

PLYMOUTH HOUSING MARKET AREA

QUARTERLY UPDATE

JULY – SEPTEMBER 2009

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INTRODUCTION

After a period of continuous growth the housing market has been affected by the recession with prices having fallen nationally for the first time since the mid 1990's. House builders are having difficulty selling properties on new developments and are not starting to build on some sites. There is also a marked rise in unemployment, which is predicted to continue throughout 2009.

During such uncertain times the Housing Market Area (HMA) Partnership is continuing to monitor key information and trends on a quarterly basis for the sub-region to help inform policy and planning and enable the partner authorities to respond quickly and proactively to changes as they occur.

The quarterly updates will cover the following areas:

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The four authorities forming part of the Plymouth HMA are Plymouth, South Hams, West Devon and the part of Cornwall that was Caradon until the 1st April 2009.

This is the fourth update. All updates in the series can be found on the West Devon Borough Council website:

www.westdevon.gov.uk/doc.asp?doc=11287&CAT=2104

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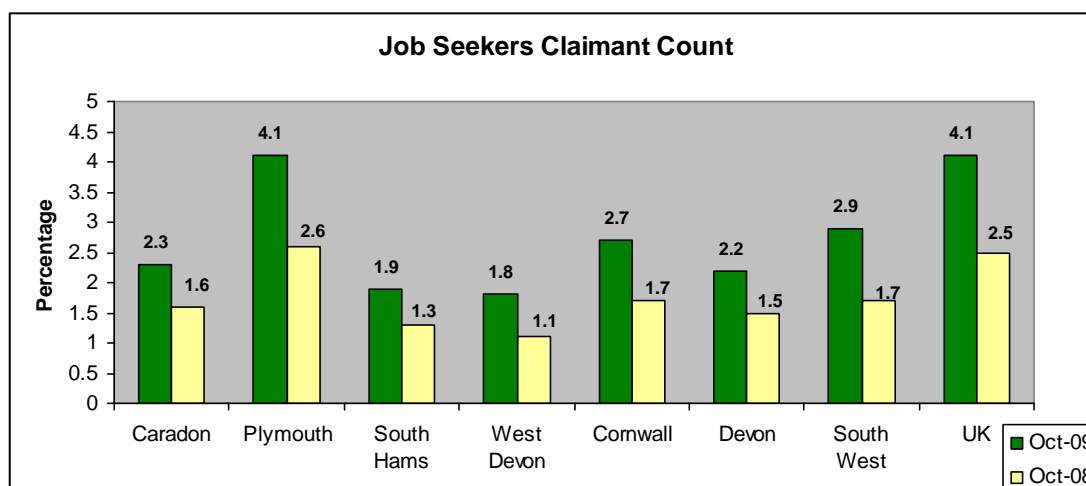
Note: Where statistics are no longer available for the Caradon area Cornwall Unitary information has been used.

The Sub-Regional Economy & Unemployment

The United States came out of recession in Quarter 3 2009 following Germany, France and Japan who all saw positive growth in Quarter 2. China's economy is growing strongly and these factors all mean that the world economy is now out of recession. Recovery is likely to be slow and growth constrained for some time. The UK is still in recession with a further fall in GDP of 0.4% in Quarter 3 making the annual fall 5.3%. Signs are that the worst is past but the economy is still very fragile and recovery will take time.

In the South West there has been a significant fall in business investment recently and although manufacturing is less depressed than previously construction is still shrinking with only public sector projects supporting the industry. This position is not tenable in the long terms and clearly shows problems with development in the region. The South West needs to rise to the challenges of the future and look at how growth can be achieved in a changed economy.

The chart below shows the change in unemployment in the Plymouth HMA between October 2008 and October 2009.



Source: ONS claimant count/www.nomisweb.co.uk

Number of Job Seekers Allowance (JSA) Claimants:

	July 2009	October 2009	October 2008
Caradon	1,137	1,135	767
Plymouth	6,744	6,662	4,151
South Hams	961	899	602
West Devon	572	529	342
HMA Total	9,414	9,225	5,862
Devon	10,387	9,465	6,372
Cornwall	8,102	8,336	5,381

Although the number of JSA claimants in the HMA increased by 57% between October 2008 and October 2009 the past 3 months has actually seen a small drop of 2%, with all the authorities seeing a decrease in claimant numbers of between 0.2% in Caradon and 7.5% in West Devon. The rural authorities are well below the national and regional averages with Plymouth at around the national average. It should be noted that seasonal holiday employment will

have had an affect on the figures, especially in the rural districts although this has been less than envisaged.

The figures only take into account those claiming JSA. Statistics on those working age people who were economically inactive at the end of the financial year suggest that around 12,300 people in Plymouth were looking for some form of employment, almost double the number claiming JSA. It is therefore likely that the real unemployment total is somewhat higher than the JSA figures. Although reliable data is not available for the rural districts overall figures for Devon and Cornwall paint a similar picture.

House Prices

Average House Prices

Land Registry data on completed sales shows that in general average property prices have risen when compared to Quarter 1 but still lag behind 2008 prices, although this varies across authorities. South Hams remains the most expensive district in the HMA. The market may still be fragile but prices are no longer falling in real terms making affordability a continuing issue.

	2008	Q1 2009	Q2 2009	Q3 2009
Cornwall	228,266	209,737	208,461	217,212
Plymouth	157,046	149,166	150,996	153,367
South Hams	308,343	255,319	274,608	276,836
West Devon	233,245	248,456	216,474	231,815
Devon				
	238,384	212,860	220,351	229,671
South West	222,704	200,468	204,520	217,514

Source: Land Registry and CLG Live Tables

The Hometrack Housing Intelligence system reports house prices on a monthly basis in two ways, one by completed sales from data supplied by the Land Registry and also by a combination of sales data from the Land Registry and lender valuation data. The latter gives a more up to date picture as Land Registry information is based on when property transfers are registered, which can be a little time after the sale has completed.

The following tables show mean and lower quartile averages as at September 2008, March 2009 and September 2009 from sales only data. It should be noted that small sample sizes may distort the price over time in some areas.

Mean average house price by sales:

	Sept 2008	March 2009	Sept 2009	Difference Sept 2008 to Sept 2009
Cornwall	232,246	210,482	213,294	-8.2%
Plymouth	157,027	149,959	150,984	-3.8%
South Hams	323,981	261,541	271,871	-16.1%
West Devon	239,447	221,418	225,623	-5.8%
South West				
	226,003	205,412	209,046	-7.5%
England	222,135	202,182	211,643	-4.7%

Source: Hometrack

Lower Quartile Average house price by sales:

	Sept 2008	March 2009	Sept 2009	Difference Sept 2008 to Sept 2009
Cornwall	150,000	134,500	140,000	-6.7%
Plymouth	119,000	110,000	110,000	-7.6%
South Hams	183,000	152,500	165,000	-9.8%
West Devon	160,950	140,000	140,000	-13.0%
South West				
	146,000	132,000	136,800	-6.3%
England	125,000	115,000	120,000	-4.0%

Source: Hometrack

Whilst property prices may have recovered slightly between March and September 2009 they are still down on September 2008, in some instances quite significantly (South Hams mean average and West Devon lower quartile average).

Below are tables showing a combination of sales data and valuation data for mean and lower quartile averages. Using this method tends to show higher house price values, and although it can be an indication of more up to date movement in the market there is no guarantee that the property will be sold for the valuation quoted. Trends are broadly similar to the sales only data.

Mean average house price by sales and valuation data:

	Sept 2008	March 2009	Sept 2009	Difference Sept 2008 to Sept 2009
Cornwall	236,807	219,922	215,893	-8.8%
Plymouth	161,727	153,387	154,447	-4.5%
South Hams	327,609	287,393	287,244	-12.3%
West Devon	260,440	241,761	242,069	-7.1%
South West				
	238,026	219,101	221,287	-7.0%
England	238,671	222,320	225,667	-5.4%

Source: Hometrack

Lower Quartile Average house price by sales and valuation data:

	Sept 2008	March 2009	Sept 2009	Difference Sept 2008 to Sept 2009
Cornwall	152,000	140,000	145,000	-4.6%
Plymouth	120,000	111,000	112,500	-6.3%
South Hams	183,000	162,500	168,000	-8.2%
West Devon	165,000	150,000	145,000	-12.1%
South West				
	150,000	138,000	140,000	-6.7%
England	130,000	123,500	125,000	-3.8%

Source: Hometrack

When looking at the overall average prices by type and size of property Plymouth and West Devon have average prices for one bedroom flats of under £100,000. South Hams has the highest prices across all sized properties. Flat prices that are lower than the national average but South

Hams and Cornwall are above the South West average. For three and four bed properties Plymouth is the only area lower than national and regional averages.

Lower Quartile prices for one and two bed properties are lowest in Plymouth and South Hams is the most expensive.

Average prices by type and size:

	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
Cornwall	113,458	162,438	162,660	196,491	285,525
Plymouth	78,429	122,699	124,987	151,454	215,750
South Hams	123,889	177,938	180,698	239,862	364,091
West Devon	96,750	128,000	148,869	206,279	324,784
South West					
South West	108,302	152,475	157,683	194,589	305,444
England	151,562	194,959	148,829	190,163	318,330

Source: Hometrack

Lower Quartile average prices for 1 and 2 bed properties:

	1 Bed Flat	2 Bed Flat	2 Bed House
Cornwall	87,500	115,000	127,000
Plymouth	64,400	88,350	105,000
South Hams	97,000	119,950	135,000
West Devon	89,000	110,000	123,000
South West			
South West	84,500	110,000	125,000
England	95,000	120,000	100,000

Source: Hometrack

Volume of House Sales

The volume of sales fell significantly in 2008 in line with the rest of the country. The lack of confidence and the difficulties in obtaining mortgages have been key issues; however there has been a steady increase in the number of sales throughout 2009. Sales are still between 33% (South Hams) and 54% (Plymouth) lower than the peak in Quarter 3 2006.

Change in the Number of House Sales 2009:

	Q1 2009	Q2 2009	Q3 2009
Cornwall	936	1,394	2,094
Plymouth	463	704	806
South Hams	200	274	395
West Devon	115	192	238

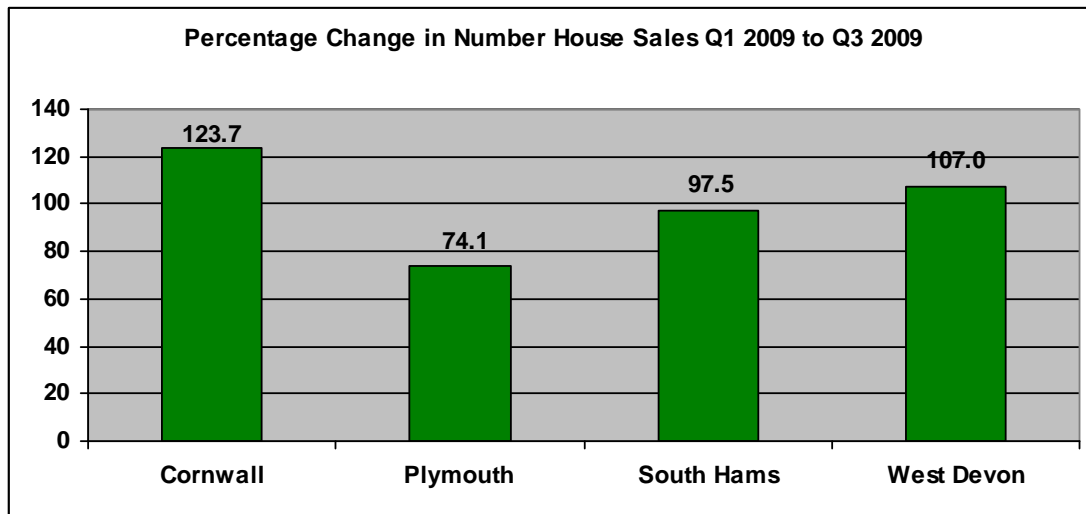
Source: Land Registry

Change in the Number of House Sales Q3 2009 from the Peak in Q3 2006:

	Q3 2009	Q3 2006	% Difference
Cornwall	2,094	3,704	-43%
Plymouth	806	1,755	-54%
South Hams	395	592	-33%
West Devon	238	358	-34%

Source: Land Registry

The Number of sales increased by more than double in Cornwall and West Devon between Quarter 1 and Quarter 3 2009, and by almost double in South Hams. The smallest increase was seen in Plymouth but this was still 74%.



Mortgages

Mortgage Lending¹

National data from the Council of Mortgage Lenders shows an increase in house purchase loans over the past 3 months and a small drop in re-mortgaging. Compared to the same period in 2008 there was a significant growth in house purchase loans and an equally significant drop in re-mortgaging, although this appears to be levelling out in recent months. Overall lending is still well below 2007 levels.

	2007	2008	% Difference
Number of house purchase loans	1,017,000	516,000	-49%
Number of first time buyer loans	357,800	194,200	-46%
Number of home mover loans	658,800	322,200	-51%

	June 2009	September 2009	Percentage Change from June 2009	Percentage Change from September 2008
Number of house purchase loans	45,000	50,600	+12%	+43%
Number of Remortgage Loans	34,000	33,000	-3%	-48%
Number of first time buyer loans	17,200	19,700	+15%	+45%
Number of home mover loans	27,800	31,000	+12%	+43%

The average loan to value for first time buyers remained at 75% over the 3 months compared to 84% in September 2008. First time buyers therefore need to find an average deposit of 25% as opposed to 16% at the same time

¹ Council of Mortgage Lenders September 2009 data

last year. The average borrowing in September was 3.15 times income, a slight increase on June. For home movers the average loan to value is 68% fractionally less than in June and around 3% less than in September 2008. This group typically borrowed 2.8 times income.

An estimated 132,500 transactions have benefitted from the temporary lifting of the stamp duty threshold since the concession was introduced in September 2008, which accounts for around 27% of house purchase loans made. The threshold is due to go back up in 2010 and this may well impact on the housing market.

Deposits and Mortgage availability²

There are signs that lending is easing although lenders are still rationing credit to those with the best credit history.

Lenders are starting to increase their maximum loan to value. Since March 2009 the number of products requiring a 15% deposit has risen from 169 to 231 and the number requiring a 10% deposit increased from 89 to 109. This should provide greater opportunities to first time buyers.

The cost of mortgages has remained fairly static over the same period, with only a few providers cutting rates. The average 2 year fixed rate mortgage stands at 5.06% up from 4.84% since March. The average 2 year tracker is now 3.76% as against 3.86% in March. There are now over 1,800 residential mortgage products available compared to the 1,431 in March.

Predictions for the market for 2009 to 2010 generally seem to agree that prices in 2009 will see an overall modest rise due to limited supply, however a number of forecasts for 2010 suggest a further fall in house prices due to restricted lending, increasing supply and unemployment. Savills, for example are forecasting a fall of 6.6% followed by a flat 2011 and thereafter more sustained growth.

Affordability

	March 2009 Lower Quartile House Prices	10% Deposit	Income Threshold at 3.5 Times Salary	September 2009 Lower Quartile House Prices	10% Deposit	Income Threshold at 3.5 Times Salary
Cornwall	134,500	13,450	34,586	140,000	14,000	36,000
Plymouth	110,000	11,000	28,286	110,000	11,000	28,286
South Hams	152,500	15,250	39,214	165,000	16,500	42,429
West Devon	140,000	14,000	36,000	140,000	14,000	36,000
South West	132,000	13,200	33,943	136,800	13,680	35,177
England	115,000	11,500	29,571	120,000	12,000	30,857

Source: Hometrack sales only data

The income thresholds required to purchase a lower quartile property have remained fairly static over the past 6 months. Only in Plymouth is the income

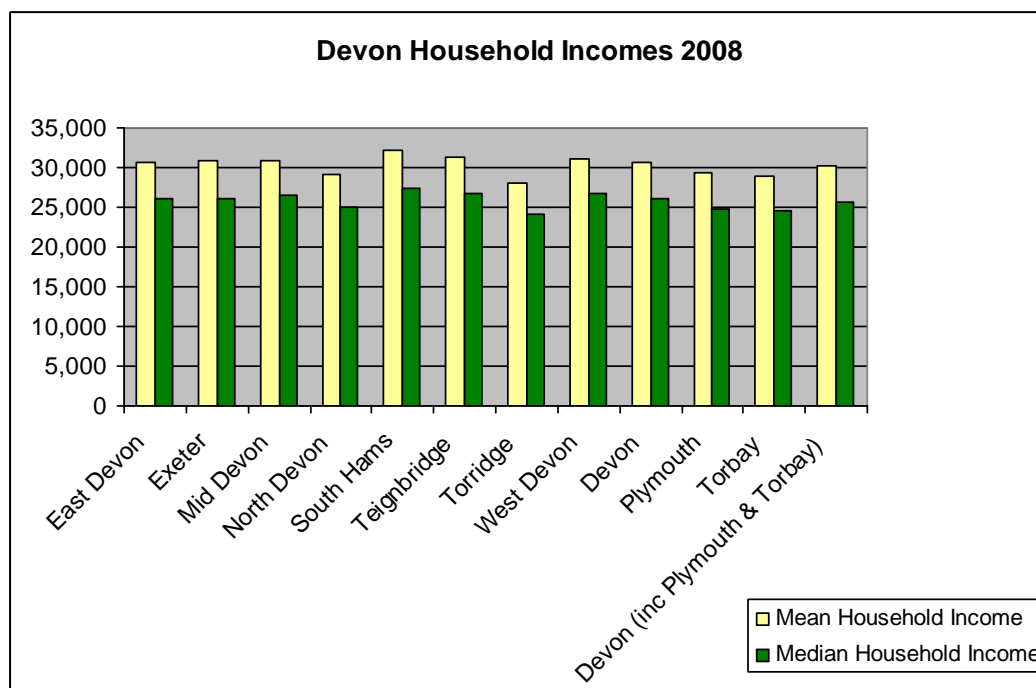
² Moneyfacts

requirement under £30,000. In the most expensive area, South Hams an income in excess of £40,000 is required.

Devon County Council has produced information on estimated mean and median household incomes from CACI Paycheck data³. This shows that median household incomes are all below the lower quartile income thresholds quoted in the above table. Affordability to market housing is still an issue especially as there are many households whose income is below the median average.

Area	Mean Household Income	Median Household Income
Plymouth	29,446	24,830
South Hams	32,145	27,379
West Devon	31,158	26,737
Devon (inc Plymouth & Torbay)	30,153	25,632

Source: Devon County Council Estimates of Household Income May 2009



Source: Devon County Council Estimates of Household Income May 2009

Private Rental Market

Private rents are fairly similar across the HMA for one bed properties with Plymouth the cheapest at £103 per week and West Devon the most expensive at £115. South Hams has the most expensive two and three bed property rents.

³ Devon County Council Estimates of Household Income May 2009

Area	1 Bed Median Private Rented – Weekly Rent	2 Bed Median Private Rented – Weekly Rent	3 Bed Median Private Rented – Weekly Rent
Cornwall	108	126	155
Plymouth	103	126	150
South Hams	109	137	184
West Devon	115	121	161

Source: Hometrack

For households not on benefits private rents are often difficult to afford. In many cases household income levels required to access even the smallest properties are not far below the average median household income meaning that those who have incomes below this level struggle to afford private rented accommodation.

Area	Median annualised private rent – 1 Bed	Income threshold (based on rent at 25% annual income)
Cornwall	5,616	22,464
Plymouth	5,356	21,424
South Hams	5,668	22,672
West Devon	5,980	23,920

Intermediate Housing

The affordability of and accessibility to the intermediate housing market is still an issue. Although there are signs of increasing demand lenders are restricting the amount of funding available and cherry picking the most creditworthy clients and properties they perceive to be lower risk to lend against. Due to their perception of shared ownership as a sub-prime tenure, despite the safeguard of the Mortgagee in Possession clause, there are few lenders willing to lend to prospective purchasers. Where the clause is not entered into, for example in Dartmoor National Park, it has become almost impossible for Registered Social Landlords to sell shared ownership at all

Mortgage Possession Claims & Orders

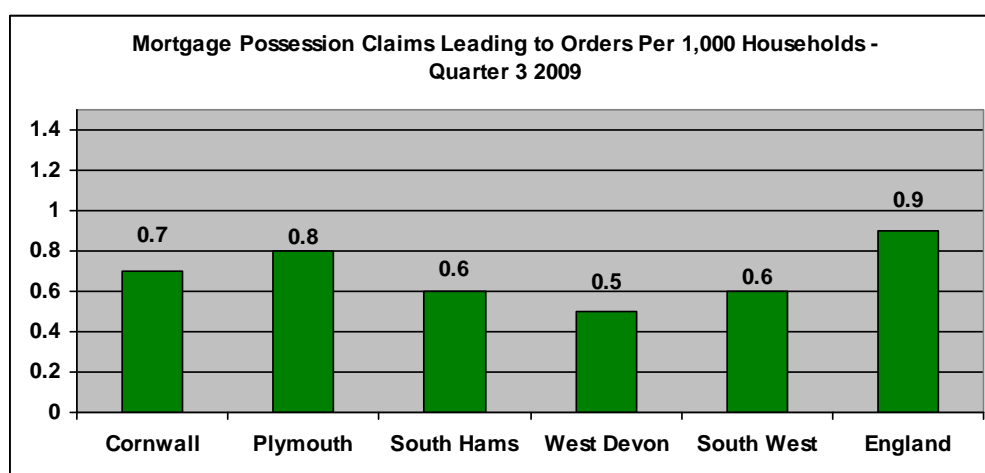
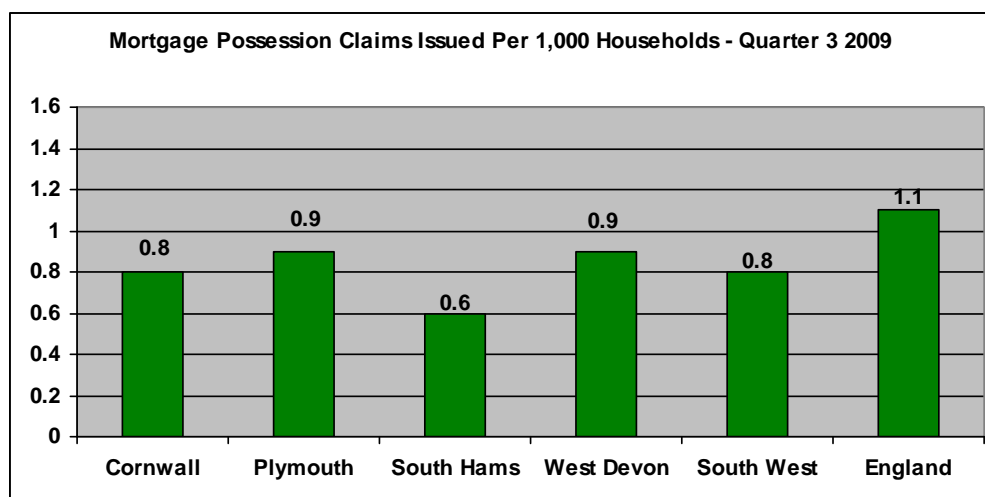
This section looks at mortgage possession claims issued and orders made through the county courts⁴. Some of these will not feed through to actual repossession but are a good indicator of the problems being faced by households.

Although mortgage possession claims are 35% down across the country on the same quarter in 2008, a mortgage pre-action protocol (MPAP) was introduced in the November of that year giving guidance on what lenders and borrowers should have done prior to the issue of a claim. It appears that the protocol has led to a significant fall in claims; however it is not yet clear whether this will lead to a permanent fall in numbers as opposed to a postponement of claims. The decrease in claims and orders should therefore be treated with caution.

Generally there are no concerns with regards to claims issued or orders made as the rates per 1,000 households for the HMA are below the national

⁴ Ministry of Justice statistics on mortgage and landlord possession actions third quarter 2009

average and at around the regional average. The number of Mortgage Possession Claims Issued and orders made has fallen across all areas.



	Q3 2009 Total	% Change Q3 2009 to Q3 2008	Total Q4 2008 – Q3 2009	% Change in from Q4 2007 – Q3 2008
Cornwall	180	-20%	710	-31%
Plymouth	95	-45%	405	-37%
South Hams	20	*	80	-47%
West Devon	20	*	50	-24%
South West	1,700	-32%	6,775	-31%
England & Wales	23,205	-34%	93,140	-34%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – third quarter 2009.

Note - Note: Insufficient observations in base period to calculate % change.

	Q3 2009 Total	% Change Q3 2009 to Q3 2008	Total Q4 2008 – Q3 2009	% Change in from Q4 2007 – Q3 2008
Cornwall	165	-26%	550	-23%
Plymouth	90	-40%	330	-31
South Hams	20	-41%	65	-47%
West Devon	10	*	40	-20%
South West				
	1,410	-26%	5,470	-20%
England & Wales				
	20,917	-29%	83,175	-23%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – third quarter 2009.

Note: Insufficient observations in base period to calculate % change.

The Council of Mortgage Lenders has further reduced its repossessions forecast to 48,000 for the year down from 65,000 in June and a previously forecast 75,000 in recognition of lenders forbearance, government measures and low interest rates.

The findings of a Chartered Institute of Housing study in the South West⁵ concluded that:

- Properties being repossessed are most likely to be lower value properties and concentrated in urban areas.
- The causes of mortgage difficulties are related to unemployment and a reduction in income, which can then lead to relationship breakdown compounding the problem.
- Most households in difficulty stop paying altogether rather than making reduced payments.
- The number of households presenting as homeless to local authorities as a result of repossession has not increased suggesting that most of these households do not look to local authorities for assistance.
- Sub prime lenders, specialist lenders and banks in receipt of government assistance make up the highest proportion of repossession actions.
- Almost all households facing repossession were paying higher than average interest rates.
- Households facing repossession are generally established home owners rather than first time buyers.
- Only around half of householders facing repossession attend the court hearing. Most are unaware of the options to avoid repossession that are available at court.
- Court desk usage is low, even among those who attend court despite the fact that this intervention reduced the incidents of outright possession.
- Repossessions may increase as the market improves as lenders will gain more from the sale of the property.
- Access to debt advice services is patchy and the available services are insufficiently funded. Many people are directed by other agencies rather than self-refer.

The study recommends that local authorities should include repossession prevention in strategic housing documents and processes and ensure that there is adequate well publicised housing and debt advice available.

⁵ Analysis of Mortgage Repossessions in the South West October 2009

Landlord Possession Claims & Orders

As well as monitoring mortgage repossessions it is also useful to look at claims and orders made on rented properties, particularly as loss of assured shorthold tenancy is one of the most common reasons for homelessness in the South West. A rise in possession claims and orders could indicate a problem for households in affording rents.

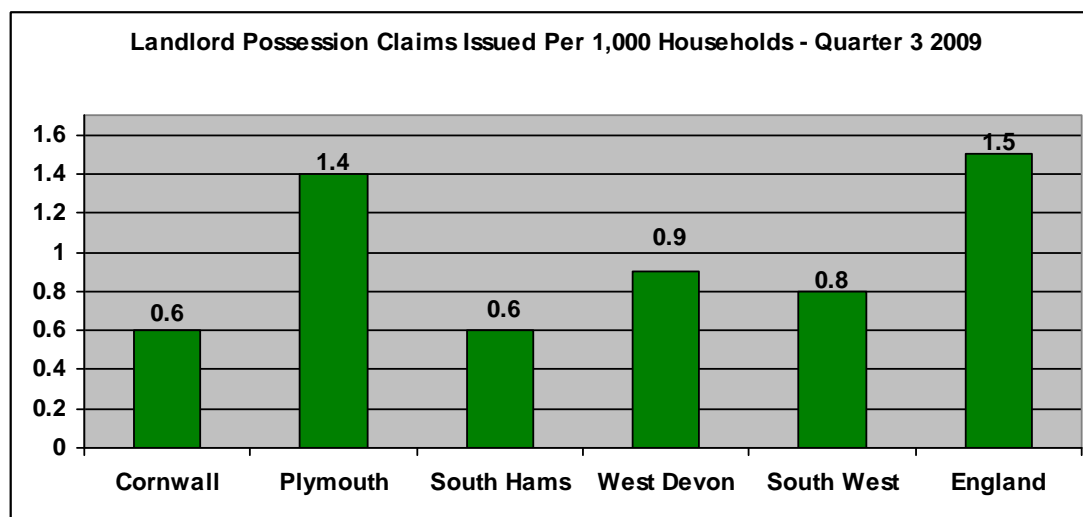
Nationally and regionally there has been a decrease in claims. Other than Cornwall the HMA authorities have seen an increase over the year, small in Plymouth and South Hams but up by 18% in West Devon. Figures per 1,000 households show Plymouth at just below the national average but well above the regional average for the quarter. West Devon is also above the regional average.

Landlord Possession Claims:

	Q3 2009 Total	% Change Q3 2009 to Q3 2008	Total Q4 2008 – Q3 2009	% Change in from Q4 2007 – Q3 2008
Cornwall	135	-27%	660	-9%
Plymouth	155	-40%	855	2%
South Hams	20	*	90	1%
West Devon	20	*	70	18%
South West	1,865	-14%	7,820	-8%
England & Wales	34,179	-9%	139,333	-7%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – third quarter 2009.

Note: Insufficient observations in base period to calculate % change.



The picture for possession orders shows decreases at national and regional levels. However the HMA authorities have all seen an increase for the year from a small 1% in Cornwall to 21% in South Hams. For the quarter Plymouth is close to national levels per 1,000 households and West Devon and Cornwall are above the regional average.

Landlord Possession Orders made:

	Q2 2009 Total	% Change Q2 2009 to Q2 2008	Total Q3 2008 – Q2 2009	% Change in from Q3 2007 – Q2 2008
Cornwall	115	5%	455	1%
Plymouth	100	-45%	665	10%
South Hams	15	*	65	21%
West Devon	15	*	55	20%
South West				
	1,330	-10%	5,745	-3%
England & Wales				
	23,442	-8%	94,963	-6%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – third quarter 2009.

Note - * Insufficient observations in base period to calculate % change.



Homelessness

Homeless acceptances for the first two quarters of 2009/10 are 41% less than over the same period last year across the HMA with only Caradon seeing an increase.

Homeless Acceptances

	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Total	Q1 & Q2 2009/10	% Diff compared to Q1 & Q2 2008/09
Caradon	12	11	6	6	35	26	13%
Plymouth	88	121	80	82	371	124	-41%
South Hams	18	11	7	4	40	15	-48%
West Devon	17	21	10	3	51	11	-71%

Source: P1E returns

The number of homeless preventions is generally up, which could well be an indicator of the pressures households are under in the current economic climate.

Homeless Preventions

	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Total	Q1 & Q2 2009/10	% Diff compared to Q1 & Q2 2008/09
Caradon	N/K	N/K	N/K	N/K	223	79	N/K
Plymouth	150	82	115	132	479	253	+9%
South Hams	36	45	24	36	141	125	+54%
West Devon	37	36	43	51	167	75	+3%

Source: P1E returns

Housing Delivery

Overall Housing Delivery

It was hoped that information on delivery would be available half-yearly, however it has not been possible to produce reliable information as yet. In the next update we will include information on predicted delivery from the Annual Monitoring Returns completed by each authority. The 2007/08 and 2008/09 figures appear below for information. Last year Caradon, Plymouth and West Devon all exceeded their targets with South Hams somewhat adrift meaning that the overall target was missed. In total the authorities met 86% of the target whereas in 2007/08 91% of the target was met with strong delivery from Caradon and West Devon.

A revision of both these and the affordable housing targets are currently being undertaken in view of the difficult economic situation and its impact on housing delivery.

LA	Overall Housing Delivery 2007/08	Target 2007/08	Overall Housing Delivery 2008/09	Target 2008/09
Caradon	456	213	344	183
Plymouth	790	1,000	1,003	1,000
South Hams	144	667	232	842
West Devon	530	220	356	220
Total	1,920	2,100	1,935	2,245

The view of one of the private sector developer partners is that "Despite a few signs of improvement we still remain in the middle of an unprecedented crisis in the housing market and house building as the 'credit crunch' shockwaves continue to impact on the industry. Annual housing starts in England in the year to September 2009 are 35% down on the year compared to September 2008 although in the south west there were some more encouraging signs in the figures for Q3 2009 which showed a 19% increase in starts compared to the previous year albeit from a low base figure. This is a reflection of increased RSL activity and some of the larger volume builders accelerating their build programmes in response to increased demand.

However, concerns remain as the Council for Mortgage Lending (CML) forecasts that although net lending will rise to £15billion in 2010 this is down from £108billion in 2007 at the peak of the market. Stricter lending criteria continue to have an impact on the first time buyer market where high levels of deposits are required. This has also impacted adversely on the intermediate housing market.

The Homes and Community Agency have brought sites forward through their Kickstart scheme and greater grant assistance and some of these have started on site. Time will tell how successful this will be as only limited funds have been available and they are time constrained. Worries about future funding for social housing as part of an overall public sector spending reduction remain and the possibility of a change in Government. This will continue to impact upon the delivery of S106 sites that include social housing

The inescapable truth is that fundamental to the future will be the availability of finance to house builders (including grant monies) and how to fund a series of major housing policies (such as affordable housing, tariffs and the Community Infrastructure Levy as well as the new sustainability agenda), which can no longer be funded out of land values.

It is still the case that very few residential sites remain viable in current market conditions and given the increasing policy burden it may be some time before land values emerge with a positive value on any residual calculation. Landowners have yet to come to terms with falling values since 2007 and the impact that the additional policy burden has on land values. The reluctance to build apartments due to market conditions means that densities will fall and fewer homes overall will be completed.

For the small and medium house builder margins still have to increase to take account of the increased and disproportionate risk at the same time as

Funding institutions are severely restricting the flow of credit not just for land acquisition but for the build cost as well. Nothing has changed in this respect in the last three months, if anything the situation has deteriorated. As a result in 2009 many smaller house builders have stopped building altogether or have gone out of business. Funding difficulties will mean that 2010 will be no better.

With economic uncertainty prevailing, a forthcoming general election and a continued rise in unemployment (albeit at a slower rate than anticipated) 2010 will be a difficult year."

Affordable Housing Delivery

In 2008/09 the HMA delivered 566 new affordable homes, 104% of the four local authorities' targets. The overall target for 2009/10 has been set at 604 and the authorities are predicting delivery of 498 (82.5%).

There has been considerable focus in trying to maintain delivery in the current market and off the shelf purchasing of some housing originally designated as market housing and the bringing forward of the affordable element of some developments kept delivery robust in 2008/09 with the availability of funding through the Homes and Communities Agency underpinning this work. Future reductions in funding coupled with fewer gains through the planning system due to the low level of development starts and the viability of these sites to

produce affordable housing without significant subsidy will impair the ability to maintain delivery.

LA	Affordable Housing Delivery 2008/09	Affordable Housing Delivery Quarter 1 and 2 2009	Affordable Housing Target 2009/10	Predicted Delivery for 2009/10
Caradon	96	57	143	103
Plymouth	290	137	236	236
South Hams	52	40	72	50
West Devon	128	27	153	109
Total	566	261	604	498

Private Sector Housing

Some of the private sector housing stock, particularly the private rented sector, has poor housing conditions and energy efficiency. Much of the stock in the HMA is older and in need of updating. There are also a high number of second homes in some more coastal areas and authorities are looking to bring empty homes back into use wherever possible to help meet housing need. It is therefore intended to expand future updates to include information on the condition of the private sector housing stock and grants being utilised to provide improvements.

Conclusions

1. The public sector is currently supporting the local economy. With future cuts likely there will be significant challenges to be faced. Although unemployment reduced in the three month period this was also the summer period when additional seasonal work is available.
2. Mortgage lending has increased and there has been more activity in the housing market, although transactions levels are still down on the 2006 peak. Prices crept up between March and September but leading forecasters are still predicting falls in 2010 driven by restricted lending, increasing supply and unemployment.
3. Affordability remains an issue as prices are beyond the reach of many households in need and unlikely to fall to affordable levels. Incomes of over £30,000 are required to access lower quartile housing in most of the area. Mortgages are still being rationed with access to Intermediate housing also affected. Private rents are high and can be difficult to afford for those whose incomes are above benefit levels.
4. Repossessions and homelessness are not a significant issue with interest rates remaining low. Homeless statistics support this. The Council of Mortgage Lenders has now revised its predicted figure down to 48,000 from the original 75,000 for 2009.
5. Housing delivery is likely to remain subdued over the next couple of years making current targets unrealistic, especially with the decline in available funding. Affordable housing predictions show that the HMA is likely to meet around 82.5% of its 2009/10 target. The revision of the current three year targets are being undertaken.
6. The future is very challenging given high levels of public debt, reduced funding and economic uncertainty. The HMA will need to continue to be proactive to deliver in the current market.