



# **PLYMOUTH HOUSING MARKET AREA**

## **Strategic Housing Market & Needs Assessment**

**Annual Update  
2009/10**

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## **Summary**

### **Overview**

This report is the third annual update of the 2006 Strategic Housing Market and Needs Assessment for the Plymouth Housing Market area (HMA), incorporating Caradon (part of a Cornwall Unitary from 1<sup>st</sup> April 2009), Plymouth, South Hams and West Devon. Updated information is provided on key aspects from secondary data sources to guide housing and planning policy for each of the HMA Local Authorities.

The implications of the significant downturn in the UK and global economies since the original assessment was undertaken continue to be explored in this update.

### **The Sub-Regional Economy**

Although the UK and other world economies have come out of recession with modest growth seen since the final quarter of 2009 recovery is fragile and the country is grappling with high levels of debt, which the new coalition Government is now trying to address. Large scale public sector cuts will be required to achieve this, which may have a significant impact on the South West's economy.

### **Earnings and Household Resources**

Incomes, savings and equity have been updated in line with increases for 2009. Neither incomes nor savings are keeping pace with inflation so households are in reality in a worse position financially. Incomes only grew by 1.6% between June 2009 and June 2010 and average savings interest rates were below 1%. Earnings are generally low in the HMA with a high percentage of households whose income is under £20,000. Average savings across all households are at around the level required for a 10% deposit on a lower quartile property. The average net equity of home owners continues to reduce due to falling house prices.

### **Housing Market**

Credit remains difficult to obtain and house prices fell further in 2009 although there was an improvement in the number of sales across all the HMA; there were some signs of recovery in the early part of 2010 but this has now slowed. Prospective purchasers require deposits of around 25% and a good credit history to access or move within the market. Forecasters are predicting some possible further price falls for the remainder of 2010 with growth unlikely to resume until 2012.

### **Affordability**

Although affordability ratios improved in 2009 affordability remains a major issue across the HMA and is exacerbated by the difficulties in accessing the market due to stringent credit conditions. The fall in house prices has therefore had little impact in enabling local people to access the housing market. The income levels required to purchase the average lower quartile property are well in excess of average median earnings for the HMA at between £29,571 in Plymouth up to £48,600 in South Hams. The problems of accessibility to the housing market also affect shared ownership properties.

Rents in the private sector fell by around 0.8% nationally and are 6% lower than the peak, although there was an increase in the early part of 2010. This fall in rents has been too small to have an impact on affordability within the HMA where incomes of around £20,000 are required to rent a one bedroom property. Proposed changes to Local Housing Allowance rates from April 2011 will further impact on the affordability of this tenure.

### **Housing Supply and Demand**

The lower number of sales over the past two years has impacted on supply within the housing market and the number of new homes delivered in 2008/09 is significantly lower than the previous two years. Social housing stock has increased since April 2007 but is still slightly below 2001 levels for the HMA as a whole. The increasing number of households projected over the coming years will put pressure on the housing stock across all tenures.

### **Affordable Housing Needs Assessment**

The Affordable Housing Needs Assessment model has been updated to reflect the change in affordability ratios, updated information available from the new Devon Home Choice Choice Based Lettings system on applicants in priority need, the increased housing stock and the delivery of affordable housing. The model for Caradon has only been partially updated due to its inclusion within the Cornwall Unitary and difficulties in obtaining comparable data to that used previously and so should be treated with caution.

The overall annual shortfall stands at 2,722 assuming continued delivery of affordable homes at the current rate, which is unlikely given the reduction in public sector funding and the difficult state of the economy. Further whilst affordability ratios have improved access to credit is restricted and thus even those with sufficient income may be unable to purchase a property on the open market. A total of 3,296 affordable homes per annum are required to meet need across the HMA.

## **1. Introduction**

### **Scope of the Report**

- 1.1. This report seeks to update the Strategic Housing Market and Needs Assessment carried out for the Plymouth Housing Market Area (HMA) and undertaken by David Couttie Associates in 2006. Four Local Authorities comprise the Plymouth HMA – Caradon (now part of a unitary Cornwall), Plymouth, South Hams and West Devon. This is the third update, a previous update having been produced in August 2009.
- 1.2 This report does not update every aspect of the full assessment but aims to present key information to cover the current economic situation, earnings and household resources, the housing market, affordability of housing and housing supply, demand and identified need.
- 1.3 The information is then used to calculate the updated level of affordable housing need for each of the local authorities in the HMA.
- 1.4 The information provided and conclusions drawn within the report can be used to guide housing planning and policy for the HMA local authorities.
- 1.5 The report uses secondary data and an uplift of the survey results from the full assessment and 2009 annual update and is built around a series of tables and charts highlighting key economic, demographic, housing and affordability data.
- 1.6 A State of the Market Report produced twice a year by the Devon Strategic Housing Group supports the information contained within the update.

### **Current Economic Climate**

- 1.7 In 2008/09 there was a significant deterioration in economic conditions across the world and although modest growth was seen in the last quarter of 2009 and early 2010 conditions are still difficult and levels of public debt high. Lending is restricted impacting on the housing market.
- 1.8 In common with most other Housing Market and Needs Assessments the full Plymouth assessment did not take into account the possibility of such a significant change in economic conditions. The effect of these is explored in this update and the half yearly State of the Market reports.
- 1.9 The May 2010 election resulted in a Liberal Democrat-Conservative coalition government who are committed to reducing public spending and have already abolished some key Labour legislation and strategies including the Regional Spatial Strategies setting out housing targets.

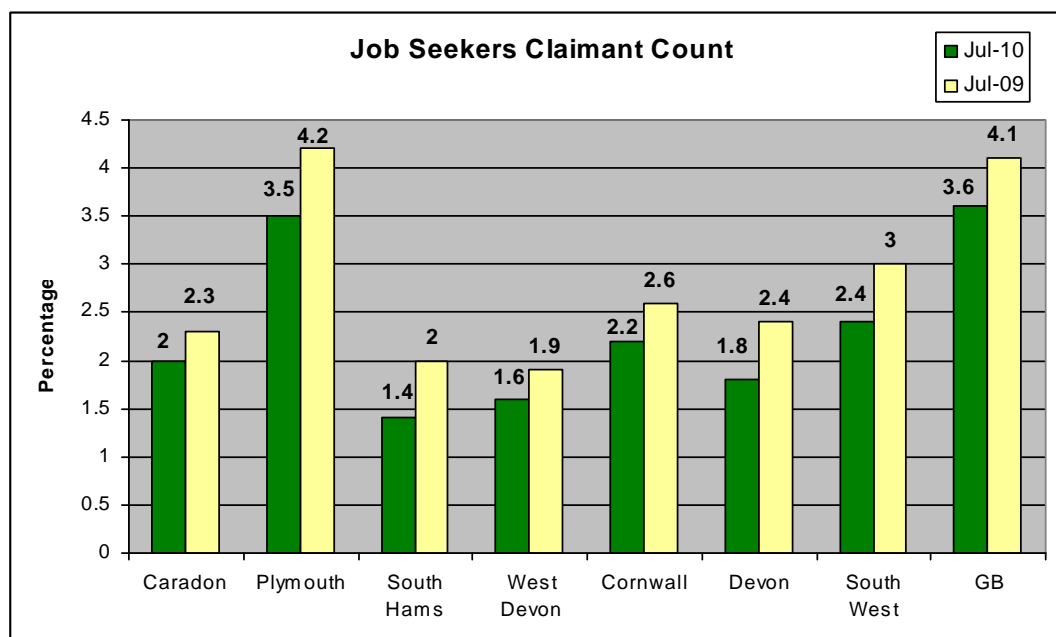
## **2. The Sub-Regional Economy**

### **Overview of the South West Economy**

- 2.1 The world economy is growing again<sup>1</sup> but there is a high risk of default in some countries as evidenced by recent issues in Greece, Ireland, Spain and Portugal. Any default would have far ranging consequences for the world's economies and although the problems are being addressed such a default cannot be completely discounted. Measures to prevent a future banking crisis will also be required to provide future stability.
- 2.2 In the UK economic policy will be crucial for the new Coalition Government. The June budget has already set out large scale cuts in public sector spending to address the high levels of debt. The Comprehensive Spending Review in the autumn is likely to give greater detail as to how these savings will be achieved. Although restoring balance to public finances is clearly important the main goal will be to help support a sustainable economy through this difficult period. The first half of 2010 has seen some positive signs of improvement in the UK economy with a small growth in GDP.
- 2.3 The South West did not suffer as badly as many other parts of the country during the recession and there are already signs of improvement. Public Sector investment has been very important for the South West and there is a risk that the significant cuts proposed may dampen demand in the region before the private sector has recovered sufficiently to plug the gap.
- 2.4 The UK economy returned to growth at the end of 2009. In Quarter 4 2009 the UK's Gross Domestic Product grew by 0.4% compared to the previous quarter, by a further 0.2% in Quarter 1 2010 and 1.2% in Quarter 2; however growth is now showing signs of slowing.
- 2.5 The new Coalition Government formed following the May election has sent clear messages on its desire to reduce the national debt. Public Sector spending is being cut and the Comprehensive Spending Review planned for the autumn will provide greater detail as to where and by how much spending will be cut back.
- 2.6 Gross Added Value information on how much the economy is worth and any increase or decrease from the previous year is only available for 2008 and thus still shows an improving position as the effects of the recession had yet to be felt, albeit that this growth was at a slower rate than in 2006 or 2007 at 3.6% for the South West. It is only once 2009 figures are available that the full impact of the recession will be evident.
- 2.7 Unemployment rose in 2009 but is now falling, although there is evidence to suggest that more people are taking on part time jobs or reduced salaries to get back into the job market.

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<sup>1</sup> South West RDA Economics Review May 2010



www.nomisweb.co.uk

2.8 The percentage of JSA Claimants has fallen over the year nationally, across the South West and in Devon and Cornwall. Plymouth exceeds the South West average but there have been significant falls over the year.

2.9 The figures only take into account those claiming Job Seekers Allowance (JSA). Statistics for those working age people who were economically inactive at the end of November 2009<sup>2</sup> suggest that around 15,500 people in Devon were looking for some form of employment, considerably more than the number claiming JSA. In Cornwall this figure is 18,900, an even greater disparity, whilst in Plymouth the figure looking for work is more than double the number claiming JSA at 13,700. It is therefore likely that the real unemployment total is somewhat higher than the JSA figures suggest.

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

|                   | July 2009 | January 2010 | July 2010 |
|-------------------|-----------|--------------|-----------|
| <b>Caradon</b>    | 1,137     | 1,299        | 1,016     |
| <b>Plymouth</b>   | 6,744     | 6,674        | 5,964     |
| <b>South Hams</b> | 961       | 1,005        | 727       |
| <b>West Devon</b> | 572       | 571          | 507       |
| <b>Cornwall</b>   |           |              |           |
|                   | 8,102     | 10,320       | 7,080     |
| <b>Devon</b>      |           |              |           |
|                   | 10,387    | 10,704       | 8,269     |

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

2.10 The HMA's rural districts have higher levels of self-employment than nationally with Plymouth below the national and South West averages. In West Devon over 20% of the economically active population are self-employed. Plymouth has higher levels of incapacity benefit claimants

<sup>2</sup> www.nomisweb.co.uk

(including the replacement Earnings Support allowance (ESA)) than the national figure, whilst South Hams and West Devon have lower figures than those at national and regional levels. There are no figures available for the former Caradon area but overall Cornwall has a higher level of claimants than regionally and nationally. Cornwall also has lower levels for these who are economically active than nationally or regionally.

Table 2: Percentages of working age people in employment or claiming ESA/Incapacity benefit.

|                   | % Economically active population in employment | % Economically active Self-employed | % ESA & Incapacity Claimants |
|-------------------|--|-------------------------------------|------------------------------|
| <b>Caradon</b>    | 70.7   | 10.6                                | N/K                          |
| <b>Plymouth</b>   | 71.4   | 6.9                                 | 8.0                          |
| <b>South Hams</b> | 74.4   | 18.6                                | 5.2                          |
| <b>West Devon</b> | 75.9   | 20.5                                | 5.5                          |
| <b>Cornwall</b>   |  |                                     |                              |
| <b>Cornwall</b>   | 69.4   | 13.8                                | 7.1                          |
| <b>Devon</b>      | 75.6   | 12.7                                | 5.6                          |
| <b>South West</b> | 74.2   | 10.6                                | 5.9                          |
| <b>UK</b>         | 70.7   | 9.0                                 | 6.7                          |

[www.nomisweb.co.uk](http://www.nomisweb.co.uk). Figures relate to January 2009-December 2009. ESA and Incapacity claimant figures – February 2010

2.11 In 2007 (the latest figures available) the percentage of VAT registered businesses in the rural areas was low as many of the smaller companies and traders are below the VAT threshold. The number varied at between 6.6% in West Devon and 8% in Caradon against the national average of 10.2% and the South West average of 8.9%, whereas Plymouth with larger businesses was above national and regional averages at 11.8%.

### The Economic Outlook

2.12 Although there has been modest growth in the economy the recovery is still very fragile. Reductions in public spending following the Comprehensive Spending Review are likely to start impacting in 2011.

### 3. Earnings & Household Resources

#### Overview

3.1 This section assembles data on average earnings from secondary sources and updates the data collected on household resources from the household surveys undertaken for the full assessment. This enables an assessment of both current and future earnings and existing household resources to determine the affordability of and likely movement within the local housing market. Affordability is covered in-depth in section 5 of this report.

#### Individual Earnings

3.2 The HMRC Survey of Personal incomes data from 2007/08 has been updated in line with the average growth in earnings.

3.3 Average wages in the HMA are generally below the England average with the exception of South Hams median wages. South Hams is the only local authority with wages above the South West average and West Devon has a similar average to the region as a whole. Wages in Plymouth and Caradon are below regional levels.

Table 3: Average Earnings

| Area              | Median Average Full-Time Gross Earnings 2007/08 | Median Average Full-Time Gross Earnings 2009/10 | Mean Average Full-Time Gross Earnings 2007/08 | Mean Average Full-Time Gross Earnings 2009/10 |
|-------------------|---|---|---|---|
| Caradon           | 17,200  | 17,755  | 22,300  | 23,020  |
| Plymouth          | 16,800  | 17,342  | 20,600  | 21,265  |
| South Hams        | 19,000  | 19,613  | 26,000  | 26,839  |
| West Devon        | 18,000  | 18,581  | 24,600  | 25,394  |
| <b>Cornwall</b>   |   |   |   |   |
| Cornwall          | 15,800  | 16,310  | 20,600  | 21,625  |
| <b>Devon</b>      |   |   |   |   |
| Devon             | 17,500  | 18,065  | 23,300  | 24,052  |
| <b>South West</b> |   |   |   |   |
| South West        | 18,000  | 18,581  | 24,300  | 25,084  |
| <b>England</b>    |   |   |   |   |
| England           | 18,700  | 19,304  | 27,400  | 28,285  |

Source: HMRC Survey of Personal incomes 2007/08

Notes: The Annual Index of Earning was 1.6% for the period June 2009-June 2010. This has been used to calculate 2009/10 incomes; for two years this equates to a rise of 3.23%.

#### Forecast in Earnings Growth

3.4 Due to the recession earnings have been growing at a much slower rate, particularly in the private sector. Taking all sectors into account average earnings, not including bonuses, rose by 1.6% in the year June 2009 - June 2010.

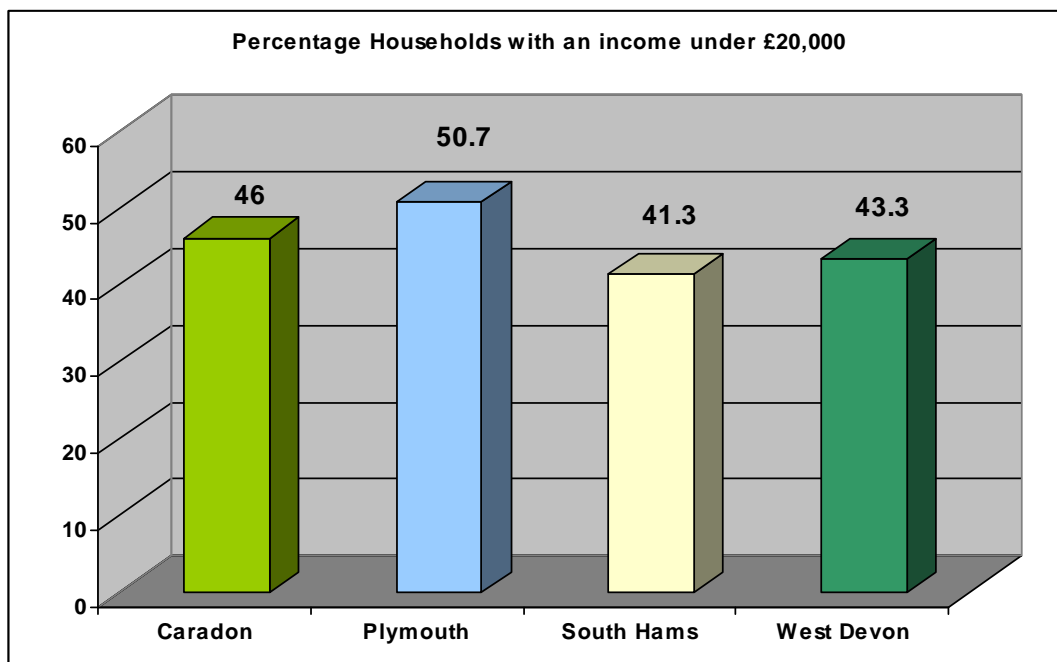
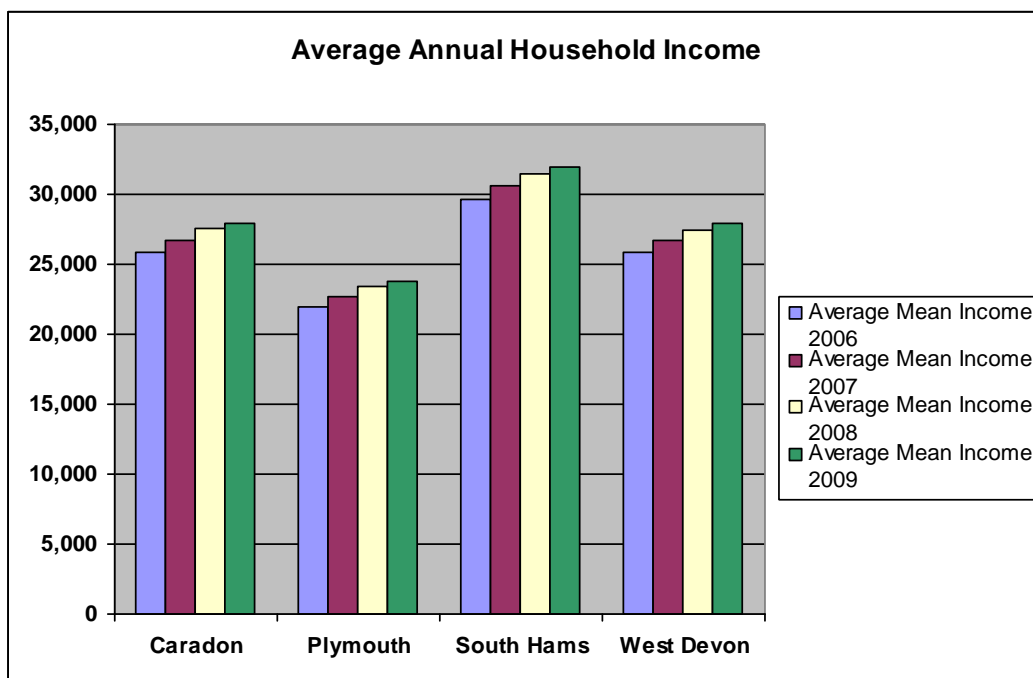
3.5 It is likely that the public sector will see pay freezes in 2010/11 following government cuts. There may be modest pay rises in the private sector if growth continues. In some organisations employees have agreed to reduced hours and pay in order to retain their jobs.

Earnings are therefore likely to remain at close to existing levels until there is an upturn in the economy.

### Household Incomes

3.6 An uplift of 1.6%, the Annual Index of Earnings for the period June 2009 – June 2010, has been made to the household income data used in the 2008/09 update. This used as its base the David Couttie Associates Survey carried out in 2006 for the Plymouth Strategic Housing Market Area and Needs Assessment (HMNA).

3.7 Household incomes vary from an average of £23,744 in Plymouth to £31,972 in South Hams. Over 50% of households in Plymouth have a household income of under £20,000.



- 3.8 Devon County Council produced average income figures for local authorities within the Devon area, including Plymouth, in May 2009. This shows incomes at higher levels than the uplifted HMNA data.

Table 4: 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                  |
| <b>Devon</b>                             | <b>30,622</b>         | <b>26,112</b>           |
|  |                       |                         |
| Plymouth                                 | 29,446                | 24,830                  |
| Torbay                                   | 28,935                | 24,642                  |
| <b>Devon (inc Plymouth &amp; Torbay)</b> | <b>30,153</b>         | <b>25,632</b>           |

Source: Devon County Council Estimates of Household Income May 2009

### Household Savings and Equity

- 3.9 Access to and movement within the housing market is also determined by the capital resources households can call upon. This will include savings and equity.
- 3.10 Savings rates are currently at an historic low due to reductions in the base rate starting in late 2008. On average savings accounts are now paying interest at less than 1% with the highest paying around 2.8%. The average of 0.8% has been used to adjust household savings set out in the 2008/09 update, which was based on the survey carried out in 2006 for the HMNA.

Table 5: Average Household Savings

|            | Average Household Savings 2006 | Average Household Savings 2007 | Average Household Savings 2008 | Average Household Savings 2009 |
|------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Caradon    | 14,853                         | 15,566                         | 16,189                         | 16,319                         |
| Plymouth   | 11,015                         | 11,544                         | 12,006                         | 12,102                         |
| South Hams | 18,326                         | 19,206                         | 19,974                         | 20,134                         |
| West Devon | 17,315                         | 18,146                         | 18,872                         | 19,023                         |

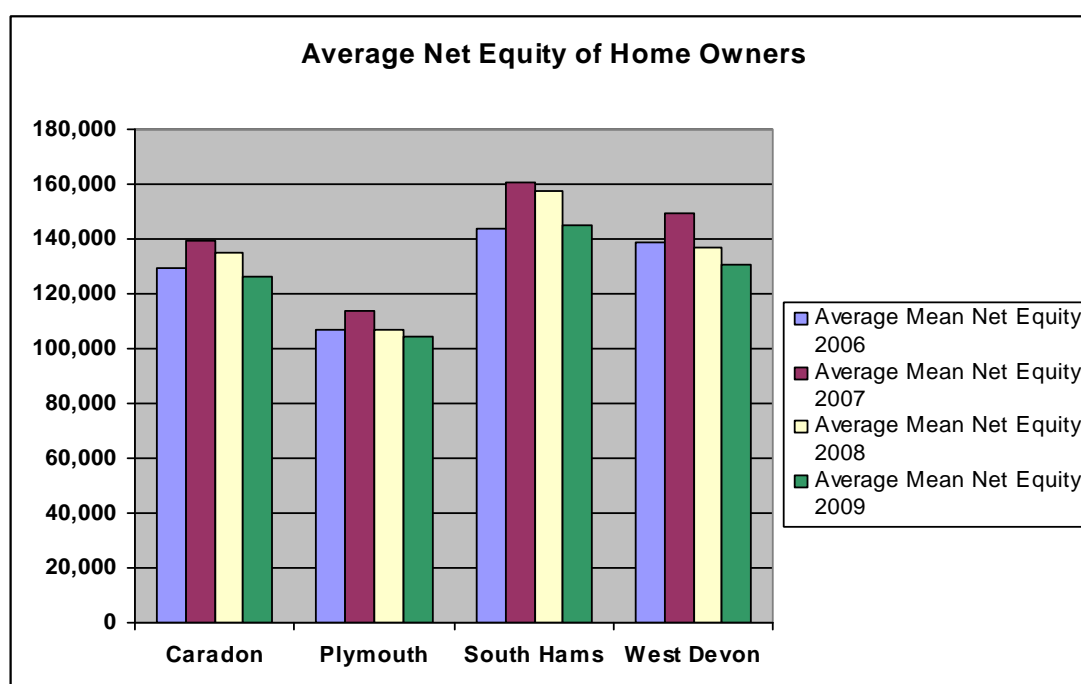
Notes: Based on average savings account interest rate in 2009 of 0.8%.

- 3.11 Average household savings range from £12,102 in Plymouth to £20,134 in South Hams. Over a third of households in South Hams and West Devon have savings of less than £5,000 rising to almost 45% in Caradon and over 50% in Plymouth. There are fewer mortgages available for those with low deposits and on average first time buyers

require a deposit of £44,000; thus few households have sufficient savings to pay the deposit required to access home ownership.

3.12 In the last decade existing home owners accumulated considerable equity in their homes thanks to rising property prices. Some of these gains have been reduced due to the fall in prices since 2007. There are those who have purchased homes in the last couple of years who are now in negative equity; however people who have been in their homes for a number of years and have relatively low outstanding mortgages still have substantial equity.

3.13 Property prices fell by between 2.5% in Plymouth and 8.1% in South Hams between 2008 and 2009. Figures for Caradon are no longer available so 6.5% has been used, which is the percentage fall for Cornwall.



Notes: Average net equity reduced by the fall in house prices for each local authority over 2009, which was 6.5% for Caradon (Cornwall figure used), 2.5% for Plymouth, 8.1% for South Hams and 4.4% for West Devon.

### Affordability and Access to the Housing Market

3.14 It is clear that average incomes and household resources are insufficient for many households in need to gain access to or move within the housing market despite a fall in house prices.

3.15 Chapters 4 and 5 of this document look access to and affordability of the housing market in greater detail.

## 4. Housing Market

### House Prices

- 4.1 Between 2001 and 2007 house prices nationally were rising at a significant rate. Plymouth HMA in common with much of Devon and Cornwall saw higher increases than those across England and the South West as a whole.
- 4.2 The deteriorating economic position and credit crunch have meant that for the first time since the mid 1990's house prices fell in 2008 and this continued into 2009 with the South West showing larger falls than those seen nationally. However these falls have been modest compared to the rises seen in the previous six years and overall house prices are still well in excess of 2001 figures.
- 4.3 The largest increase in house prices since 2001 has been at the lowest end of the market with lower quartile house prices increasing by a minimum of double in West Devon and 136% in Plymouth despite recent falls.
- 4.4 The tables below show the overall increases since 2001 for mean, median and lower quartile average house prices and the fall in prices between 2008 and 2009. Information is no longer available for Caradon due to the creation of the Cornwall Unitary.

Table 6: Average Mean House Prices

|                   | 2001    | 2007    | 2008    | 2009    | % increase<br>2001-2009 | % change<br>2008 to 2009 |
|-------------------|---------|---------|---------|---------|-------------------------|--------------------------|
| <b>Caradon</b>    | 95,720  | 211,580 | 205,428 | N/K     | N/K                     | N/K                      |
| <b>Plymouth</b>   | 74,739  | 167,241 | 157,046 | 153,109 | 104.9%                  | -2.5%                    |
| <b>South Hams</b> | 144,309 | 315,432 | 308,343 | 283,420 | 96.4%                   | -8.1%                    |
| <b>West Devon</b> | 119,365 | 255,595 | 233,245 | 223,047 | 86.9%                   | -4.4%                    |
| <b>Cornwall</b>   | 102,842 | 232,636 | 228,266 | 213,366 | 107.5%                  | -6.5%                    |
| <b>Devon</b>      | 118,262 | 243,006 | 238,384 | 225,038 | 90.3%                   | -5.6%                    |
| <b>South West</b> | 119,823 | 228,793 | 222,704 | 210,830 | 76.0%                   | -5.3%                    |
| <b>England</b>    | 121,769 | 222,619 | 220,310 | 216,493 | 77.8%                   | -1.7%                    |

Table 7: Average Median House Prices

|                   | 2001    | 2007    | 2008    | 2009    | % Change<br>2001-2009 | % change<br>2008 to 2009 |
|-------------------|---------|---------|---------|---------|-----------------------|--------------------------|
| <b>Caradon</b>    | 79,950  | 179,000 | N/K     | N/K     | N/K                   | N/K                      |
| <b>Plymouth</b>   | 64,500  | 150,000 | 143,000 | 140,000 | 117.1%                | -2.1%                    |
| <b>South Hams</b> | 120,000 | 250,000 | 249,950 | 230,000 | 91.7%                 | -8.0%                    |
| <b>West Devon</b> | 97,725  | 215,000 | 200,000 | 178,000 | 82.1%                 | -11.0%                   |
| <b>Cornwall</b>   | 85,000  | 197,000 | 190,000 | 175,000 | 105.9%                | -7.9%                    |
| <b>Devon</b>      | 96,250  | 205,000 | 197,000 | 185,000 | 92.2%                 | -6.1%                    |
| <b>South West</b> | 96,500  | 190,950 | 185,000 | 175,000 | 81.4%                 | -5.4%                    |
| <b>England</b>    | 92,000  | 178,000 | 174,000 | 170,000 | 84.8%                 | -2.3%                    |

Table 8: Average Lower Quartile House Prices

|                   | 2001   | 2007    | 2008    | 2009    | % Change 2001-2009 | % change 2008 to 2009 |
|-------------------|--------|---------|---------|---------|--------------------|-----------------------|
| <b>Caradon</b>    | 59,000 | 142,950 | N/K     | N/K     | N/K                | N/K                   |
| <b>Plymouth</b>   | 47,500 | 123,500 | 117,000 | 112,000 | 135.8%             | -4.3%                 |
| <b>South Hams</b> | 80,000 | 179,000 | 173,125 | 166,000 | 107.5%             | -4.1%                 |
| <b>West Devon</b> | 70,000 | 158,750 | 155,000 | 140,000 | 100.0%             | -9.7%                 |
| <b>Cornwall</b>   |        |         |         |         |                    |                       |
| <b>Cornwall</b>   | 64,000 | 155,000 | 145,500 | 140,000 | 118.8%             | -3.8%                 |
| <b>Devon</b>      | 70,000 | 157,000 | 150,000 | 148,000 | 111.4%             | -1.2%                 |
| <b>South West</b> | 72,000 | 150,000 | 143,000 | 138,000 | 91.7%              | -3.5%                 |
| <b>England</b>    | 59,950 | 127,000 | 124,000 | 121,000 | 101.8%             | -2.4%                 |

Source: CLG Live Tables using H.M. Land Registry 2009 Housing Price Data

4.5 Prices have recovered somewhat since Quarter 1 2009, particularly in South Hams. However the most recent figures and forecasts show the market stalling.

Table 9: Average Mean House Prices

|                   | Q1 2001 | Q 1 2009 | Q1 2010 | % increase Q1 2001-2010 | % change Q1 2009 to 2010 |
|-------------------|---------|----------|---------|-------------------------|--------------------------|
| <b>Caradon</b>    | 90,852  | 179,808  | N/K     | N/K                     | N/K                      |
| <b>Plymouth</b>   | 67,127  | 149,684  | 160,390 | 138.9%                  | 7.2%                     |
| <b>South Hams</b> | 119,338 | 256,942  | 327,529 | 174.5%                  | 27.5%                    |
| <b>West Devon</b> | 103,077 | 243,489  | 231,373 | 124.5%                  | -5.0%                    |
| <b>Cornwall</b>   |         |          |         |                         |                          |
| <b>Cornwall</b>   | 94,766  | 209,226  | 226,989 | 139.5%                  | 8.5%                     |
| <b>Devon</b>      | 104,803 | 212,478  | 244,328 | 133.1%                  | 15.0%                    |
| <b>South West</b> | 108,802 | 200,468  | 226,477 | 108.2%                  | 13.0%                    |
| <b>England</b>    | 114,192 | 200,539  | 238,341 | 108.7%                  | 18.9%                    |

Table 10: Average Median House Prices

|                   | Q1 2001 | Q 1 2009 | Q1 2010 | % increase Q1 2001-2010 | % change Q1 2009 to 2010 |
|-------------------|---------|----------|---------|-------------------------|--------------------------|
| <b>Caradon</b>    | 78,250  | N/K      | N/K     | N/K                     | N/K                      |
| <b>Plymouth</b>   | 56,500  | 130,000  | 145,000 | 156.6%                  | 11.5%                    |
| <b>South Hams</b> | 98,000  | 208,750  | 249,950 | 155.1%                  | 19.7%                    |
| <b>West Devon</b> | 89,500  | 197,500  | 188,975 | 111.1%                  | -4.3%                    |
| <b>Cornwall</b>   |         |          |         |                         |                          |
| <b>Cornwall</b>   | 80,000  | 172,980  | 190,000 | 137.5%                  | 9.8%                     |
| <b>Devon</b>      | 86,000  | 175,000  | 205,000 | 138.4%                  | 17.1%                    |
| <b>South West</b> | 87,950  | 167,500  | 191,000 | 117.2%                  | 14.0%                    |
| <b>England</b>    | 85,000  | 159,000  | 185,000 | 117.6%                  | 16.4%                    |

Table 11: Average Lower Quartile House Prices

|                   | Q1 2001 | Q 1 2009 | Q1 2010 | % increase Q1 2001-2010 | % change Q1 2009 to 2010 |
|-------------------|---------|----------|---------|-------------------------|--------------------------|
| <b>Caradon</b>    | 57,000  | N/K      | N/K     | N/K                     | N/K                      |
| <b>Plymouth</b>   | 44,000  | 104,250  | 115,000 | 161.4%                  | 10.3%                    |
| <b>South Hams</b> | 70,000  | 154,750  | 189,000 | 170.0%                  | 22.1%                    |
| <b>West Devon</b> | 60,000  | 135,500  | 155,000 | 158.3%                  | 14.4%                    |
| <b>Cornwall</b>   |         |          |         |                         |                          |
|                   | 59,000  | 131,625  | 142,000 | 140.7%                  | 7.9%                     |
| <b>Devon</b>      |         |          |         |                         |                          |
|                   | 63,500  | 138,000  | 152,000 | 139.4%                  | 10.1%                    |
| <b>South West</b> |         |          |         |                         |                          |
|                   | 65,000  | 130,000  | 141,000 | 116.9%                  | 8.5%                     |
| <b>England</b>    |         |          |         |                         |                          |
|                   | 55,000  | 112,000  | 122,500 | 122.7%                  | 9.4%                     |

Source: CLG Live Tables using H.M. Land Registry Housing Price Data

4.6 Mean average prices across the HMA have increased significantly since Quarter 1 2001 by between 125% in West Devon and 175% in South Hams. Plymouth and West Devon saw larger rises in lower quartile prices than either mean or median at 161% and 158% respectively.

4.7 Between Quarter 1 2009 and Quarter 1 2010 there was a recovery in prices with South Hams seeing the greatest percentage increase, although they had also experienced the largest price fall between 2008 and 2009. West Devon saw a small price fall in mean and median prices, whilst lower quartile prices increased by 14%.

## Number House Sales

Tables 12 and 13: Number House Sales

|                   | 2007      | 2008    | 2009    | % change 2008 to 2009 |
|-------------------|-----------|---------|---------|-----------------------|
| <b>Caradon</b>    | 1,868     | 966     | N/K     | N/K                   |
| <b>Plymouth</b>   | 5,722     | 3,092   | 3,126   | 1.1%                  |
| <b>South Hams</b> | 2,013     | 1,124   | 1,342   | 19.4%                 |
| <b>West Devon</b> | 1,297     | 819     | 867     | 5.9%                  |
| <b>Cornwall</b>   |           |         |         |                       |
|                   | 12,406    | 6,575   | 7,240   | 10.1%                 |
| <b>Devon</b>      |           |         |         |                       |
|                   | 18,058    | 9,672   | 11,568  | 19.6%                 |
| <b>South West</b> |           |         |         |                       |
|                   | 129,316   | 67,430  | 74,756  | 10.9%                 |
| <b>England</b>    |           |         |         |                       |
|                   | 1,190,311 | 609,840 | 586,894 | -3.8%                 |

|                   | Q1 2008 | Q1 2009 | Q1 2010 | % change 2008 to 2009 |
|-------------------|---------|---------|---------|-----------------------|
| <b>Caradon</b>    | 265     | 102     | N/K     | N/K                   |
| <b>Plymouth</b>   | 760     | 463     | 589     | 27.2%                 |
| <b>South Hams</b> | 323     | 200     | 291     | 45.5%                 |
| <b>West Devon</b> | 217     | 115     | 168     | 46.1%                 |
| <b>Cornwall</b>   |         |         |         |                       |
|                   | 1,735   | 936     | 1,499   | 60.1%                 |
| <b>Devon</b>      |         |         |         |                       |
|                   | 2,626   | 1,478   | 2,176   | 47.2%                 |
| <b>South West</b> |         |         |         |                       |
|                   | 17,807  | 10,144  | 14,124  | 39.2%                 |
| <b>England</b>    |         |         |         |                       |
|                   | 173,560 | 83,390  | 121,588 | 45.8%                 |

- 4.8 Whilst house sales dropped nationally between 2008 and 2009 the South West actually saw an increase, albeit that sales are still well below 2007 levels. The HMA saw rises of between 1.1% in Plymouth and 19.4% in South Hams. The increase is more marked between Quarter 1 2009 and Quarter 2 2010 at between 27% for Plymouth and 46% for West Devon.

### Mortgage Lending and Availability

- 4.9 Access to credit and the availability of mortgages was the key driver in falling house prices and number of sales. Although mortgage rates are at an historic low they vary significantly dependent on the deposit the purchaser has available with a best standard variable rate of around 2.5% and an average of around 4.5%. Fixed rate deals, depending on the length, are averaging around 5.5%. Borrowers with only a 10% deposit are paying an average of 6.15%.
- 4.10 Although there are now around 20 mortgage products that will consider a minimum 5% deposit and an increasing number requiring just a 10% deposit the average first time buyer needs to find over £40,000 to be granted a mortgage as lenders are still rationing credit.
- 4.11 The figures for mortgage lending in the first half of 2010 show an increase from the previous year, other than for re-mortgages; however lending for August and September 2010 has fallen.

Table 14 – Mortgage Lending:

|                                    | June 2010 | % Change from May 2010 | % Change from June 2009 |
|------------------------------------|-----------|------------------------|-------------------------|
| Number of house purchase loans     | 52,000    | +19%                   | +14%                    |
| Value of house purchase loans £m   | 7,600     | +23%                   | +27%                    |
| Number of remortgage loans         | 27,000    | +6%                    | -20%                    |
| Value of remortgage loans £m       | 3,400     | +6%                    | -19%                    |
| Number of first time buyer loans   | 19,400    | +20%                   | +12%                    |
| Value of first time buyer loans £m | 2,400     | +26%                   | +26%                    |
| Number of home mover loans         | 32,200    | +19%                   | +15%                    |
| Value of home mover loans £m       | 5,200     | +24%                   | +27%                    |

- 4.12 Average deposits for first time buyers have fallen slightly to 24% over the year; however this is an increase on the May figure of 21%. Income ratios to borrowing have increased over the year but thanks to low interest rates the proportion of income spent on interest payments has fallen.

Table 15 – Mortgage Lending and Affordability

|  | <b>First Time Buyers</b> | <b>Home Movers</b> |
|--|--------------------------|--------------------|
| <b>Average Loan to Value June 2010</b>                           | 76%                      | 69%                |
| <b>Average Loan to Value June 2009</b>                           | 75%                      | 69%                |
| <b>Average Income Multiples June 2010</b>                        | 3.28                     | 2.91               |
| <b>Average Income Multiples June 2009</b>                        | 3.08                     | 2.76               |
| <b>Proportion of income spent on interest payments June 2010</b> | 13.3%                    | 9.6%               |
| <b>Proportion of income spent on interest payments June 2009</b> | 14.9%                    | 11.3%              |

Source: Council of Mortgage Lenders

4.13 Although demand is increasing shared owners are still considered by many lenders to be 'marginal' purchasers, some even consider them to be sub-prime, and therefore higher risk leading to limited lending availability despite the fact that products are low-risk as there is usually a mortgagee in possession clause, providing protection against loss in case of default, and housing associations use more robust affordability assessments to ensure the tenure is sustainable. Where the mortgagee in possession clause is removed i.e. in Dartmoor National Park it is almost impossible to find a lender prepared to grant a mortgage.

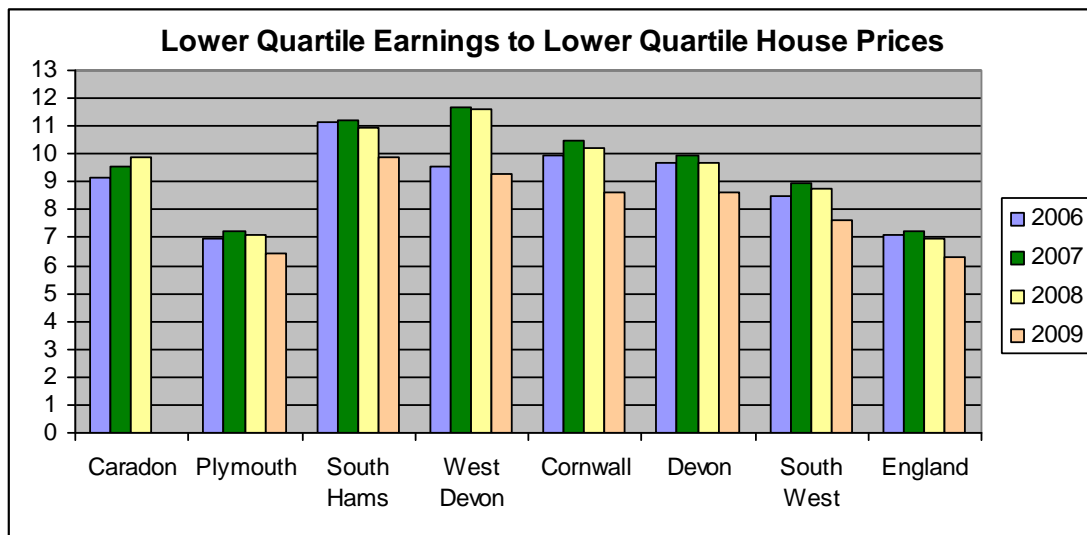
### **Housing Market Forecasts**

- 4.14 Some key organisations are forecasting a slowing in the market for 2010/11.
- 4.15 The Royal Institute of Chartered Surveyors (RICS) is reporting increased supply and lowering demand leading to price falls. Consumer confidence in light of the impending public sector cuts and potential job losses coupled with continuing difficulties in obtaining finance are likely to stifle the market in 2010 leading to further falls.
- 4.16 Savills are predicting further price falls in 2010 with most of the recent growth wiped out and prices reducing to late 2008 levels, which is a 15% reduction from the peak. They expect growth to resume in the second half of 2012 returning to peak levels during 2014.
- 4.17 Even if prices fall or stabilise market housing will still be unaffordable and inaccessible to many in need.

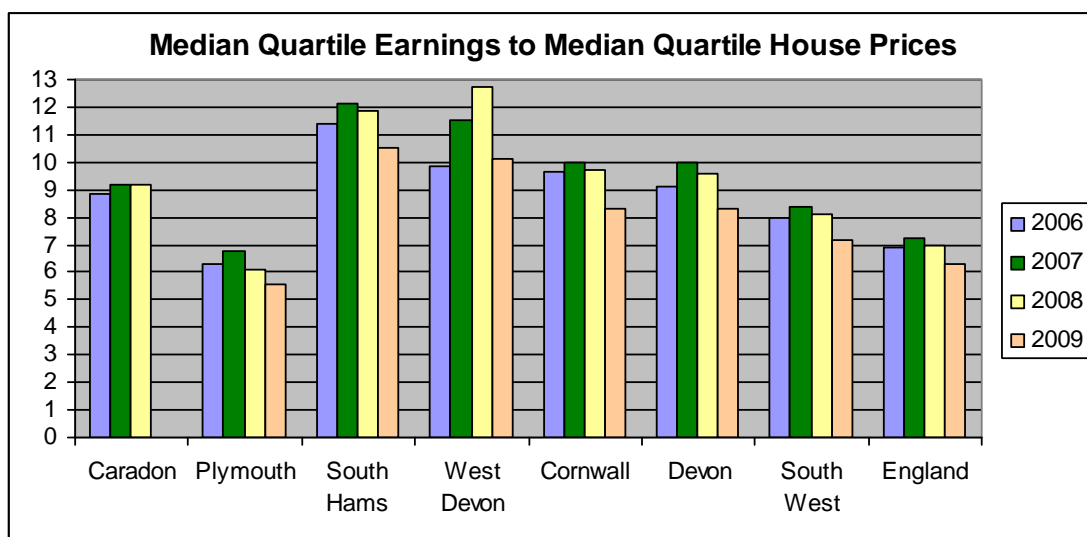
## 5. Affordability

5.1 Tables produced by the department of Communities and Local Government on house prices to earnings ratios for the lower and median quartiles show just how unaffordable the housing market still is. Although ratios have improved over the last couple of years they are still well in excess of 3.5 times salary. Plymouth with the lowest at 6.43 is just above the national average for lower quartile and below it for the median average.

5.2 West Devon and South Hams still have some of the worst affordability problems in the country with ratios of 9.31 and 9.86 respectively for lower quartile earning to house prices and 10.10 and 10.50 for median earnings to house prices. Even though this is an improvement on the past two years it is still very high.



Source: CLG Live housing tables 2008



Source: CLG Live housing tables 2008

5.3 In addition the requirement for an increased deposit and an impeccable credit history is affecting access to the market.

## Income Entry Thresholds to Home Ownership

- 5.4 Some calculations for income entry thresholds to home ownership can be made for both lower and median quartile house prices for Quarter 1 2010.
- 5.5 Due to the scarcity of 95% mortgages an assumption is made that borrowers will need at least a 10% deposit.
- 5.6 The thresholds are based on 3.5 times income.

Table 16: Deposit required to purchase lower quartile and median properties

|                   | <b>Deposit required at 10% of purchase price for an average Lower Quartile property</b> | <b>Deposit required at 10% of purchase price for an average Median Quartile property</b> |
|-------------------|---|--|
| <b>Caradon</b>    | N/K   | N/K  |
| <b>Plymouth</b>   | 11,500  | 14,500   |
| <b>South Hams</b> | 18,900  | 24,995   |
| <b>West Devon</b> | 15,500  | 18,900   |
| <b>Cornwall</b>   |   |  |
|                   | 14,200  | 19,000   |
| <b>Devon</b>      | 15,200  | 20,500   |
| <b>South West</b> | 14,100  | 19,100   |
| <b>England</b>    | 12,250  | 18,500   |

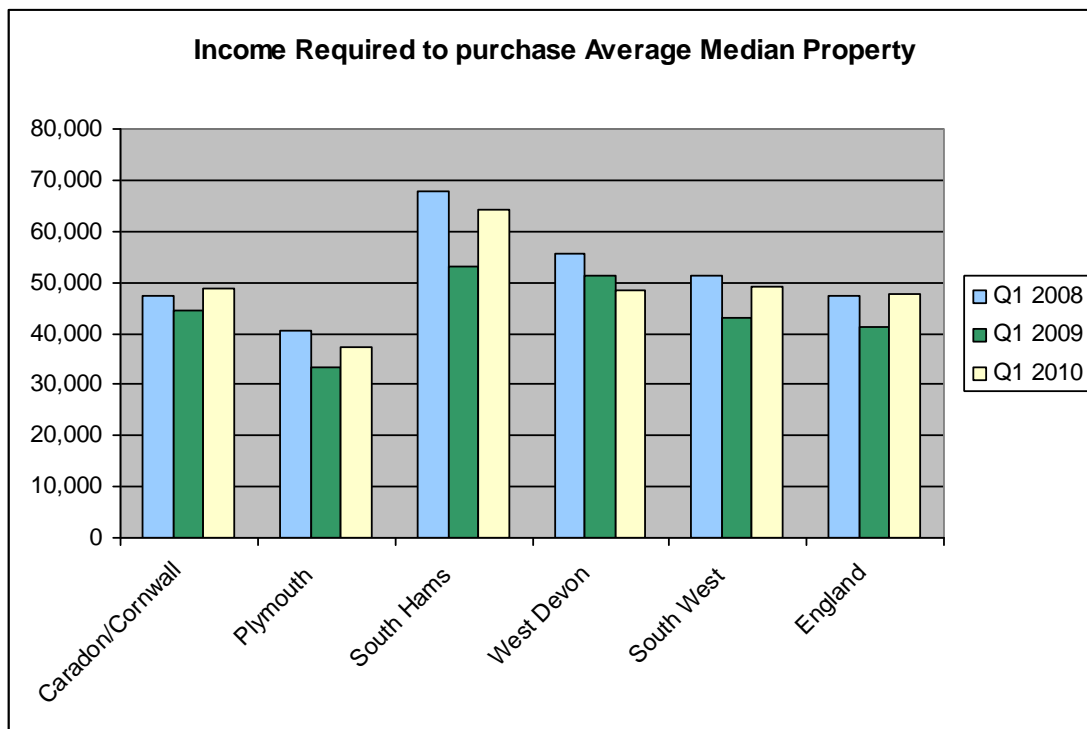
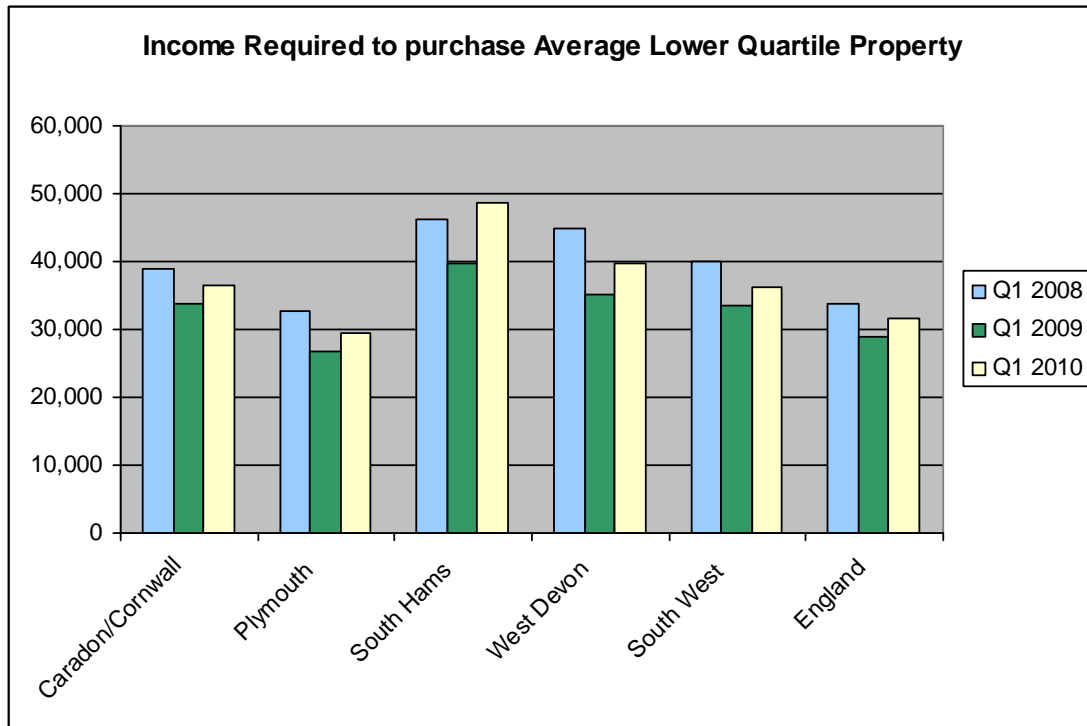
Source: house prices CLG live tables

- 5.7 Although average household savings levels for all four local authorities, as set out in Chapter 3, are just within the deposits required for a lower quartile property, these savings averages are across all household types and it is likely that many first time buyers will not have ready access to such sums; in fact on average they have to find deposits in excess of £40,000 to get a mortgage agreed. There is anecdotal evidence that families are supporting them to access the market where they can, by providing the required deposit.

Table 17: Earning thresholds for lower quartile and median properties

|                   | <b>Income required to purchase average Lower Quartile property</b> | <b>Income required to purchase average Median property</b> |
|-------------------|--|--|
| Cornwall          | 36,514   | 48,857   |
| Plymouth          | 29,571   | 37,286   |
| South Hams        | 48,600   | 64,276   |
| West Devon        | 39,857   | 48,593   |
| <b>South West</b> |  |  |
|                   | 36,257   | 49,114   |
| <b>England</b>    | 31,500   | 47,571   |

Note: Caradon figures for lower quartile and median house prices not available so the Cornwall figure has been used.



Note: Caradon figures for lower Quartile and median house prices not available so the Cornwall figure has been used

5.8 The income required to purchase lower and median quartile properties has increased over the year and coupled with the larger deposits now required has worsened the problem. Even though thresholds remain, in general below Quarter 1 2008 levels, there were a greater number of mortgages available at that time for those with smaller deposits and easier access to credit.

5.9 Incomes are still well below the required levels throughout the HMA. Taking the HMRC median income levels for 2009/10, as set out in Chapter 3, on average and assuming a 10% deposit, prospective

purchasers would require between 5.8 times and 7.6 times median income for a lower quartile property and between 7.3 and 10.6 times median income for a median quartile property. Plymouth is the only authority with similar levels to the national average.

Table 18: Ratios income to house prices

|            | <b>Ratio average income to Lower average property price</b> | <b>Median Quartile property price</b> | <b>Ratio average income to Median average property price</b> | <b>Median Quartile property price</b> |
|------------|---|---------------------------------------|--|---------------------------------------|
| Caradon    |   | N/K                                   |  | N/K                                   |
| Plymouth   |   | 5.8                                   |  | 7.3                                   |
| South Hams |   | 7.6                                   |  | 10.6                                  |
| West Devon |   | 6.8                                   |  | 8.6                                   |
| <hr/>      |   |                                       |  |                                       |
| Cornwall   |   | 7.7                                   |  | 9.7                                   |
| Devon      |   | 7.4                                   |  | 9.2                                   |
| South West |   | 6.7                                   |  | 8.5                                   |
| England    |   | 5.6                                   |  | 7.9                                   |

5.10 In conclusion, access to the housing market is not an option for many in housing need.

### **The Intermediate Housing Market**

5.11 Whilst the HMNA found that a high percentage of those in housing need could afford housing at a price somewhere between social rented and full homeownership, access to this sector has been affected by the difficult credit conditions, and in some instances properties designated for shared ownership have been left unsold and subsequently converted to rented stock, particularly in rural areas.

5.12 A national study by Hometrack<sup>3</sup>, looking at 90,000 two bed lets in housing association properties last year, showed that 15,000 households allocated general needs homes would have had enough income to make them eligible for an intermediate rent of 80 per cent of their home's open market value. The study assumed that 35% of income could be spent on housing costs.

5.13 It also found that 8,762 households would have been eligible for a 25 per cent share in a low cost homeownership property, while 7,556 would have been eligible for a 50% share.

5.14 More than a quarter of households would have been eligible for intermediate rent at 60 per cent of open market value, while 19,096 would have been eligible for rent at 70 per cent.

5.15 With restricted funding in the future it will be important to make best use of the available stock and consider alternative options to enabling social rented housing to meet need.

<sup>3</sup> Inside Housing 7<sup>th</sup> June 2010

## The Private Rented Sector

- 5.16 There is little reliable information on the private rented sector; however this does remain a sector for many households in need due to a lack of available social housing or an inability to access the housing market due to affordability and the current lending restrictions.
- 5.17 Findaproperty.com<sup>4</sup> suggests that rents fell by 0.8% in the year to March 2010 and remain at 6% lower than the peak in March 2008. In the early part of 2010 rents rose by around 0.7%, which can be largely attributed to a reduction in properties available for rent.
- 5.18 Falls in rents are too small to have an impact on affordability and many households with an income above that which entitles them to Local Housing Allowance through the Housing Benefit system do not earn enough to afford private sector rents. This tenure also houses some of the most vulnerable people and has some of the poorest housing stock in terms of fitness and energy efficiency.
- 5.19 Tables 19 and 20 look at the average cost of renting properties in the HMA and the income required to access this tenure for a one bedroom property.

Table 19 – Private Rents June 2010:

| Area              | 1 Bed Average Weekly Rent | 2 Bed Average Weekly Rent | 3 Bed Average Weekly Rent |
|-------------------|---------------------------|---------------------------|---------------------------|
| <b>Caradon</b>    | N/K                       | N/K                       | N/K                       |
| <b>Plymouth</b>   | 103                       | 126                       | 144                       |
| <b>South Hams</b> | 103                       | 137                       | 183                       |
| <b>West Devon</b> | 98                        | 121                       | 135                       |
| <b>Cornwall</b>   |                           |                           |                           |
|                   | 107                       | 126                       | 153                       |
| <b>South West</b> | 115                       | 150                       | 183                       |
| <b>England</b>    | 173                       | 226                       | 311                       |

Source: Hometrack June 2010

Table 20: Income thresholds for 1 bed private rent June 2010:

| Area              | Median annualised private rent – 1 Bed | Income threshold (based on rent at 25% annual income) |
|-------------------|--|---|
| <b>Caradon</b>    | N/K                                    | N/K   |
| <b>Plymouth</b>   | 5,356                                  | 21,424  |
| <b>South Hams</b> | 5,356                                  | 21,424  |
| <b>West Devon</b> | 5,096                                  | 20,384  |
| <b>Cornwall</b>   |  |   |
|                   | 5,564                                  | 22,256  |
| <b>South West</b> | 5,980                                  | 23,920  |
| <b>England</b>    | 8,996                                  | 35,984  |

<sup>4</sup> FindaProperty.com March 2010

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

## 6. Housing Supply, Demand and Needs

### Housing Supply

6.1 Overall housing supply in the home ownership market is calculated by using the volume of house sales. Chapter 4 details the current housing market position including the number of sales, which have almost halved since the peak. Whilst the percentage of sales to properties in 2007 was around 6% for the HMA, this was 3.6% in 2009, only 0.3% above the 2008 figure. The figures exclude Caradon as no information is available.

Table 21: Private Sector housing supply

|   | Caradon       | Plymouth | South Hams | West Devon | Total    |
|---|---------------|----------|------------|------------|----------|
| <b>Number Private Sector Homes April 2007</b> | 34,069        | 89,436   | 37,310     | 20,672     | 181,487  |
| <b>Number Sales 2007</b>                      | 1,868         | 5,722    | 2,013      | 1,297      | 10,900   |
| <b>% Sales to Number Homes</b>                | 5.5%          | 6.4%     | 5.4%       | 6.3%       | 6%       |
| <b>Number Private Sector Homes April 2009</b> | 34,671        | 90,395   | 37,671     | 21,406     | 149,472* |
| <b>Number Sales 2008</b>                      | Not available | 3,126    | 1,342      | 867        | 5,335*   |
| <b>% Sales to Number Homes</b>                | N/K           | 3.5%     | 3.6%       | 4.1%       | 3.6%*    |

Source: Number Private Sector Homes - LA internal databases & Number Sales - CLG Live tables

\* Excludes Caradon

6.2 The number of new homes delivered was well below the overall target in 2009/10 with only West Devon meeting its target. This is a significant drop on the previous two years.

Table 22: Overall housing delivery

| LA           | Overall Housing Delivery 2007/08 | Target 2007/08 | Overall Housing Delivery 2008/09 | Target 2008/09 | Overall Housing Delivery 2008/09 | Target 2009/10 |
|--------------|----------------------------------|----------------|----------------------------------|----------------|----------------------------------|----------------|
| Caradon      | 456                              | 213            | 344                              | 183            | Not available                    | N/A            |
| Plymouth     | 790                              | 1,000          | 1,003                            | 1,000          | 414                              | 1,000          |
| South Hams   | 144                              | 667            | 232                              | 667            | 217                              | 667            |
| West Devon   | 530                              | 220            | 366                              | 220            | 225                              | 220            |
| <b>Total</b> | <b>1,920</b>                     | <b>2,100</b>   | <b>1,945</b>                     | <b>2,070</b>   | <b>856*</b>                      | <b>1,887*</b>  |

Source: LA internal databases

\* Excludes Caradon

6.3 Although the Government has abolished the Regional Spatial Strategy (RSS) housing targets authorities must have plans in place to show how they will meet identified local need and the HMA authorities have levels of need that exceeds their RSS target in any case.

6.4 The social housing stock and the number of lettings provide an indication as to the supply of social housing.

Table 23: Social housing stock and lettings

|  | <b>Caradon</b> | <b>Plymouth</b> | <b>South Hams</b> | <b>West Devon</b> | <b>Total</b>  |
|--|----------------|-----------------|-------------------|-------------------|---------------|
| <b>Local Authority (LA) 2009</b>             | 3,549          | 14,970          | 28                | 0                 | 18,547        |
| <b>Registered Social Landlord (RSL) 2009</b> | 980            | 7,313           | 4,203             | 2,160             | 14,656        |
| <b>Total Stock 2009</b>                      | <b>4,529</b>   | <b>22,283</b>   | <b>4,231</b>      | <b>2,160</b>      | <b>33,203</b> |
| <b>Total Stock 2007</b>                      | 4,446          | 22,327          | 4,305             | 1,960             | 33,038        |
| <b>% Change 2007 - 2009</b>                  | <b>+1.9%</b>   | <b>-0.2%</b>    | <b>-1.7%</b>      | <b>+10.2%</b>     | <b>+0.5%</b>  |
| <b>Total Stock 2001*</b>                     | 4,397          | 23,478          | 3,950             | 1,802             | 33,627        |
| <b>% Change 2001 - 2009</b>                  | <b>+3.0%</b>   | <b>-5.1%</b>    | <b>+7.1%</b>      | <b>+19.9%</b>     | <b>-1.3%</b>  |
| <b>Total Number Lettings 2009/10</b>         | Not available  | 1,468           | 192*              | 207               | 1,867**       |
| <b>% Lettings to Stock</b>                   | N/K            | 6.6%            | 4.5%              | 9.6%              | 6.5%          |

Stock figures - CLG Live tables

Letting Source: LA internal databases

\* South Hams figures exclude social landlord lettings from their own lists

\*\* Excludes Caradon

6.5 The number of properties lost to Right to Buy has declined to very small numbers in recent years across the South West. Information is only available at district level for those authorities who still have their own stock. In 2008/09 Plymouth lost 17 properties through Right to Buy and Caradon lost none. This compares to 455 and 81 respectively in 2002/03. There were only 180 Right to Acquire sales nationally in 2008/09, which is far outweighed by the fall in Right to Buy Sales.

Table 24: Number Right to Buy and Right to Acquire sales in the South West:

|                                       | <b>2002/03</b> | <b>2008/09</b> | <b>% Difference 02/03 – 08/09</b> |
|---------------------------------------|----------------|----------------|-----------------------------------|
| <b>LA Right to Buy Sales</b>          | 3,040          | 110            | -96%                              |
| <b>RSL Right to Buy Sales (LSVTs)</b> | 1,230          | 20             | -98%                              |
| <b>Total</b>                          | 4,270          | 130            | -97%                              |

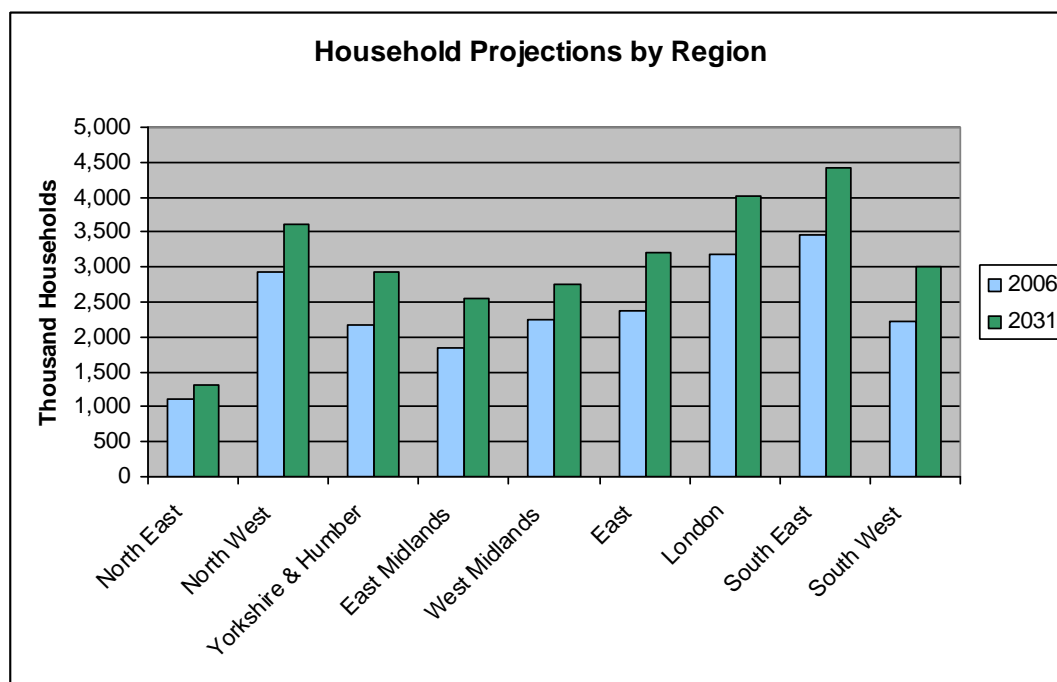
6.6 West Devon's social housing stock has increased by over 10% since April 2007 due to strong delivery, and by almost 20% since 2001. South Hams had a small fall of 1.7% in its stock since 2007 but an increase of 7% since 2001. Caradon's stock has also increased but Plymouth's has declined by 5% since 2001 and has remained virtually static since 2007, this may be in part due to some sales under Right to

Buy in Plymouth albeit at much lower levels, which have now disappeared in the rural districts due to affordability.

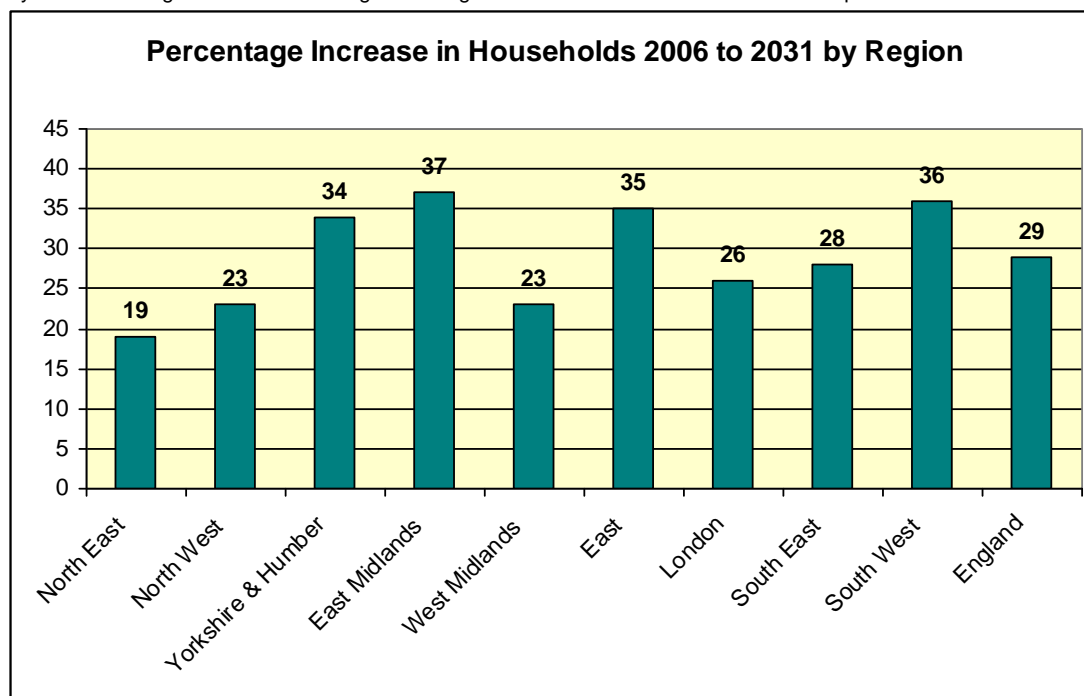
- 6.7 The percentage of social lettings in relation to the stock averages out at 6.5% across the HMA, excluding Caradon for whom no data is available. This has decreased across the board; however South Hams figures do not include lettings made by social landlords from their own lists, which accounts for some of their difference.

### Housing Demand & Needs

- 6.8 Household projections are generally used to assess probable changes in the number of households requiring accommodation, including affordable housing. In addition, local authority housing registers show the numbers of households expressing a need for social housing.



Source: CLG Housing Statistical Release on household projections



Source: CLG Housing Statistical Release on household projections

6.9 The number of households across the country is projected to increase by 29% with the South West region to see some of the biggest increases. All the HMA local authorities show a lower percentage increase than is anticipated for both Devon and Cornwall with Plymouth also below the national figure. Caradon and West Devon are well in excess of the national figure at 39% and 36% respectively. The number of households in the HMA overall is projected to increase by 63,000 by 2031, an increase of almost a third. This will put significant pressure on the housing stock as a further 2,740 properties per annum will be required just to meet this figure, not counting the already unmet need that exists.

Table 25: Trends in household formation in 000s:

|              | 2006       | 2011       | 2016       | 2021       | 2026       | 2031       |
|--------------|------------|------------|------------|------------|------------|------------|
| Caradon      | 36         | 39         | 42         | 45         | 48         | 50         |
| Plymouth     | 109        | 116        | 123        | 129        | 135        | 141        |
| South Hams   | 36         | 37         | 39         | 41         | 43         | 45         |
| West Devon   | 22         | 23         | 25         | 27         | 29         | 30         |
| <b>Total</b> | <b>203</b> | <b>215</b> | <b>229</b> | <b>242</b> | <b>255</b> | <b>266</b> |
| <hr/>        |            |            |            |            |            |            |
| Cornwall     | 231        | 250        | 270        | 290        | 310        | 327        |
| Devon        | 320        | 346        | 374        | 402        | 429        | 455        |
| South West   | 2,211      | 2,361      | 2,529      | 2,697      | 2,854      | 3,001      |
| England      | 21,515     | 22,748     | 24,107     | 25,439     | 26,674     | 27,818     |

Source: CLG live tables on household projections

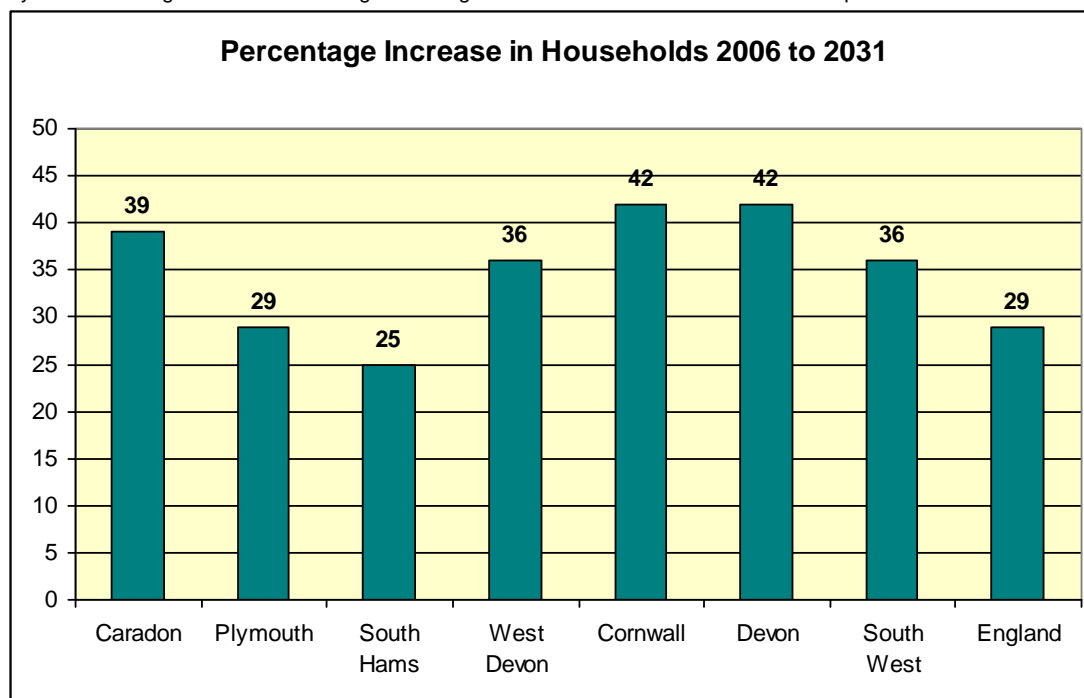


Table 26: Number of households on the housing register

|              | March 2001   | March 2007    | March 2008    | March 2009    | March 2010     | Sept 2010      | % Change March 2001-Sept 2010 |
|--------------|--------------|---------------|---------------|---------------|----------------|----------------|-------------------------------|
| Caradon      | 1,331        | 3,281         | 3,281         | 3,210         | N/K            | N/K            | Not available                 |
| Plymouth     | 2,553        | 6,557         | 6,344         | 5,862         | 8,593          | 9,443          | +270%                         |
| South Hams   | 795          | 1,646         | 1,638         | 1,701         | 1,291          | 1,593          | +100%                         |
| West Devon   | 716          | 1,524         | 1,515         | 2,035         | 1,065          | 1,325          | +85%                          |
| <b>Total</b> | <b>5,395</b> | <b>13,008</b> | <b>12,778</b> | <b>13,292</b> | <b>10,949*</b> | <b>12,361*</b> | <b>+204%</b>                  |

Source 2001 – 2009 data CLG live tables. 2010 data from Devon Home Choice

\* Excludes Caradon

6.10 The number of households registered with the HMA local authorities for social housing stands at just over 12,000 households, excluding Caradon for whom data is no longer available. In early 2010 all the Devon authorities, including Plymouth and Torbay, went live with a Devon-wide Choice Based Lettings Scheme, Devon Home Choice. South Hams and West Devon asked all applicants to re-register and as a consequence numbers have fallen. Plymouth opted for a data transfer and in addition have experienced very high levels of new applications to the register following the system change; they are currently receiving somewhere between 200 and 300 applications per week. Overall the numbers on the housing registers have increased significantly since 2001. Figures for September 2010 have been included to demonstrate the increasing numbers since the implementation of Devon Home Choice, and are used in the model to assess newly arising need.

## 7. The CLG Housing Needs Assessment Model

### Updating the model

- 7.1 Given that affordability ratios have dropped to 2006 levels or lower the percentage calculation used to determine the proportion unable to buy or rent and therefore potentially able access the private market has been reduced to those set out in the original HMNA. However it should be noted that access to the market is limited by poor credit conditions and incomes are still way below the level needed to afford even a lower quartile property for those in housing need.
- 7.2 All Devon local authorities are now part of a Devon-wide Choice Based lettings system, Devon Home Choice. The system went live in January 2010. Authorities could select whether to re-register current applicants or to undertake a data transfer. South Hams and West Devon re-registered and as such their housing register numbers fell initially, although these are now climbing again. Plymouth chose a data transfer; this meant that because no full review was undertaken and applicants simply transferred across the numbers increased. This may mean that there are households on the housing register who may no longer require housing. It is difficult therefore to assess existing households falling into priority need as part of the calculation looks at changes to the Housing Register. For South Hams and West Devon the most up to date position has been used in the calculation; for Plymouth an assumption has been made that there would have been a drop of around 25% between March 2009 and March 2010 if they had undertaken a re-registration exercise (this is similar to South Hams but lower than West Devon). The number of households in priority need is based on the percentage in each authority falling into the reasonable preference categories as defined by the Housing Act.

| Table 27: Priority need assessment   | Plymouth      | South Hams  | West Devon |
|--|---------------|-------------|------------|
| Number on Housing Register 1/04/2007   | 6,557         | 1,646       | 1,524      |
| Number on Housing Register 1/09/2010   | 9,443         | 1,593       | 1,325      |
| Difference   | 2,886         | -53         | -199       |
| Less Plymouth only reduction re data transfer - 25% of 2009 figure (5,862*25%)   | 1,466         | N/A         | N/A        |
| Figure to be used for Housing Register change  | 1,420         | -53         | -199       |
| Average Annual increase/ decrease (divided by 3.4 (years & months) <b>A</b>  | 418           | -15         | -58        |
| <b>Lettings (LA nominations) averaged over 2 years <b>B</b></b>  |               |             |            |
| Lettings (LA nominations) averaged over 2 years <b>B</b>   | 1,704         | 260         | 240        |
| Total increase <b>(A+B) C</b>  | 2,122         | 245         | 182        |
| Number in priority need ( <b>C</b> times individual LA percentage)   | @54%<br>1,146 | @42%<br>103 | @37%<br>67 |
| Plymouth only total - deduct ex-institutional and in-migrant HB claimants (to avoid double counting) - minus 113 and 469 (582) figure used in 2006 HMNA. | 564           | N/A         | N/A        |

7.3 The supply of social re-lets in the Supply of Affordable Housing element of the model has been updated to reflect the average number of re-lets over the past two years. This is based on the number of lettings in that period less new affordable homes delivered. The committed units of affordable housing have been amended to reflect delivery over the past three years and targeted delivery for the current year.

Table 28: Supply of social re-lets

|  | <b>Plymouth</b> | <b>South Hams</b> | <b>West Devon</b> |
|--|-----------------|-------------------|-------------------|
| Total number lettings 2008/09              | 1,940           | 328               | 273               |
| Plus total number lettings 2009/10         | 1,468           | 192               | 207               |
| Less new affordable housing 2008/09        | 290             | 52                | 128               |
| Less new affordable housing 2009/10        | 389             | 60                | 60                |
| <b>Total</b>                               | <b>2,729</b>    | <b>408</b>        | <b>292</b>        |
| <b>Annual Average (total divided by 2)</b> | <b>1,364</b>    | <b>204</b>        | <b>146</b>        |

Table 29: Affordable housing delivery:

|                   | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> | <b>Target 2010/11</b> | <b>Average over 4 years</b> |
|-------------------|----------------|----------------|----------------|-----------------------|-----------------------------|
| <b>Caradon</b>    | 89             | 96             | 143            | No data               | 109 (over 3 years)          |
| <b>Plymouth</b>   | 217            | 290            | 389            | 237                   | 283                         |
| <b>South Hams</b> | 59             | 52             | 60             | 61                    | 58                          |
| <b>West Devon</b> | 138            | 128            | 60             | 172                   | 124                         |

Source: Local Authority Internal Databases

- 7.4 Information from the survey conducted for the HMNA in 2006 continues to be used as no further authority wide surveys have been undertaken. Further where no updated evidence is available or the difference is minimal data from 2006 also continues to be used.
- 7.5 The increased delivery of social housing, negligible losses in respect of Right to Buy, improved earnings to house price ratios and more accurate housing register information have reduced the overall annual shortfall for all authorities. However, it should be noted that access to credit is difficult and an impediment to joining the housing ladder or moving up it.
- 7.6 The information is summarised below followed by the individual calculations for each of the authorities. Only a limited update has been undertaken for Caradon as some information is no longer available following the creation of the Cornwall Unitary.

Table 30: Summary of Housing Needs Assessment Model

|   | Caradon | Plymouth | South Hams | West Devon | Total |
|---|---------|----------|------------|------------|-------|
| B – Annual Backlog Housing Needs (2009)   | 282     | 985      | 216        | 128        | 1,611 |
| N – Newly Arising Housing Need (2009)     | 601     | 2,308    | 515        | 265        | 3,689 |
| S – Affordable Housing Supply (2008)      | 414     | 1,356    | 255        | 256        | 2,281 |
| S – Affordable Housing Supply (2009)      | 416     | 1,630    | 262        | 270        | 2,578 |
| Percentage Change (2007-2008)             | +5%     | +20%     | +3%        | +5%        | +13%  |
| (B+N)-S – Overall Annual Shortfall (2008) | 498     | 1,854    | 616        | 210        | 3,178 |
| (B+N)-S – Overall Annual Shortfall (2009) | 467     | 1,663    | 469        | 123        | 2,722 |
| Percentage Change (2008-2009)             | -6%     | -10%     | -24%       | -41%       | -14%  |

7.7 Affordable housing need is calculated by using the overall shortfall and adding back in the average number of new affordable homes being delivered. Whilst the annual need has reduced this is reflective for Plymouth and South Hams of high levels of delivery over a 4 year period. The prospects for future delivery, given funding cuts and economic constraints, are uncertain and it is likely that need will increase in the coming years as a result.

Table 31: Annual Affordable Housing Need

|  | Caradon | Plymouth | South Hams | West Devon | Total |
|--|---------|----------|------------|------------|-------|
| Overall Annual Shortfall                       | 467     | 1,663    | 469        | 123        | 2,722 |
| Plus committed units of new affordable housing | 109     | 283      | 58         | 124        | 574   |
| Total annual affordable need                   | 576     | 1,946    | 527        | 247        | 3,296 |

7.8 The tables on the following four pages show a breakdown for each of the individual local authorities.

**Caradon's model has only been partially updated due to a lack of information available at local level and should be treated with caution.**

### AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2008) - CARADON

#### **B BACKLOG OF NEED**

|          |   |         |              |
|----------|---|---------|--------------|
| 1        | Households in unsuitable housing                            |         | 4,932        |
| 2        | MINUS - council & RSL tenants                               | 708     |              |
|          | MINUS - in-situ solution most appropriate or leaving area   | 1,793   |              |
|          |   | 2,501   | 2,501        |
|          | <i>Households in unsuitable housing and needing to move</i> |         | 2,431        |
| 3        | TIMES - proportion unable to afford to buy or rent          | (57.9%) | 1,515        |
| 4        | PLUS - backlog - homeless households                        |         | 0            |
| <b>5</b> | <b>TOTAL BACKLOG NEED</b>                                   |         | <b>1,408</b> |
| 6        | TIMES   | (20%)   |              |
| <b>7</b> | <b>ANNUAL NEED TO REDUCE BACKLOG</b>                        |         | <b>282</b>   |

#### **N NEWLY ARISING NEED**

|           |  |         |            |
|-----------|--|---------|------------|
| 8         | New household formation                                  |         | 419        |
| 9         | TIMES - proportion unable to access private market       | (57.9%) | 243        |
| 10        | PLUS - ex-institutional population moving into community |         | 3          |
| 11        | Existing households falling into priority need           |         | 297        |
| 12        | In-migrant households unable to afford market housing    |         | 58         |
| <b>13</b> | <b>TOTAL NEWLY ARISING NEED</b>                          |         | <b>601</b> |

#### **S SUPPLY OF AFFORDABLE UNITS**

|           |   |     |            |
|-----------|---|-----|------------|
| 14        | Supply of social re-lets<br>& shared ownership re-sales                                     |     | 307        |
| 15        | MINUS - increased vacancies (if applicable) and units taken<br>Out of management (e.g. RtB) |     | 0          |
|           | <i>Net affordable re-let supply</i>   |     | 307        |
| 16        | PLUS - committed units of new affordable housing  |     | 109        |
| <b>17</b> | <b>AFFORDABLE SUPPLY</b>  |     | <b>416</b> |
|           | Annual need to reduce backlog (B)   | 282 |            |
|           | Newly arising need (N)  | 601 |            |
|           | <b>TOTAL AFFORDABLE NEED (B+N)</b>  |     | <b>883</b> |
|           | Affordable supply (S)   |     | 416        |
| <b>18</b> | <b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>   |     | <b>467</b> |

**AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2009) - PLYMOUTH****B BACKLOG OF NEED**

|          |   |         |              |
|----------|---|---------|--------------|
| 1        | Households in unsuitable housing                            |         | 16,288       |
| 2        | MINUS - council & RSL tenants                               | 4,899   |              |
|          | MINUS - in-situ solution most appropriate or leaving area   | 3,970   |              |
|          |   | 8,869   | 8,869        |
|          | <i>Households in unsuitable housing and needing to move</i> |         | 7,419        |
| 3        | TIMES - proportion unable to afford to buy or rent          | (66.4%) | 4,926        |
| 4        | PLUS - backlog - homeless households                        |         | 0            |
| <b>5</b> | <b>TOTAL BACKLOG NEED</b>                                   |         | <b>4,926</b> |
| 6        | TIMES   | (20%)   |              |
| <b>7</b> | <b>ANNUAL NEED TO REDUCE BACKLOG</b>                        |         | <b>985</b>   |

**N NEWLY ARISING NEED**

|           |  |         |              |
|-----------|--|---------|--------------|
| 8         | New household formation                                  |         | 2,296        |
| 9         | TIMES - proportion unable to access private market       | (50.6%) | 1,162        |
| 10        | PLUS - ex-institutional population moving into community |         | 113          |
| 11        | Existing households falling into priority need           |         | 564          |
| 12        | In-migrant households unable to afford market housing    |         | 469          |
| <b>13</b> | <b>TOTAL NEWLY ARISING NEED</b>                          |         | <b>2,308</b> |

**S SUPPLY OF AFFORDABLE UNITS**

|           |  |       |              |
|-----------|--|-------|--------------|
| 14        | Supply of social re-lets<br>& shared ownership re-sales  |       | 1,364        |
| 15        | MINUS - increased vacancies (if applicable) and units taken<br>Out of management (e.g. RtB)<br><i>Net affordable re-let supply</i> |       | 17           |
|           |  |       | 1,347        |
| 16        | PLUS - committed units of new affordable housing   |       | 283          |
| <b>17</b> | <b>AFFORDABLE SUPPLY</b>   |       | <b>1,630</b> |
|           | Annual need to reduce backlog (B)  | 985   |              |
|           | Newly arising need (N)   | 2,308 |              |
|           | <b>TOTAL AFFORDABLE NEED (B+N)</b>   |       | <b>3,293</b> |
|           | Affordable supply (S)  |       | 1,630        |
| <b>18</b> | <b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>  |       | <b>1,663</b> |

**AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2009) - S. HAMS**

|                                     |   |         |              |
|-------------------------------------|---|---------|--------------|
| <b>B BACKLOG OF NEED</b>            |   |         |              |
| 1                                   | Households in unsuitable housing  |         | 3,992        |
| 2                                   | MINUS - council & RSL tenants   | 718     |              |
|                                     | MINUS - in-situ solution most appropriate or leaving area                                   | 1,673   |              |
|                                     |   | 2,391   | 2,391        |
|                                     | <i>Households in unsuitable housing and needing to move</i>                                 |         | 1,601        |
| 3                                   | TIMES - proportion unable to afford to buy or rent  | (67.6%) | 1,082        |
| 4                                   | PLUS - backlog - homeless households  |         | 0            |
| <b>5</b>                            | <b>TOTAL BACKLOG NEED</b>   |         | <b>1,082</b> |
| 6                                   | TIMES   | (20%)   |              |
| <b>7</b>                            | <b>ANNUAL NEED TO REDUCE BACKLOG</b>  |         | <b>216</b>   |
| <b>N NEWLY ARISING NEED</b>         |   |         |              |
| 8                                   | New household formation   |         | 473          |
| 9                                   | TIMES - proportion unable to access private market  | (80.4%) | 380          |
| 10                                  | PLUS - ex-institutional population moving into community                                    |         | 0            |
| 11                                  | Existing households falling into priority need  |         | 103          |
| 12                                  | In-migrant households unable to afford market housing                                       |         | 32           |
| <b>13</b>                           | <b>TOTAL NEWLY ARISING NEED</b>   |         | <b>515</b>   |
| <b>S SUPPLY OF AFFORDABLE UNITS</b> |   |         |              |
| 14                                  | Supply of social re-lets<br>& shared ownership re-sales                                     |         | 204          |
| 15                                  | MINUS - increased vacancies (if applicable) and units taken<br>Out of management (e.g. RtB) |         | 0            |
|                                     | <i>Net affordable re-let supply</i>   |         | 204          |
| 16                                  | PLUS - committed units of new affordable housing  |         | 58           |
| <b>17</b>                           | <b>AFFORDABLE SUPPLY</b>  |         | <b>262</b>   |
|                                     | Annual need to reduce backlog (B)   | 216     |              |
|                                     | Newly arising need (N)  | 515     |              |
|                                     | <b>TOTAL AFFORDABLE NEED (B+N)</b>  |         | <b>731</b>   |
|                                     | Affordable supply (S)   |         | 262          |
| <b>18</b>                           | <b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>   |         | <b>469</b>   |

**AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2009) - W. DEVON****B BACKLOG OF NEED**

|          |   |         |            |
|----------|---|---------|------------|
| 1        | Households in unsuitable housing                            |         | 2,695      |
| 2        | MINUS - council & RSL tenants                               | 418     |            |
|          | MINUS - in-situ solution most appropriate or leaving area   | 1,292   |            |
|          |   | 1,710   | 1,710      |
|          | <i>Households in unsuitable housing and needing to move</i> |         | 985        |
| 3        | TIMES - proportion unable to afford to buy or rent          | (65.1%) | 641        |
| 4        | PLUS - backlog - homeless households                        |         | 0          |
| <b>5</b> | <b>TOTAL BACKLOG NEED</b>                                   |         | <b>641</b> |
| 6        | TIMES   | (20%)   |            |
| <b>7</b> | <b>ANNUAL NEED TO REDUCE BACKLOG</b>                        |         | <b>128</b> |

**N NEWLY ARISING NEED**

|           |  |         |            |
|-----------|--|---------|------------|
| 8         | New household formation                                  |         | 258        |
| 9         | TIMES - proportion unable to access private market       | (38.2%) | 99         |
| 10        | PLUS - ex-institutional population moving into community |         | 0          |
| 11        | Existing households falling into priority need           |         | 67         |
| 12        | In-migrant households unable to afford market housing    |         | 99         |
| <b>13</b> | <b>TOTAL NEWLY ARISING NEED</b>                          |         | <b>265</b> |

**S SUPPLY OF AFFORDABLE UNITS**

|           |   |     |            |
|-----------|---|-----|------------|
| 14        | Supply of social re-lets<br>& shared ownership re-sales                                     |     | 146        |
| 15        | MINUS - increased vacancies (if applicable) and units taken<br>Out of management (e.g. RtB) |     | 0          |
|           | <i>Net affordable re-let supply</i>   |     | 146        |
| 16        | PLUS - committed units of new affordable housing  |     | 124        |
| <b>17</b> | <b>AFFORDABLE SUPPLY</b>  |     | <b>270</b> |
|           | Annual need to reduce backlog (B)   | 128 |            |
|           | Newly arising need (N)  | 265 |            |
|           | <b>TOTAL AFFORDABLE NEED (B+N)</b>  |     | <b>393</b> |
|           | Affordable supply (S)   |     | 270        |
| <b>18</b> | <b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>   |     | <b>123</b> |