support faster delivery of housing on smaller sites?**

- Yes**  
 **No**  
 **Unsure**

**Please explain your answer.**

We agree that national advice standardising information requirements (e.g., tiered templates for <50 units) could reduce upfront delays. This builds on current validation guidance, enabling faster local decisions without full hierarchy change.

**QUESTION 4E Do you think there are any further options that creating more categories in the development hierarchy might open up, further to those outlined in option 3?**

- Yes**  
 **No**

**Unsure**

**Please explain your answer.**

We see no strong additional options from more categories, as they could fragment LDPs rather than unlock delivery. Existing tools like MCAs already offer streamlining; focus should stay on infrastructure triggers over planning system structural tweaks.

The key issue is how planning processes operate in practice, particularly in relation to proportionality, consistency and certainty.

Greater benefit is likely to come from simplifying processes and reducing unnecessary requirements, rather than structural changes to the hierarchy alone.

**QUESTION 4F Do you think that this measure would have any particular benefits for SME housebuilders?**

**Yes**

**No**

**Unsure**

**Please explain your answer.**

Yes, but the benefits for SME housebuilders are likely to come from a more proportionate and streamlined planning process, rather than changes to the development hierarchy alone.

For SME developers, a key barrier is the cost and risk associated with preparing planning applications, including commissioning technical reports and meeting validation requirements prior to any certainty of consent. These upfront costs can be significant and can deter smaller developers from bringing sites forward.

A more proportionate approach to information requirements for smaller sites would help reduce this burden. In particular, this could include simplified validation checklists for small-scale housing developments, reduced requirements for supporting technical reports where impacts are limited and clearer expectations from planning authorities on what is genuinely required at application stage.

Greater consistency in how requirements are applied across planning authorities would also help improve predictability and reduce delays for SMEs.

Overall, measures that reduce upfront cost, risk and uncertainty are likely to have the greatest positive impact on SME participation and delivery.

**QUESTION 5** Do you think that encouraging more diverse housing outputs across the pipeline of deliverable housing land would increase the pace of build-out?

- Yes  
 No  
 Unsure

Please explain your answer.

We fundamentally believe that Scotland must be building more housing of all tenures, to meet the needs of people at different stages of their lives. This principle should be at the core of addressing Scotland's housing emergency. That said, it is difficult to provide a definitive answer to this question due to the insufficient research and data determining the relationship between diversification of housing tenure and whether this increases the pace of build-out. Uncertainty on the political framework for diversified housing tenure has certainly impeded the growth of these markets in Scotland. Amendments to the Housing Act 2025 and related regulations now provide a more certain policy framework for major investors in the residential market and this could provide a basis for increased investment in Scotland. The few studies that have been conducted are derived from English or Welsh housebuilding and point to a nuanced picture.

The Letwin Report supports the theory that a broader mix of housing should attract a wider variety of buyers or occupiers, therefore aiding absorption issues because multiple houses can be sold or let at the same time without oversaturating the market. The Review also highlights the potential role of BTR as part of a more diversified sales strategy on larger sites.

In practice, there is growing evidence that diversified tenures particularly institutionally funded models such as BTR, mid-market rent, and single-family rental are already playing an important role in supporting delivery. These models reflect changing living patterns, including a growing proportion of households choosing to rent.

There has also been a significant increase in delivery through these tenures in recent years (BTR/SFH) in England. For example, the expansion of single-family rental models, supported by institutional investment, has helped sustain housing delivery where reliance on open market sales alone may have resulted in a slowdown. Developers have increasingly partnered with institutional investors to forward-sell homes which has helped to maintain delivery rates and support build-out. The growth of companies such as Sigma Capital illustrates the rapid expansion of this sector and its contribution to overall housing supply.

This trend demonstrates that institutionally funded housing delivery can play a critical role in maintaining overall housing supply, particularly during periods where demand for homes for sale is weaker. Without this diversification, overall housing delivery could be significantly lower.

We believe that in theory the variety of tenure could serve to speed up build-out rates depending on the nature of the building design and most importantly the needs of the local area. For example, build-to-rent and mid-market-rent could be built alongside homes for sale within a large-scale site. BTR and

MMR typically offer higher density and more compact living, meaning that up to 300 homes can be built in one single-site development, with a full project often completed over just a couple of phases. Once a development of this nature is under construction, all units will typically be completed at the same time, reducing the chance of delays associated with slower absorption times. Because BTR, MMR and also single-family housing are often funded by institutional investment rather than relying on capital receipts from individual sales, these developments are of a time-sensitive nature and therefore have a strong incentive to be let quickly. These housing models are fundamentally different tenures to home ownership and therefore would generally seek to complement not compete with the traditional private housebuilding sector.

Introducing diverse tenures may also attract and encourage joint ventures and different sources of capital which may help to provide the critical mass and confidence required to then progress additional phases of development. This may also help to diversify infrastructure costs and niche or specialist housing products, such as later living options or bespoke housing provided by SMEs, which are critical for demographic changes yet remain relatively untapped. These are all factors associated with expanding housing outputs which can be conducive to faster build out rates.

However, the available research suggests that the relationship between diversity and build-out is nuanced. A study by Paul Greenhalgh et al 2021 found that the market doesn't necessarily reward choice – it rewards the right product in the right place at the right time. In other words, encouraging more housing outputs may not improve speed of delivery; rather build-out rates are more likely to be influenced by local demand conditions where stronger markets will have faster absorption and pricing. Meanwhile research from Lichfields in 2021 highlights the importance of site characteristics and delivery structures, noting that while larger sites can deliver greater overall volumes, smaller sites often build out more quickly, and that multiple outlets and higher levels of affordable housing can support faster rates of delivery.

From our perspective prescriptive requirements could also undermine attempts to increase speed of delivery. It is important that each development delivers housing types to serve local needs and not all housing tenures will be viable everywhere. For example, a 300-unit multi-family BTR scheme as part of a larger development is likely to be best suited in more urban areas where there is sufficient need for density and rental demand. Some of our members, point to evidence that overly prescriptive requirements on unit mix don't necessarily align with market demand where the City of Edinburgh Council's encouragement of a higher proportion of three-bedroom units within BTR developments may not reflect actual occupier preferences, rather there is a more genuine preference towards 1-2 bed(s) units. This highlights the importance of allowing the market to respond to local demand conditions rather than imposing fixed requirements that may not be deliverable or attractive to occupiers.

Moreover, requiring a fixed tenure mix upfront, could create significant coordination challenges across stakeholders involved in the delivery of development. One of the key findings from the Scottish Government stalled sites initiative found viability to be the main issue blocking development where the application of different standards across housing tenures, such as between private and affordable

housing, adds additional layers of complexity to the supply chain and coordination throughout the design, procurement and delivery stages.

The key issue is that it depends on how this multi-tenure encouragement is structured, phased, and supported by planning and funding certainty.

**QUESTION 5A Should we use legislation to require a diversity of housing types and tenures on sites above a certain threshold?**

- Yes  
 No  
 Unsure

**Please explain your answer**

We caution against introducing overly prescriptive legislation as a means of encouraging more diverse housing outputs as it could create several unintended consequences. Housing delivery is highly dependent on market factors. According to our recent joint research with Savills, there was a 22% drop in construction starts of BTR in Q1 of 2026 compared with Q1 of 2025. Whilst the recent exemption of rent controls for BTR and MMR is welcome, there is now a new myriad of other factors including construction costs, Building Safety Levy, shortage of skills, debt financing and investor confidence influencing viability. In this context, mandating specific housing tenure mixes may not be viable in all locations and could risk constraining delivery.

In addition, the standardisation of private housing has been developed to improve planning and construction efficiency. Introducing more prescribed requirements could increase negotiation time and costs at the planning stage particularly on complex or strategic sites.

However, we do acknowledge that the absence of policy may reduce market signals to support delivery of a more diverse housing mix. If policy is to be introduced, it should be limited to the largest strategic sites, where scale, phasing, and viability are most able to support mixed tenure delivery. Providing sufficient resourcing, local authorities will be best placed to advise on the required housing mix which should be supported by national guidance which is evidence-based and can be flexible to adapt to changing market requirements.

**QUESTION 5B Do you think that this measure would have any particular benefits for SME housebuilders?**

- Yes  
 No  
 Unsure

**Please explain your answer.**

Without further detail of how the legislation would work in practice, it is difficult to determine the exact benefits for SMEs.

It is worth noting Homes England's approach acting as a 'Master Developer' on some large sites has created more accessible and viable entry points for SME house builders. This includes HE as setting the strategic-wide vision for the site, coordinating early infrastructure needs, overseeing planning and then parcelling out smaller sites that give SMEs a fair chance to bid. As planning uncertainties and costs are one of the key constraints for SME led development, this model can help to de-risk and speed up development. Moreover, research from Lichfield's 2021 and Richard Greenhalgh et al 2020 find that short-term boosts in supply of housing can be delivered by smaller sites which tend to have faster build-out rates.

If Scotland wants similar SME benefits, More Homes Scotland could perform a comparable master developer / enabling function, but this would not necessarily be appropriate on all large-scale sites.

Alternative approaches could be more effective than mandating tenure mixes, particularly measures where a local authority can provide a more predictable planning environment and enable land to come forward more readily. Pre-packaged planning permissions and a fast-track route for SME developments could provide greater upfront certainty around planning requirements, helping to de-risk schemes and accelerate delivery by SME housebuilders.

**QUESTION 5C Please provide any evidence of how increasing diversity would influence build-out rates. Please explain your answer.**

As noted in previous answers, there is currently limited evidence to suggest that increasing diversity would, in itself, increase build-out rates. Build-out is influenced by a range of factors, including local demand conditions, planning, infrastructure requirements, overall site viability and importantly wider macroeconomic conditions.

That said, there is some evidence that different tenures can affect the pace of delivery because they absorb stock differently. Open market sale housing can be slower and more price-sensitive, whereas affordable housing, BTR, MMR are often delivered more quickly and in larger phases, as they are less exposed to short-term fluctuations in buyer demand.

For example, research by Lichfields found that schemes with higher levels of affordable housing were built out at close to twice the rate of those with lower levels, reflecting the fact that affordable homes can be sold in bulk to registered providers and therefore benefit from an additional source of demand.

More recently, a [UK Government working paper](#) evidenced that projects incorporating BTR can achieve build-out rates that are 30% to 60% faster than non-BTR projects.

Once planning and viability issues have been resolved, BTR, MMR can often be scaled relatively quickly once under construction, and schemes that are forward-funded can often be built out in full without the need for sales-led phasing.

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

A key opportunity to accelerate housing delivery lies in addressing barriers that arise after planning permission has been granted. In practice, delays are often experienced during post-consent stages, including the discharge of conditions, conclusion of legal agreements and coordination with statutory consultees. These processes can extend timelines significantly and impact delivery programmes.

Infrastructure provision remains a critical constraint. The timing and funding of roads, drainage and utilities can delay sites coming forward, even where planning permission is in place. In addition, education infrastructure is an increasing constraint in some areas, with local primary and secondary schools already at or beyond capacity. In practice, this can delay or restrict development where additional capacity cannot be accommodated or where mitigation measures are required. Strengthening the delivery of infrastructure alongside planning consents, in line with the 'infrastructure-first' approach set out in NPF4, is therefore essential to accelerating build-out. This could include greater use of public / grant funding and forward funding mechanisms to unlock sites that would otherwise not be viable.

There is also scope to improve consistency and proportionality within the planning system. Variation in validation requirements, supporting information and consultee expectations across authorities can introduce delay and uncertainty, particularly for smaller sites and SME developers.

A more proactive and coordinated approach between planning authorities, infrastructure providers and developers would help to improve certainty and delivery timescales. This could include earlier alignment on infrastructure requirements, clearer programming through LDP delivery programmes and more effective use of tools such as Masterplan Consent Areas to support delivery.

Consideration could also be given to agreeing delivery frameworks at the point of planning permission, setting out realistic phasing, infrastructure triggers and delivery expectations. This would provide greater clarity for all parties and reduce the need for retrospective intervention.

Finally, reducing political and policy uncertainty is critical. Frequent changes to policy, particularly where these materially affect viability or introduce additional risk, can deter

investment and delay delivery. Speed in reaching policy positions, followed by a period of stability to allow the market to respond, is essential to restoring confidence.

The focus should be on removing practical barriers to delivery, rather than introducing additional mechanisms to penalise non-delivery.

**QUESTION  
6A**

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

No comment

End of questions