1. Purpose

• Consider longer term options for the delivery of housing across all tenures
• Significant and on-going financial pressures
• Raise your awareness
• Seek your preliminary views, with a focus on benefits
2. Housing supply context

- Need and demand
- Economic value
- Social and environmental value
- Financial context
Need and demand: **household projections**

Part of the projected increase is due to more people living in smaller households.

Number of households of different household sizes:

- 712k (2014)
- 838k
- 869k
- 988k
- 1,142k (2039)
- 634k
Need and demand: ageing population

Most of the growth is among older age groups

Number of households by age of the head of household

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2039</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2014: 0
2039: 250k
Need and demand: under-occupation
Need and demand: historic build

- WW1 and WW2 impacted on house building across both sectors.
- There was a decline in house building through the 1970s.
- Private-led house building rose until 2007.
- Then dipped following the economic downturn.
- House building peaked with post-war reconstruction in the mid-1950s and the creation of new towns in the late 1960s.
Need and demand: assessment & aspirations

• Significant housing demand over next 20 years:
  – Household growth
  – Backlog need
  – (Tenure)

• Aspirations:
  – 80% of households want owner occupation
  – Half of social tenants want to stay
  – Location can be more important than tenure
Economic value

- **Direct** - £8.3bn spent on construction (2016), **137,000 employed** in construction (2015)

- **Wider** - labour market function, productivity, entrepreneurship, home-working

- **But Brexit(!)** - “Scotland’s Place in Europe: People, Jobs and Investment”
Social and environmental value

- **Health** – warm homes, green spaces, reduced financial stress
- **Education** – schooling, homework, and educational attainment
- **Crime reduction** - boost mental wellbeing, reduce reoffending, avoid concentrations of disadvantage
- **Carbon reduction** - energy efficient new build, reduce travel to work
Financial context: public expenditure

• **Current**: £3 billion / 50k target to 2021
• **Future**: need to make strong contribution to:
  – Health and social care for an ageing population
  – Sustainable economic growth
  – Fairer Scotland
  – Tackling homelessness
  – Meeting child poverty targets
  – Tackling climate change
Financial context: **wealth inequality**

Table 6.5 Share of household total net wealth and its components by bottom 40%, middle 50% and top 10% of households for Scotland and Great Britain, 2012/14

<table>
<thead>
<tr>
<th></th>
<th>Scotland</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property wealth (net)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bottom 40%</td>
<td>0.9%</td>
<td>1.2%</td>
</tr>
<tr>
<td>middle 50%</td>
<td>56.6%</td>
<td>53.0%</td>
</tr>
<tr>
<td>top 10%</td>
<td>42.5%</td>
<td>45.8%</td>
</tr>
<tr>
<td><strong>Financial wealth (net)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bottom 40%</td>
<td>0.9%</td>
<td>1.2%</td>
</tr>
<tr>
<td>middle 50%</td>
<td>32.3%</td>
<td>29.7%</td>
</tr>
<tr>
<td>top 10%</td>
<td>66.8%</td>
<td>69.1%</td>
</tr>
</tbody>
</table>
Financial context: demographic impact

- Ageing population
- Cost of services by age
- Life expectancy vs healthy life expectancy
Scottish population by Parliamentary Term:

- **ages 75-84 yrs**
- **85+ yrs**
## 3. Current interventions

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>Regional economic development</td>
</tr>
<tr>
<td>Taxation and rebates</td>
<td>Competition and consumer protection</td>
</tr>
<tr>
<td>Rents</td>
<td></td>
</tr>
<tr>
<td>Legislation and guidance</td>
<td></td>
</tr>
<tr>
<td>Standards</td>
<td>Land markets and supply</td>
</tr>
<tr>
<td></td>
<td>Intention, influencing and confidence</td>
</tr>
</tbody>
</table>
4. Group discussion

To identify and confirm the actual or potential benefits of government intervention in the housing market.

**Benefit** – measurable improvement ... perceived as an advantage by one or more stakeholders

- Consider one Housing and Regeneration outcome – see page 2:
  - **What** we are trying to achieve?
  - **How** it might be measured?
  - **Who** benefits?