



Working for Affordable Homes in Devon

DEVON STATE OF THE MARKET REPORT

OCTOBER – DECEMBER 2009

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INTRODUCTION

The delivery of housing has been identified as a key priority within the Devon Local Area Agreement. All the Local Authorities in Devon are working together to maximise the overall delivery of housing and the delivery of affordable housing for those households in need, in both the key settlements and rural areas, as much of Devon is made up of sparsely populated rural communities.

After a period of continuous growth the housing market has been affected by the recession with prices and number of sales falling nationally for the first time since the mid 1990's, although there was a slight recovery in 2009. 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 that may continue into 2010.

The report monitors 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. This is the third quarterly update report.

The report has been revised to include full information for Torbay, Plymouth and Cornwall, in particular the old Caradon area which forms part of the Plymouth Housing Market Area Partnership.

The quarterly updates will cover the following areas:

❖ Sub-Regional Economy & Unemployment	Page 3
❖ House prices	Page 4
❖ Volume of house sales	Page 8
❖ Mortgage Lending	Page 9
❖ Affordability	Page 10
❖ Mortgage Possession Claims and Orders	Page 13
❖ Landlord Possession Claims & Orders	Page 16
❖ Homelessness	Page 17
❖ Housing Delivery	Page 19
❖ Affordable Housing Needs	Page 22
❖ Funding Affordable Housing	Page 23
❖ Private Sector Housing	Page 23
❖ Conclusions	Page 24

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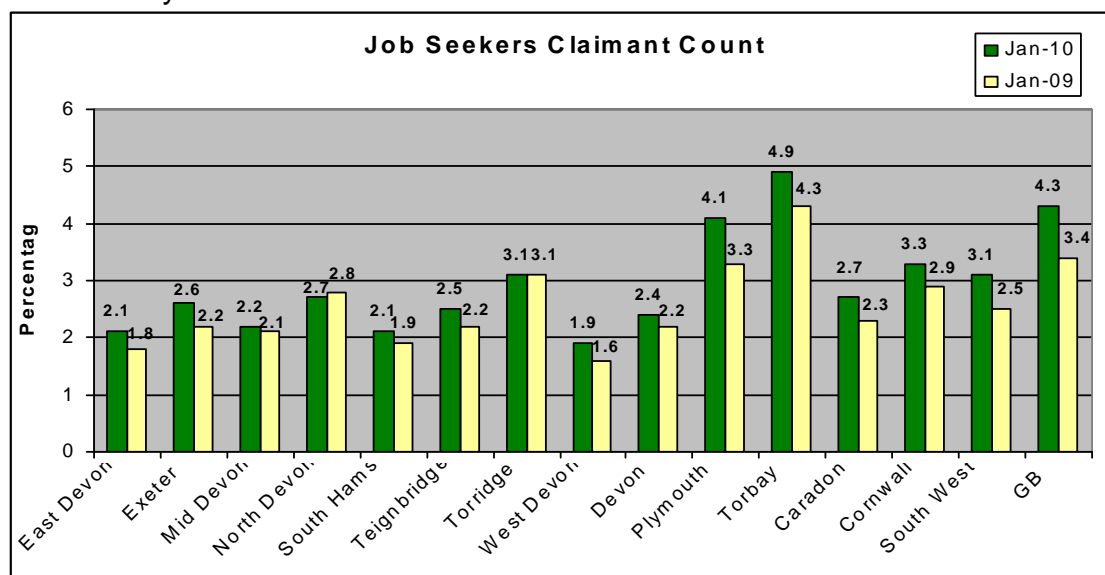
The Sub-Regional Economy & Unemployment

Many of the world's leading economies had already come out of recession in Quarter 3 2009¹ and the majority of the rest, including the UK, finally emerged from recession in Quarter 4. Growth is still slow and vulnerable to set-backs but prospects have improved and it is expected that the greatest growth in 2010 will be in the USA and the Far East.

The UK economy grew by a modest 0.4% in Quarter 4 and recovery will be slow. The recession lasted six quarters and reduced national output by around 6% with UK unemployment rising from 1.6 million in late 2007 to 2.5 million by the end of 2009. The start of 2010 has been difficult with poor weather and the increase in VAT leading to sharp falls in retail sales, significantly lower tax receipts increasing public borrowing further, and rising inflation. With an election due in the first half of 2010 a new Government, no matter which political party, will need to address the country's high levels of debt incurred during the downturn in an attempt to keep the economy from further deterioration. This is likely to lead to cuts in public spending and could take some time to resolve.

The South West has not suffered to the degree seen in some other regions however recovery is constrained and further job losses are likely, although at a slower rate than previously. The impact of future public spending cuts may be felt strongly in the region as public sector projects have been helping to support the economy. The structural competitive weaknesses in the South West economy may well slow any upturn.

The chart below shows the change in unemployment between January 2009 and January 2010.



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

The number of claimants for Job Seekers allowance (JSA) in Devon increased by 11% between January 2009 and January 2010 with a similar rise in Cornwall. Plymouth is showing the highest rise at 25% over this period but only a minimal rise in the past three months indicating a stabilising position, with a similar trend seen in Exeter. The percentage of claimants in rural areas

¹ South West RDA Economics Review February 2010

is generally lower than urban, regional and national averages with Torridge having the most acute problems of the Devon rural authorities. Torbay is the only local authority with a percentage higher than the national average.

The figures only take into account those claiming JSA. Statistics for those working age people who were economically inactive at the end of June 2009² suggest that around 15,600 people in Devon were looking for some form of employment, considerably more than the number claiming JSA. In Cornwall this figure is 17,300 against claimant numbers of 10,320 an even greater disparity, whilst in Plymouth the figure looking for work is almost double the number claiming JSA. It is therefore likely that the real unemployment total is somewhat higher than the JSA figures.

Table 1 - Number of Job Seekers Allowance (JSA) Claimants:

	October 2009	January 2010	January 2009
East Devon	1,337	1,483	1,269
Exeter	2,059	2,214	1,831
Mid Devon	977	981	919
North Devon	1,138	1,447	1,473
South Hams	899	1,005	916
Teignbridge	1,697	1,843	1,566
Torridge	1,009	1,160	1,153
West Devon	529	571	484
Devon Total	9,645	10,704	9,611
Plymouth			
	6,662	6,674	5,323
Torbay			
	3,366	3,710	3,224
Caradon			
	1,135	1,299	1,139
Cornwall			
	8,336	10,320	8,998

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

House Prices

Average House Prices

Table 2 - Mean Average House Prices:

	2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
East Devon	262,704	232,194	247,690	246,604	257,147
Exeter	210,257	180,619	197,582	195,745	197,017
Mid Devon	218,365	196,959	202,579	223,916	201,730
North Devon	227,844	209,459	199,548	222,491	218,244
South Hams	308,343	255,319	274,608	276,836	305,381
Teignbridge	224,458	197,699	210,051	227,137	219,973
Torridge	190,625	178,729	200,165	199,942	209,581
West Devon	233,245	248,456	216,474	231,815	216,600
Devon Total	238,384	212,860	220,351	229,671	230,442
Plymouth					
	157,046	149,166	150,996	153,367	154,393
Torbay					
	190,625	172,356	178,644	173,633	178,320
Cornwall					
	238,384	212,860	220,351	229,671	211,688
South West					
	222,704	200,468	204,520	217,514	214,763

Source: Land Registry and CLG Live Tables

² www.nomisweb.co.uk

Land Registry data on completed sales shows that in general average property prices have risen across Devon over the year, in some cases quite significantly, but still lag behind 2008 prices, Torridge being the only exception. South Hams remains the most expensive district in Devon with prices almost back to 2008 levels and increasing by £50,000 since Quarter 1 2009. Early indications for January and February 2010 show that prices have fallen back slightly and so it remains to be seen whether the market has stabilised or is in for further turmoil.

The Hometrack Housing Intelligence system, to which Devon subscribes, 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.

Tables 3 and 4 show mean and lower quartile averages as at December 2008, June 2009 and December 2009 from sales only data. It should be noted that small sample sizes may distort prices in some areas.

Property prices increased between June 2009 and December 2009 in all areas but mean averages are generally lower than in December 2008, with any increases in Devon and Cornwall being very small and below the national increase of 4.5%. The annual difference in lower quartile prices is more mixed and varies between a fall of 4.6% in West Devon and a rise of 4.1% in East Devon against a national rise of 4.2%.

Table 3 - Mean average house price by sales:

	Dec 2008	June 2009	Dec 2009	Difference Dec 2008 to Dec 2009
East Devon	266,295	240,214	247,008	-7.2%
Exeter	205,569	195,242	195,278	-5.0%
Mid Devon	217,531	201,463	215,920	-0.7%
North Devon	218,655	200,447	222,536	+1.8%
South Hams	303,568	268,261	279,108	-8.1%
Teignbridge	230,838	204,826	221,724	-3.9%
Torridge	202,732	191,153	202,899	+0.1%
West Devon	226,743	221,370	232,600	+2.6%
Plymouth				
Plymouth	152,246	149,902	152,831	+0.4%
Torbay				
Torbay	180,033	175,526	175,978	-2.3%
Cornwall				
Cornwall	222,367	209,489	218,290	-1.8%
South West				
South West	219,251	202,724	218,245	-0.5%
England				
England	215,856	202,055	225,570	+4.5%

Source: Hometrack

Table 4 - Lower Quartile Average house price by sales:

	Dec 2008	June 2009	Dec 2009	Difference Dec 2008 to Dec 2009
East Devon	157,000	157,500	163,500	+4.1%
Exeter	149,000	140,000	149,500	+0.3%
Mid Devon	145,000	138,500	139,500	-3.8%
North Devon	150,000	135,000	150,000	0.0%
South Hams	170,000	160,000	167,950	-1.2%
Teignbridge	145,000	140,000	148,995	+2.8%
Torrige	140,000	133,000	138,000	-1.4%
West Devon	152,000	135,000	145,000	-4.6%
Plymouth				
Plymouth	112,500	107,500	111,000	-1.3%
Torbay	125,000	125,000	128,000	+2.4%
Cornwall	140,000	135,000	144,500	+3.2%
South West	139,995	133,000	140,500	+0.4%
England	120,000	115,000	125,000	+4.2%

Source: Hometrack

Tables 5 and 6 show 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 at the valuation price.

Mean average prices fell in all areas over the year other than Plymouth, where only a minimal rise was seen. East Devon saw the biggest fall at 9.3%. Generally Devon prices fell further than the South West average, whilst in England as a whole prices increased fractionally. Lower quartile price have also either fallen or remained static against a national increase of 2.4%.

Table 5 - Mean average house price by sales and valuation data:

	Dec 2008	June 2009	Dec 2009	Difference Dec 2008 to Dec 2009
East Devon	280,142	255,145	253,986	-9.3%
Exeter	200,155	198,447	199,569	-0.3%
Mid Devon	240,705	225,303	238,530	-0.9%
North Devon	241,546	215,672	231,906	-4.0%
South Hams	326,883	287,216	308,148	-5.7%
Teignbridge	247,391	220,747	230,231	-6.9%
Torrige	222,953	212,139	216,046	-3.1%
West Devon	260,250	237,354	254,865	-2.1%
Plymouth				
Plymouth	158,235	153,281	158,339	+0.1%
Torbay	197,093	186,758	183,838	-6.7%
Cornwall	234,060	215,430	225,513	-3.7%
South West	234,973	219,783	230,739	-1.8%
England	236,908	224,344	237,081	+0.1%

Source: Hometrack Automated Valuation Model

Table 6 - Lower Quartile Average house price by sales and valuation data:

	Dec 2008	June 2009	Dec 2009	Difference Dec 2008 to Dec 2009
East Devon	165,000	160,000	165,500	+0.3%
Exeter	148,000	144,150	147,500	-0.3%
Mid Devon	149,000	140,000	145,000	-2.7%
North Devon	160,000	142,000	153,500	-4.1%
South Hams	175,000	160,000	175,000	0.0%
Teignbridge	148,000	140,000	147,500	-0.3%
Torridge	145,000	139,500	140,000	-3.4%
West Devon	160,000	142,000	150,000	-6.2%
Plymouth				
Plymouth	115,000	110,000	115,000	0.0%
Torbay	132,000	130,000	130,000	-1.5%
Cornwall	146,333	141,000	146,000	-0.2%
South West	145,000	139,475	145,000	0.0%
England	127,000	124,000	130,000	+2.4%

Source: Hometrack Automated Valuation Model

The average price of a one bedroom flat in a number of local authority areas is under £100,000 (Table 7). South Hams still remains the most expensive location for almost all types and size of properties with Plymouth generally the cheapest. The price of flats is lower than the national average; however as property sizes increase this changes with average prices in excess of the national and regional averages for three and four bed houses in a number of rural areas.

Lower Quartile prices for one and two bed properties are lowest in Plymouth. Within the Devon districts the cheapest lower quartile properties can be found in Mid Devon with Exeter having the most expensive lower quartile two bed flats and houses.

Table 7 - Average prices by type and size:

	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
East Devon	112,015	166,773	178,771	234,265	342,712
Exeter	110,150	143,740	160,303	194,633	279,506
Mid Devon	83,625	105,834	145,799	204,490	318,821
North Devon	95,000	162,908	167,648	210,975	283,732
South Hams	127,212	171,636	198,975	262,646	404,001
Teignbridge	94,213	138,856	162,671	197,865	306,363
Torridge	89,250	178,460	150,770	190,606	294,483
West Devon	85,000	104,500	155,085	208,132	333,778
Plymouth					
Plymouth	81,287	114,609	126,676	156,075	229,423
Torbay	93,711	128,366	156,423	177,323	260,491
Cornwall	106,955	152,813	166,757	201,670	296,022
South West	108,409	152,579	162,277	200,977	315,447
England	155,985	202,103	151,883	195,419	332,344

Source: Hometrack

Table 8 - Lower Quartile average prices for 1 and 2 bed properties:

	1 Bed Flat	2 Bed Flat	2 Bed House
East Devon	91,000	120,000	142,000
Exeter	99,000	125,000	146,000
Mid Devon	80,000	88,250	122,500
North Devon	82,000	119,950	133,000
South Hams	100,000	119,950	140,500
Teignbridge	87,000	110,000	130,000
Torrige	85,000	117,500	124,000
West Devon	No sales	106,000	123,000
Plymouth			
	69,000	85,000	107,750
Torbay	80,000	97,500	130,000
Cornwall	87,500	110,000	128,250
South West	85,000	110,000	128,000
England	96,500	120,000	102,000

Source: Hometrack

Volume of House Sales

The volume of sales increased steadily in 2009 although they are still around a third lower than the peak in Q3 2006 with figures for urban areas more than 40% lower. A rush to beat the lowering of the stamp duty threshold back down to £125,000 helped to drive sales up in December, however gross mortgage lending declined in January so how sustainable the rise in numbers is remains to be seen. The Number of sales doubled in almost all local authority areas between Quarter 1 and Quarter 4 2009. Mid-Devon showed the smallest increase at 91% and Exeter the largest at 190%.

Table 9 - Change in the Number of House Sales 2009:

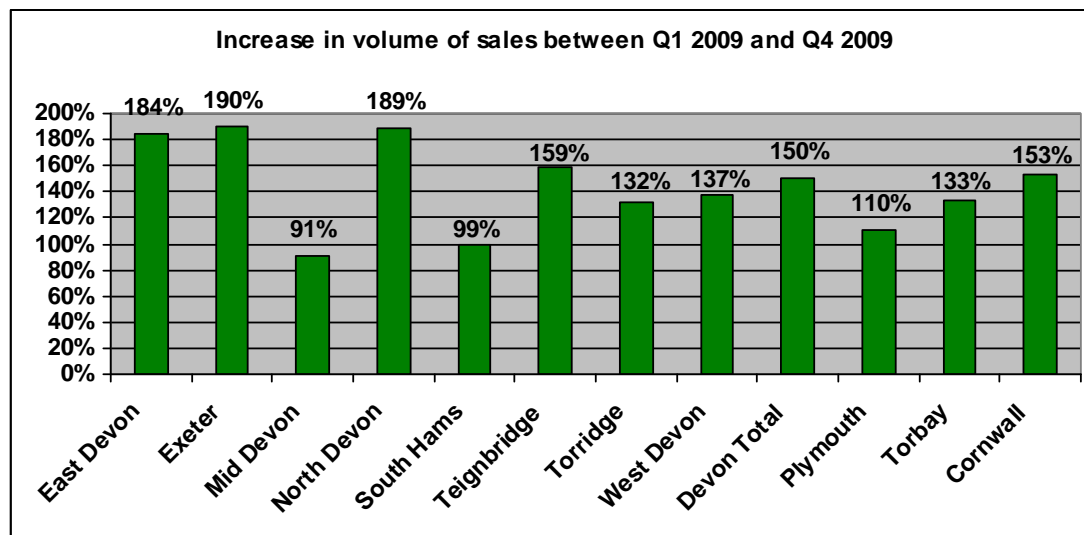
	Q1 2009	Q2 2009	Q3 2009	Q4 2009
East Devon	267	490	659	759
Exeter	183	367	439	531
Mid Devon	184	230	315	352
North Devon	146	307	344	422
South Hams	200	274	395	398
Teignbridge	245	377	518	634
Torrige	138	238	330	320
West Devon	115	192	238	273
Devon Total	1,478	2,475	3,238	3,689
Plymouth				
	463	704	806	970
Torbay	280	472	549	653
Cornwall	936	1,394	2,094	2,365

Source: Land Registry

Table 10 - Change in the Number of House Sales Q3 2009 from the Peak in Q3 2006:

	Q4 2009	Q3 2006	% Difference
East Devon	759	1,067	-29%
Exeter	531	929	-43%
Mid Devon	352	618	-43%
North Devon	422	614	-31%
South Hams	398	592	-33%
Teignbridge	634	905	-30%
Torridge	320	530	-40%
West Devon	273	358	-24%
Devon Total	3,689	5,613	-34%
Plymouth			
	970	1,755	-45%
Torbay			
	653	1,122	-42%
Cornwall			
	2,365	3,704	-36%

Source: Land Registry



Source: Land Registry

Mortgages

Mortgage Lending³

National data from the Council of Mortgage Lenders shows an increase in house purchase loans over the year and in particular an increase in first time buyer loans, the number of which hit a two year high in December to beat the lowering of the stamp duty threshold. The number of house purchases on properties costing less than £175,000 rose by 56% from November's figures.

The re-application of stamp duty to properties between £125,000 and £175,000 in January has added an additional 1% of the purchase price onto the transaction costs. Information for January 2010 shows that gross mortgage lending declined sharply for the month falling by 32% compared to December 2009 and 21% compared to January 2009. The total amount lent is at its lowest since early 2000.

The number of re-mortgage loans is still significantly down for the year.

³ Council of Mortgage Lenders December 2009 data

Table 9 – Mortgage Lending 2007-2009:

	2007	2008	2009	% Difference 2008 to 2009
Number of house purchase loans	1,015,100	516,200	517,000	+0.2%
Number of first time buyer loans	357,100	193,700	198,200	+2.3%
Number of home mover loans	657,800	322,500	318,700	-1.2%

Table 10 – Change in Lending December 2008 – December 2009:

	June 2009	December 2009	Percentage Change from June 2009
Number of house purchase loans	45,000	62,800	+40%
Number of Remortgage Loans	34,000	28,000	-18%
Number of first time buyer loans	17,200	24,900	+45%
Number of home mover loans	27,800	37,900	+36%

Deposits and Mortgage availability⁴

Latest figures show that fixed rate mortgages are falling but only for those with significant equity or a large deposit.

The average two year fixed rate for a borrower with a 10% deposit is 6.48%, the highest level since December 2008; however the average rate for a borrower with a 25% deposit is far less at 4.27%. This represents a difference of £197 per month on a £150,000 repayment mortgage, almost £2,500 a year. On average a borrower with only a 10% deposit will pay £4,728 more over a two year fixed term than someone with a 25% deposit.

Lenders are still trying to cherry pick those with the best credit history and ability to repay and are actively discouraging those with smaller deposits. On a 90% Loan to Value mortgage the lenders margin has increased to 4.85% as funding on the swap rate market has fallen to an all time low, penalising those borrowers with only a small deposit and no improvement is in sight.

Affordability

The income thresholds required to purchase a lower quartile property increased in all areas over the six months from June to December; some only minimally whilst East Devon and South Hams have seen a £4,000 increase and Teignbridge a £3,000 increase. Only in Plymouth city is the income requirement under £30,000. In the most expensive areas, East Devon and South Hams, an income in excess of £40,000 is required.

⁴ Moneyfacts

Table 11 – Income thresholds for Lower Quartile properties:

	March 2009 Lower Quartile House Prices	10% Deposit	Income Threshold at 3.5 Times Salary	December 2009 Lower Quartile House Prices	10% Deposit	Income Threshold at 3.5 Times Salary
East Devon	150,000	15,000	38,571	163,500	16,350	42,043
Exeter	144,000	14,400	37,029	149,500	14,950	38,443
Mid Devon	139,000	13,900	35,743	139,500	13,950	35,871
North Devon	147,450	14,745	37,916	150,000	15,000	38,571
South Hams	152,500	15,250	39,214	167,950	16,795	43,187
Teignbridge	137,000	13,700	35,229	148,995	14,900	38,313
Torridge	130,000	13,000	33,429	138,000	13,800	35,486
West Devon	140,000	14,000	36,000	145,000	14,500	37,286
Plymouth						
Plymouth	110,000	11,000	28,286	111,000	11,100	28,543
Torbay	123,000	12,300	31,629	128,000	12,800	32,914
Cornwall	134,500	13,450	34,586	144,500	14,450	37,157
South West	132,000	13,200	33,943	140,500	14,050	36,129
England	115,000	11,500	29,571	125,000	12,500	32,143

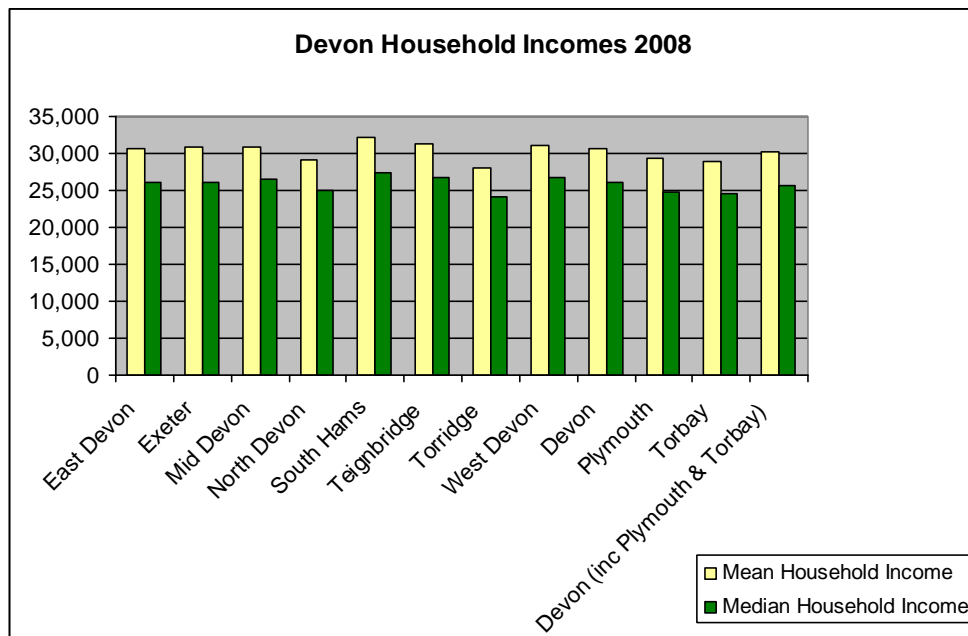
Source: Hometrack sales only data

Median household incomes across Devon are still considerably below the lower quartile income thresholds quoted in the above table with only Plymouth's average income getting anywhere near the threshold for the city. Affordability to market housing is still an issue across Devon, especially as there are many households whose income is below the median average.

Table 12: Average Household Incomes:

Area	Mean Household Income	Median Household Income
East Devon	30,678	26,173
Exeter	30,801	26,182
Mid Devon	30,932	26,478
North Devon	29,206	24,970
South Hams	32,145	27,379
Teignbridge	31,359	26,650
Torridge	28,019	24,172
West Devon	31,158	26,737
Devon	30,622	26,112
Plymouth		
Plymouth	29,446	24,830
Torbay	28,935	24,642
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 more expensive in Exeter for one and two bed properties, whilst three bed properties are most expensive in South Hams and East Devon. The cheapest median average rents are available in North Devon. The private rented market often has some of the poorest housing conditions and houses many vulnerable households on housing benefit.

Table 13 – Private Rents:

Area	1 Bed Average Weekly Rent	2 Bed Average Weekly Rent	3 Bed Average Weekly Rent
East Devon	109	137	180
Exeter	121	155	178
Mid Devon	92	126	150
North Devon	92	115	137
South Hams	103	132	184
Teignbridge	105	132	173
Torridge	N/K	126	N/A
West Devon	109	121	167
Plymouth	103	126	150
Torbay	106	137	161
Cornwall	103	126	153
South West	114	144	173
England	167	207	276

Source: Hometrack

The income required to access private rented housing, although lower than for house purchase, is still high and can be a struggle for households on local incomes to afford, even where partial housing benefit is payable.

Table 14: Income thresholds for 1 bed private rent:

Area	Median annualised private rent – 1 Bed	Income threshold (based on rent at 25% annual income)
East Devon	5,668	22,672
Exeter	6,292	25,168
Mid Devon	4,784	19,136
North Devon	4,784	19,136
South Hams	5,356	21,424
Teignbridge	5,460	21,840
Torridge	N/K	N/K
West Devon	5,668	22,672
Plymouth		
Plymouth	5,356	21,424
Torbay		
Torbay	5,512	22,048
Cornwall		
Cornwall	5,356	21,424
South West		
South West	5,928	23,712
England		
England	8,684	34,736

Intermediate Housing

Whilst demand is showing signs of increasing there are only a limited number of lenders and section 106 restrictions can reduce this further. On properties with no mortgagee in possession clause, as in Dartmoor National Park, it is almost impossible to find a mortgage. The Homes and Communities Agency is keen to see more shared ownership delivered but these obstacles need to be overcome to make this feasible.

Research by the National Housing Federation Advisory Panel⁵ suggests that shared owners are less likely to be repossessed than full owners or buy-to let owners despite some lenders view that this type of lending is high risk. This is due to the stringent affordability tests applied by housing associations to make sure that the tenure is sustainable in the long term. In the event of an issue the housing provider is usually able to provide advice and assistance to avoid repossession, which is not available to those in the mainstream market. It should be noted that the Council of Mortgage Lenders feel that the sample is too small to provide reliable information on the tenure to inform lenders decisions.

Mortgage Possession Claims & Orders

This section looks at mortgage possession claims issued and orders made through the county courts⁶. Some of these will not feed through to actual repossession but are a good indicator of the problems being faced by households.

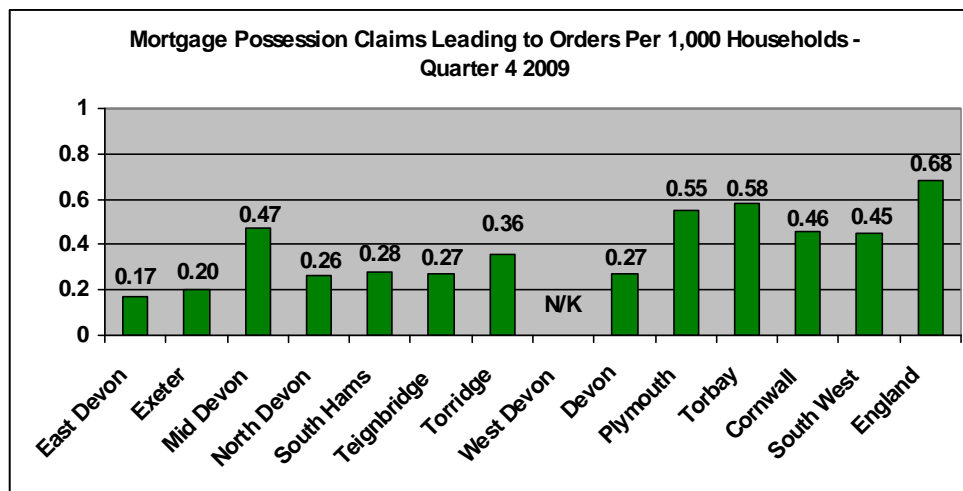
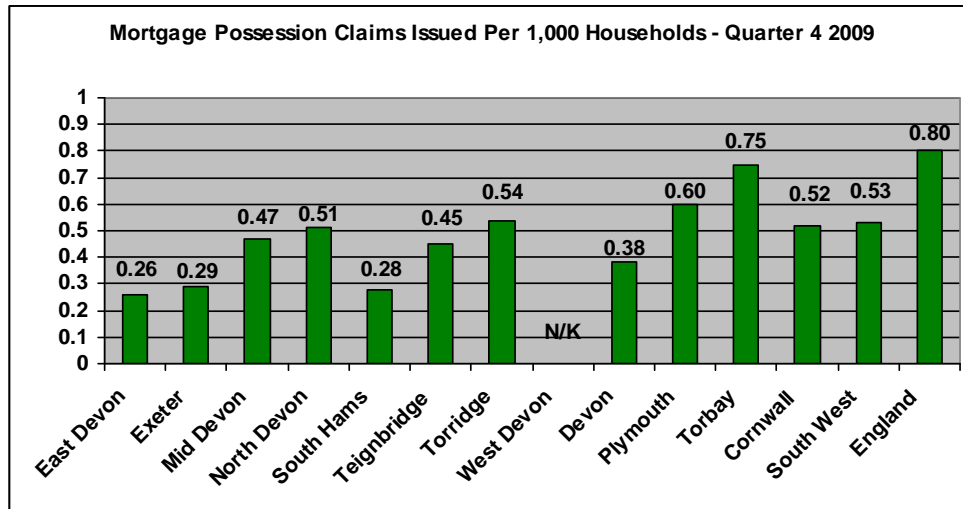
Although mortgage possession claims are 42% down across the country on the same quarter in 2008 and 15% down on Quarter 3, a mortgage pre-action protocol (MPAP) was introduced in the November 2008 giving guidance on what lenders and borrowers should have done prior to the issue of a claim. Comparison to previous years is therefore not necessarily a reliable indicator and changes should be treated with caution. From next quarter the protocol

⁵ Inside Housing 19 February 2010

⁶ Ministry of Justice statistics on mortgage and landlord possession actions third quarter 2009

will have been in place for a full year so comparison will be based on the same parameters for issuing claims and granting orders.

Generally there are no concerns with regards to claims issued as the rates per 1,000 households in Devon are below the national average and most below the regional average. The Unitaries of Torbay and Plymouth are above the regional average but below the national. A similar picture is seen when looking at orders made.



The number of Mortgage Possession Claims Issued has fallen across all areas by 25% or more over the year and claims leading to an order are showing a similar trend.

The Council of Mortgage Lenders reports⁷ that 46,000 properties were actually repossessed in 2009, significantly lower than the original forecast of 75,000, although still 15% higher than the 2008 figure, with mortgages in arrears 3% higher at the end of 2009 compared to the end of 2008. Low interest rates are helping some borrowers to retain their homes and even reduce their arrears, and forbearance measures are helping those in more severe difficulty. The current forecast is for 53,000 repossessions in 2010; this

⁷ Council of Mortgage Lenders press release 11 Feb 2010

may seem unduly pessimistic but with the economic and political outlook still uncertain and a potential interest rate rise conditions remain difficult.

Table 15: Change in Mortgage Possession Claims:

	Q4 2009 Total	% Change Q4 2009 to Q4 2008	Total Q1 2009 – Q4 2009	% Change in from Q1 2008 – Q4 2008
East Devon	15	*	95	-28%
Exeter	15	-59%	100	-28%
Mid Devon	15	*	70	-43%
North Devon	20	-32%	95	-41%
South Hams	10	*	75	-44%
Teignbridge	25	-38%	120	-39%
Torridge	15	*	70	-45%
West Devon	-	*	40	-45%
Devon Total	120	-43%	670	-39%
Plymouth				
Plymouth	65	-21%	390	-34%
Torbay				
Torbay	45	-30%	270	-25%
Cornwall				
Cornwall	120	-28%	660	-33%
South West				
South West	1,165	-30%	6,290	-33%
England & Wales				
England & Wales	18,138	-27%	93,463	-35%

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

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

Table 16: Change in Mortgage Possession Claims Leading to Orders:

	Q4 2009 Total	% Change Q4 2009 to Q4 2008	Total Q1 2009 – Q4 2009	% Change in from Q1 2008 – Q4 2008
East Devon	10	*	65	-44%
Exeter	10	*	70	-37%
Mid Devon	15	-53%	50	-45%
North Devon	10	-79%	70	-39%
South Hams	10	*	65	-44%
Teignbridge	15	-64%	80	-51%
Torridge	10	*	50	-41%
West Devon	-	*	30	-48%
Devon Total	85	-62%	485	-44%
Plymouth				
Plymouth	60	-43%	280	-43%
Torbay				
Torbay	35	-49%	195	-29%
Cornwall				
Cornwall	105	-35%	490	-33%
South West				
South West	990	-45%	4,670	-35%
England & Wales				
England & Wales	15,495	-42%	72,174	-35%

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

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

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.

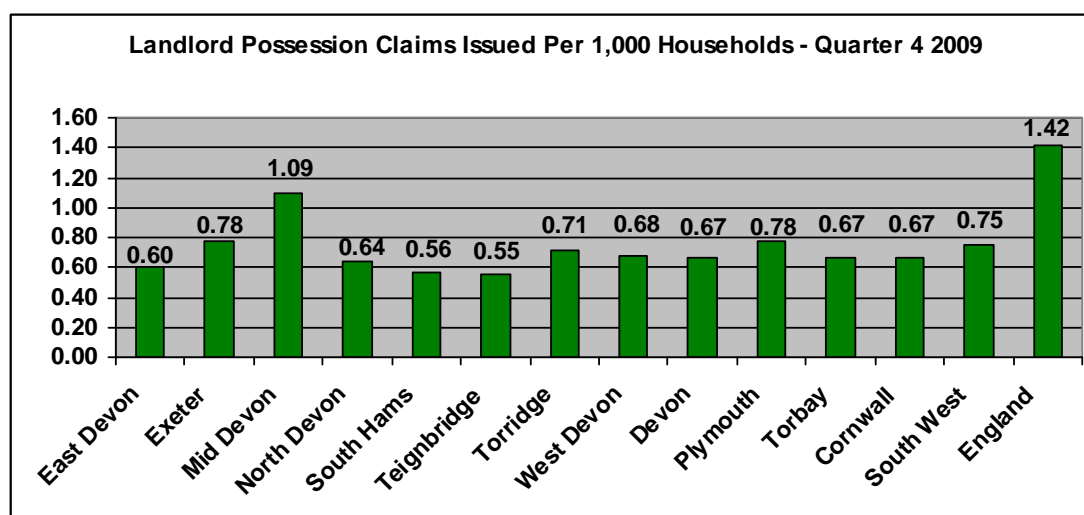
Nationally there has been a decrease in claims. Once again Devon has relatively low figures overall per 1,000 households compared to national and regional averages. Mid-Devon, however is well above the regional average although still below the national. Torrridge and West Devon are the only areas who have seen an increase in the number of claims over the past twelve months; in Torrridge this is up by 26%.

Table 17 - Landlord Possession Claims:

	Q4 2009 Total	% Change Q4 2009 to Q4 2008	Total Q1 2009 – Q4 2009	% Change in from Q1 2008 – Q4 2008
East Devon	35	-3%	175	-19%
Exeter	40	-53%	260	-27%
Mid Devon	35	*	80	-2%
North Devon	25	-26%	100	-18%
South Hams	20	*	90	-8%
Teignbridge	30	-37%	130	-31%
Torrridge	20	*	65	+26%
West Devon	15	*	75	+7%
Devon Total	215	-19%	970	-18%
Plymouth				
Plymouth	85	-57%	745	-16%
Torbay				
Torbay	40	-3%	155	-27%
Cornwall				
Cornwall	155	-8%	645	-12%
South West				
South West	1,660	-15%	7,525	-11%
England & Wales				
England & Wales	32,369	-8%	136,440	-8%

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

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



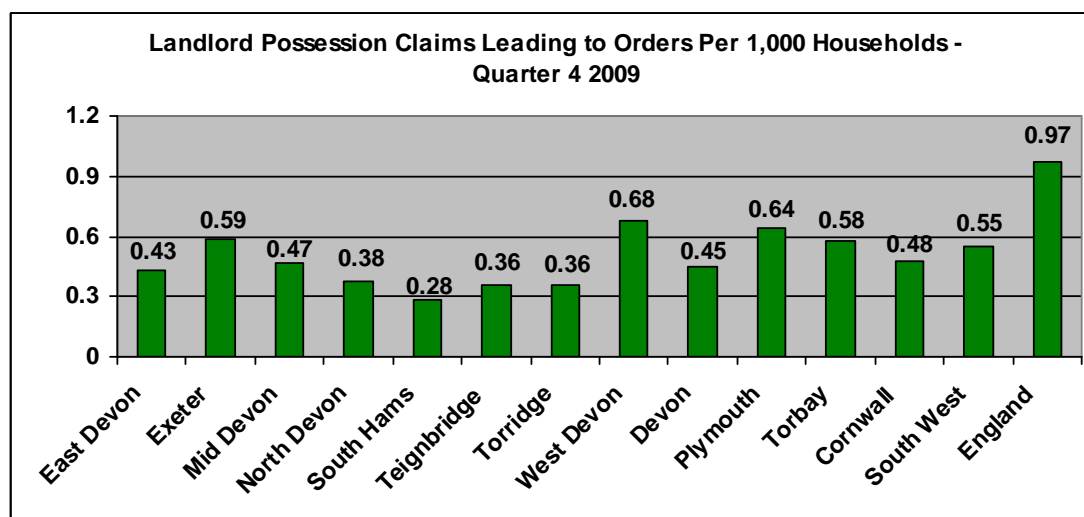
The picture for possession orders shows decreases at national and regional level. Overall for Devon there has been reduction in the past 12 months but the picture in individual authorities is mixed with rises in South Hams, Torridge and West Devon. Per 1,000 households all areas are below the national average and a number of the rural authorities are below the regional average.

Table 18 - Landlord Possession Orders made:

	Q4 2009 Total	% Change Q4 2009 to Q4 2008	Total Q1 2009 – Q4 2009	% Change in from Q1 2008 – Q4 2008
East Devon	25	*	130	-8%
Exeter	30	-24%	190	-12%
Mid Devon	15	*	45	-24%
North Devon	15	*	75	0%
South Hams	10	*	65	+21%
Teignbridge	20	-35%	100	-32%
Torridge	10	*	40	+11%
West Devon	15	*	55	+10%
Devon Total	145	-10%	700	-10%
Plymouth				
Plymouth	70	-60%	560	-16%
Torbay				
Torbay	35	0%	110	-30%
Cornwall				
Cornwall	110	0%	455	+3%
South West				
South West	1,215	-20%	5,475	-9%
England & Wales				
England & Wales	22,067	-10%	92,807	-8%

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

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



Homelessness

Homeless acceptances are a third less across the Devon County Council area compared to the same period last year with significant falls in a number of districts. Teignbridge's acceptances more than doubled and have already well exceeded the overall total for 2008/09; North Devon has seen a 40% increase and Torbay 15%. Teignbridge experienced a steep rise in domestic violence cases accompanied by increased demand and staff shortages. Acceptances and preventions as a result of mortgage or rent arrears remain low.

Table 19 - Homeless Acceptances:

	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Total	Q1 –Q3 2009/10	% Diff compared to Q1 – Q3 2008/09
East Devon	23	22	16	17	78	24	-61%
Exeter	38	31	31	23	123	79	-21%
Mid Devon	13	5	7	3	28	5	-80%
North Devon	7	8	5	7	27	28	+40%
South Hams	18	11	7	4	40	17	-53%
Teignbridge	3	1	15	9	28	42	+121%
Torrige	4	6	3	0	13	3	-77%
West Devon	17	21	10	3	51	16	-67%
Devon Total	122	103	94	66	385	214	-33%
Plymouth							
Plymouth	88	121	80	82	371	189	-35%
Torbay	27	31	24	24	106	94	+15%
Caradon	12	11	6	6	35	34	+17%

Source: P1E returns

Table 20 - Homeless Preventions:

	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09	Total	Q1 –Q3 2009/10	% Diff compared to Q1 – Q3 2008/09
East Devon	55	43	39	33	170	196	+43%
Exeter	168	146	149	144	607	346	-25%
Mid Devon	37	27	37	23	124	104	+3%
North Devon	31	27	45	57	160	215	+109%
South Hams	36	45	24	36	141	170	+62%
Teignbridge	83	103	110	76	372	193	-35%
Torrige	37	57	54	55	203	190	+28%
West Devon	37	36	43	51	167	106	-9%
Devon Total	484	484	501	475	1,944	1,520	+3%
Plymouth							
Plymouth	150	82	115	132	479	369	+6%
Torbay	160	168	96	72	496	274	-35%
Caradon	N/K	N/K	N/K	N/K	223	146	N/K

Source: P1E returns

The number of homeless preventions increased by 3% over the same period; again with some significant increases, particularly in North Devon and coupled with a sizeable increase in their acceptances points towards increased demand. Teignbridge and Torbay saw the biggest falls and this may well have had an impact on their increased acceptance figures. In Teignbridge, in particular, a lack of staff resource may be hindering effective prevention work. Exeter and West Devon also saw a fall in the number of preventions; however both saw a drop in acceptances as well indicating that there may have been in

a fall in the number of approaches or an increase in the staff skills to deal with enquiries.

Table 21 – Temporary Accommodation

	Q1 2009/10	Q2 2009/10	Q3 2009/10	Target	Difference to Target as at Q3
East Devon	87	79	76	117	-41
Exeter	144	148	137	150	-13
Mid Devon	15	15	7	88	-95
North Devon	9	8	4	31	-27
South Hams	53	49	40	49	-9
Teignbridge	25	24	17	27	-10
Torridge	3	4	5	9	-4
West Devon	6	1	3	9	-6
Devon Total	342	328	289	480	-191
Plymouth	77	67	53	75	-22
Torbay	170	163	92	150	-58

All local authorities in Devon have successfully met their target to reduce temporary accommodation by a half. The number of people in temporary accommodation across the Devon County area has reduced by 70% since December 2004 with similar reductions in Plymouth and Torbay.

Housing Delivery

All Housing Delivery - Open Market and Affordable Housing (NI 154)

The original Devon Local Area Agreement (LAA) target has been revised following negotiations with the department of Communities and Local Government (CLG) and Government Office South West (GOSW). For the purposes of the LAA, Devon means those Council's within the two tier Local Authority area covered by Devon County Council. The revised targets, set out below, reflect the difficult economic situation and its impact on delivery. These targets do not include the two Unitary Authorities of Plymouth and Torbay.

Table 22: Devon NI 154 revised targets

	2008/09	2009/10	2010/11	Total 3 Year
Original	3360	3530	3880	10,770
Revised	2796	2848	3195	8839

In 2008/09 Devon's Local Authorities delivered 78% of the original target. Table 21 shows the breakdown within each of the Devon Local Authorities. The next 'State of the Market' update will include the information on delivery for 2009/10. Predictions are available from Partners' Annual Monitoring Reports which can be found on the individual local authority's website.

We are working to include full information for Plymouth and Torbay in future reports.

Table 23 – 2008/09 Overall Housing Delivery:

LA	Overall Housing Delivery 2008/09
East Devon	355
Exeter	414
Mid Devon	384
North Devon	341
South Hams	232
Teignbridge	313
Torridge	226
West Devon	356
Devon Total	2,621
Plymouth	1,003
Torbay	Awaiting information
Caradon	344

Our private developer partners are still finding conditions tough due to lending restrictions and the minimum purchaser deposit requirements. Homebuy Direct is currently very successful for the larger developers and kickstart funding from the Homes and Communities Agency is starting to make a difference, increasing sales on developments accepted onto the scheme.

Affordable Housing Delivery (NI 155)

Like NI 154 the original Devon LAA target for NI 155 has been revised following negotiations with CLG and GOSW. The revised targets, set out below, reflect the difficult economic situation, funding availability and its impact on delivery. These targets do not include the Unitary Authorities of Plymouth and Torbay. The completions included conform with the definitions of Affordable Housing as set out by CLG in their Frequently Asked Questions about the National Indicator Set:

<http://www.audit-commission.gov.uk/localgov/audit/nis/Pages/faqs.aspx>

Table 24: Revised LAA NI 155 Targets for Devon:

	2008/09	2009/10	2010/11	Total 3 Year
Original	730	920	1160	2810
Revised	675	637	719	2031

Delivery for 2009/10 is likely to be down on 2008/09 figures and forecasts for 2010/11 suggest that there will be an increase on both 2008/09 and 2009/10 completions. Over the past 2 years Devon authorities have been working to develop a significant increase in their pipeline of potential affordable housing projects. The table below includes details of the schemes in the pipeline which are at 'pre-application' stage, before funding and planning permissions have been obtained. This shows that should additional investment be available there is scope to improve delivery in future years.

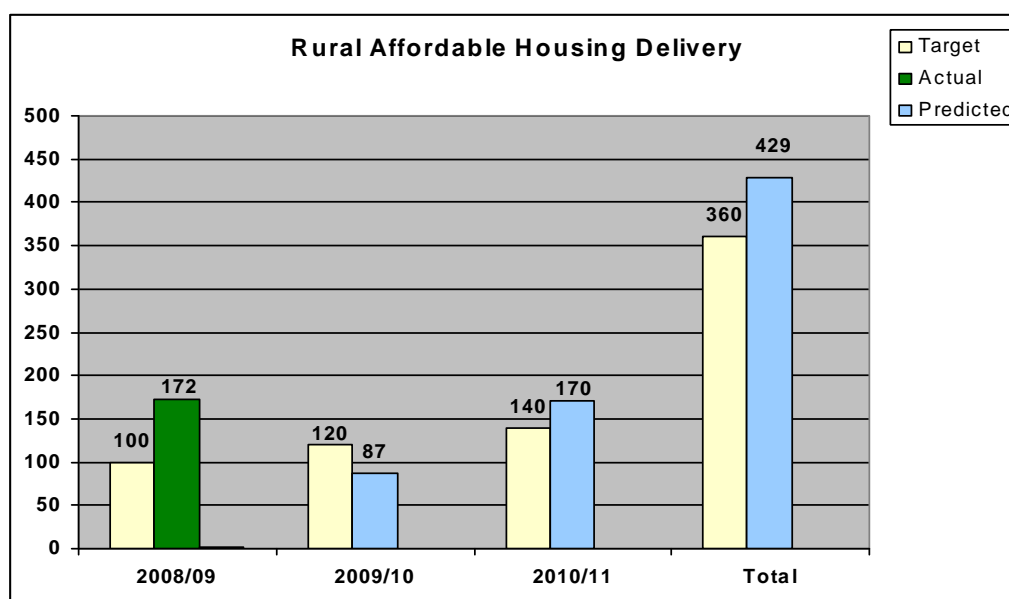
Table 25 – Affordable Housing Delivery:

LA	Affordable Housing Delivery 2008/09	Predicted Delivery for 2009/10	Predicted Delivery for 2010/11	Total Pipeline for 10/11 before planning and funding
East Devon	9	15	118	142
Exeter	88	156	156	384
Mid Devon	111	65	43	240
North Devon	101	55	42	101
South Hams	52	68	38	61
Teignbridge	83	153	128	142
Torridge	103	65	39	127
West Devon	128	60	155	172
Devon Total	675	637	719	1369
Plymouth				
Plymouth	290	236	237	Not available
Torbay				
Torbay	Not available	106	Not available	Not available
Caradon				
Caradon	96	103	Not available	Not available

Rural Affordable Housing

Rural Affordable Housing is important to Devon’s rural economy and the longer term sustainability of its rural communities. The Devon LAA has therefore set a separate, local target for the delivery of rural affordable housing. This target has not been revised. The target is owned by the Devon Rural Housing Partnership (DRHP) and the North Devon and Exmoor Rural Housing Enabler Steering Group.

DRHP manage the Rural Housing Enabler Programme in Devon. Membership includes Local Authorities and Registered Social Landlords. DRHP has developed a graded pipeline of schemes which is regularly monitored by Partners. The graded pipeline suggest a ‘U’ shaped delivery profile with the target being exceeded significantly in 2008/09, a drop below target in 2009/10 and an anticipated return to 2008/09 levels of delivery in 2010/11. The two key issues currently affecting delivery are funding availability and community support.



The detailed predicted delivery for affordable housing for 2009/10 by Local Authority is set out in Table 25.

Table 26 – Rural Affordable Housing Delivery:

LA	Rural Affordable Housing Delivery 2008/09	Predicted Delivery for 2009/10
East Devon	9	0
Exeter	0	0
Mid Devon	42	1
North Devon	18	0
South Hams	16	44
Teignbridge	2	7
Torridge	51	0
West Devon	34	35
Devon Total	172	87
Number in Dartmoor National Park	6	21

Affordable Housing Need

Information on need for Affordable Housing in Devon, Plymouth and Torbay is taken from several sources:

1. Strategic Housing Market Assessments:

These are available on Local Authority web sites usually within the evidence base for the Local Development Framework and Housing Strategies. Devon's Local Authorities have carried out robust studies of projected future demand showing that need is very high in Devon. This is because Devon is characterised by high house prices and low annual earnings. However, supply cannot always meet demand as it is constrained by land availability, willingness of developers to bring sites forward in the current market, funding availability and the need to balance the market. More detail on demand, and the work to improve supply, will be provided in future editions of this report.

2. Waiting Lists and Choice Based Lettings (CBL) bidding patterns:

Devon Home Choice the Devon wide Choice based lettings system went live in the last quarter. This means that data from the old waiting lists will become less relevant over time and systems for analysing demand from CBL bidding patterns will be developed.

3. Rural Housing Needs Surveys:

Local Authorities in Devon have a programme of Rural Housing Needs Surveys, carried out by the Rural Housing Enablers usually with Parish Councils. These surveys give more detailed understanding of need within specific rural settlements and are used to inform the size, tenure mix and house types within village affordable housing schemes.

4. Other Evidence :

Studies are undertaken assessing the housing needs of particular groups such as Gypsies and Travellers and Key Workers, and are used to support the provision of housing for these groups.

Funding Affordable Housing

Devon originally had of £60 million of funding from the Homes and Communities Agency (HCA) 'ring fenced' to deliver just over 1,000 new affordable homes in the current 2008-2011 funding programme. Actual allocations of funding will be reported in future reports.

Table 27 – HCA funding allocation for affordable housing 2008-2011:

LA	HCA funding allocated (millions)
East Devon	£1.8m
Exeter	£30m
Mid Devon	£3.1m
North Devon	£1m
South Hams	£1.6m
Teignbridge	£8.7m
Torridge	£7.2m
West Devon	£6.4m
Devon Total	£59.8m

The Single Conversation and Local Investment Plans

From 2011/12 priorities for investment in Affordable Housing will be set out in the Local Investment Plans as part of the HCA Single Conversation process. See web link below;

<http://www.homesandcommunities.co.uk/singleconversation>

Devon will have 4 Investment Plans including:

- Plymouth
- Torbay
- Exeter Growth Area (Exeter, East Devon and Teignbridge)
- Devon (Mid Devon, North Devon, Torridge, South Hams and West Devon)

These plans are currently being developed. All the Plans will need to be signed off by the Homes and Communities Agency by the 31 March 2011 and will inform a Local Investment Agreement between the HCA and each Local Authority.

Future versions of this report will give updates on progress on these Investment Plans.

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 Devon 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 updates from the new financial year to include information on the condition of the private sector housing stock and grants being utilised to provide improvements.

Conclusions

1. Although the UK is out of recession full recovery is still a long way off. The public sector is currently supporting the local economy and although the South West has not suffered to the same degree as many other regions there is likely to be a significant impact from the future public spending cuts required to reduce the country's high level of debt. Unemployment in Devon remains low compared to figures across the country.
2. Mortgage lending increased in 2009 as did prices, in part driven by the raising of the threshold for the payment of stamp duty. This has now ended and the start of 2010 has been poor with some uncertainty about the future of the market. The number of sales is still depressed when compared to the boom, but improved throughout the year. It remains to be seen whether the improvement can be sustained. Developers are starting to see increased sales on those sites allocated Kickstart funding.
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 generally required to access lower quartile housing with local wages usually well below this figure. Mortgages are still being rationed and those with smaller deposits are being penalised with far higher interest rates. Access to Intermediate housing is restricted with few lenders in the market and concerns over section 106 restrictions. Private rents are high and can be difficult to afford for people on local incomes.
4. Repossessions and homelessness are not a significant issue with interest rates remaining low. Homeless statistics support this. Across the country there were 46,000 repossessions in 2009, well below the original 75,000 predicted, and 53,000 are currently predicted for 2010.
5. Housing delivery targets have been re-negotiated in light of the economic downturn, however there is the potential to deliver a far larger number of affordable homes than predicted if sufficient funding is made available.
6. The future remains very challenging given high levels of public debt, reduced funding and economic uncertainty. Devon will need to continue to be proactive to deliver in the current market.