



# **Caradon, Plymouth, South Hams & West Devon**

## **Sub-Regional Housing Market & Needs Assessment**

*Annual Update  
2007/08*

Prepared

by

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## SUMMARY

- ▶ **OVERVIEW** ~ This report is a limited update of the more comprehensive assessment carried out in 2006 of the housing market and needs of the South-West sub-region of Caradon, Plymouth, South Hams and West Devon, incorporating the Dartmoor National Park. It is based mainly on updated data from secondary sources and the household surveys undertaken for Caradon, Plymouth, South Hams and West Devon and built around a series of tables, trend charts and maps. Some new data has been added to the mix around affordability, weighted housing prices and housing market scenario testing.
- ▶ **THE SUB-REGIONAL ECONOMY** ~ The economic outlook for the South-West is uncertain against the backdrop of the slowing international and national economy, in the wake of the sub-prime problem in the USA and in relation to the 'credit crunch' (i.e. liquidity problems in the UK economy exemplified by the run on the Northern Rock Building Society and the subsequent interventions by the Government). Employment prospects have improved appreciably over the last five years and the region and sub-region have generally low levels of Job Seekers Allowance (JSA) take-up.
- ▶ **EARNINGS & HOUSEHOLD RESOURCES** ~ individual and household earnings in the sub-region are generally comparable to South-West and national averages with the exception of Plymouth where median incomes are 13 percent and 16 percent lower respectively and mean incomes 17 percent and 24 percent lower. In 2007/08 Median full time earnings, based on an uplift of HMRC (Her Majesty's Revenue and Customs) data, were £17,285 for Caradon, £18,566 for South Hams, £18,139 for West Devon and for Plymouth £15,258. Earnings are predicted to grow in the sub-region by an average of 3.3 percent for the remainder of the decade. Household incomes have been re-calculated for 2007 from the household surveys undertaken in 2006 by David Couttie Associates (DCA). Average (mean) household incomes range from £22,712 in Plymouth to £30,582 in South Hams. Both average savings and equity have also been re-calculated. Of particular note is that 66 percent of households in Plymouth do not have sufficient savings to cover a 5 percent deposit of the average (mean) housing price. For Caradon it is 60 percent, for South Hams 50 percent and for West Devon 45 percent.
- ▶ **SUB-REGIONAL MARKETS** ~ Housing price inflation over the 2001 to 2007 period has been higher than in the South-West or nationally. Housing price inflation between the first quarters of 2007 and 2008 is more varied:

### Housing price inflation (Q1 2007 to Q1 2008)

- Caradon ~ (mean = 0.1%/median = 0%/lower quartile = 2.5%)
- Plymouth ~ (mean = 0.6%/median = 1.7%/lower quartile = 0.8%)
- South Hams ~ (mean = 7.8%/median = 4.2%/lower quartile = 1.5%)
- West Devon ~ (mean = 6%/median = 2.5%/lower quartile = 10%)
- South-West ~ (mean = 3.2%/median = 2.6%/lower quartile = 1.7%)
- England ~ (mean = 3.8%/median = 2.9%/lower quartile = 0.8%)

Where mean, median and lower quartile housing price changes are close together (as in Plymouth for example) this points to a market where all sections of the market are experiencing similar price changes. Where the mean housing price change is ahead of other averages (in South Hams for instance) this indicates higher housing

price inflation at the top end of the market. Where the lower quartile increase is above other averages (as in Caradon & West Devon) this reveals pressure at the bottom end of the market.

- ▶ **CONTEMPORARY HOUSING MARKET ISSUES** ~ While the UK's housing market has unquestionably slowed, monthly Land Registry figures for the period April 2007 to April 2008 show that the four sub-regional local authorities experienced housing price inflation of between 1.7 and 4.9 percent. Since the beginning of 2008 prices have remained robust despite a significant drop in volumes of housing sales and it is unlikely that prices will fall in real terms pointing to the persistence of housing affordability problems in the sub-region. The buy-to-let market, which is particularly important to the sub-regional housing market, will likely see further shake-out and may decline relatively in the short-term as an important driver of housing price inflation.
  
- ▶ **AFFORDABILITY** ~ The South-West overall and the sub-region in particular are experiencing some of the most acute affordability problems when compared to the 354 local authorities in England. South Hams' median and lower quartile earnings to housing price ratios are 12.1 and 11.2 respectively, making the district the 10<sup>th</sup> most unaffordable in England. Ratios for Plymouth are 6.8 and 7.2, for Caradon 9.2 and 9.5 and those for West Devon, which has seen the greatest increase in housing market unaffordability since 2006, are 11.5 and 11.7 in each case. The following shows the required housing market entry level incomes based on 3.5 times uplifted HMRC gross earnings and a 95 percent mortgage for the median housing prices in each area:
  - **Caradon** ~ Median FTE = £17,285 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £174,825 = 9.6 times. Entry income = £47,453.
  - **Plymouth** ~ Median FTE = £15,258 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £149,950 = 9.3 times. Entry income = £40,701.
  - **South Hams** ~ Median FTE = £18,566 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £250,000 = 12.8 times. Entry income is £67,857.
  - **West Devon** ~ Median FTE = £18,139 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £205,000 = 10.7 times. Entry income = £55,643.
  - **South West** ~ Median FTE = £17,605 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £188,819 = 10.2 times. Entry income = £51,251.
  - **England** ~ Median FTE = £18,246 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £175,000 = 9.1 times. Entry income = £47,500.
  
- ▶ **HOUSING SUPPLY, DEMAND & NEEDS** ~ National under-investment in social and other forms of affordable housing and growing unaffordability of the housing market has generated growing Common Housing Registers (CHR) in all four of the sub-regional authorities. The total number of households registered in the sub-

region in 2006/07 was more than 13,000, representing an increase of 38.5 percent since 2000/01 although a slight fall of 2.6 percent from 2005/06. Since 2000 the supply of social housing has fallen in the sub-region by 2.6 percent and by 6.0 percent in Plymouth. Statutory homelessness remains relatively high across the sub-region (at 580 households of which 350 were in Plymouth).

- ▶ **AFFORDABLE HOUSING NEEDS ASSESSMENT** ~ Updating the affordable housing needs assessment model has concentrated on those elements where there is new data relating to affordability, registration of Common Housing Registers, social housing re-let rates, and projected supply of new social housing units. Data deriving from the four DCA household surveys of 2006 has been updated where possible and supportable. The backlog of housing needs and newly arising housing needs have both increased proportionately across the sub-region (by 7.6 and 3.2 percent respectively) but most notably in West Devon (at 17.1 and 5.0 percent respectively) followed by Plymouth (at 7.8 and 3.6 percent respectively). This is because affordability has worsened and because of increases in CHR registration (with the exception of Plymouth). The total annual affordable housing shortfall has consequently increased by 14.6 percent to stand at 3,265 households, of which 1,828 are in Plymouth, 622 in South Hams, 545 in Caradon and 270 in West Devon.

# 1. Introduction

## Scope of the Report

- 1.1 This report seeks to update the assessment of the markets and needs in Caradon, Plymouth, South Hams and West Devon undertaken by David Couttie Associates for the four local authorities individually and for the Plymouth sub-region (or city-region) overall.
- 1.2 The report does not update every aspect of these market and needs studies but aims to present key data across the following topics:
  - *The Sub-Regional Economy;*
  - *Earnings and Household Resources;*
  - *Sub-Regional Markets;*
  - *Affordability of Mainstream and Intermediate Markets;*
  - *A Review of Supply, Demand and Registered Needs.*
- 1.3 It then uses some of this data to feed into the CLG model, covering:
  - *An Assessment of Quantitative Housing Needs;*
  - *An Overview of the Sub-Regional Market and the Required Level of New Affordable Housing.*
- 1.4 Finally, some conclusions are drawn and recommendations made for further research to improve the understanding of the sub-regional market and how associated needs arise and can be met.
- 1.5 The report is built around a series of tables, trend charts and maps that highlight key economic, demographic, housing and affordability data.

## Contemporary Housing Market Concerns

- 1.6 Housing market assessments tend to review medium or long-term changes and trends in key variables such as average housing prices, earnings, household incomes, registration on local registers and homelessness. These approaches are fine in 'normal' times where changes in key economic indicators occur between reasonably well-understood parameters. However the national, regional and local housing markets are experiencing perhaps some fundamental re-structuring following the collapse of lending to so-called 'sub-prime' (or low income) groups in the USA; especially since some UK lending institutions have more than dabbled in this market and are experiencing liquidity problems (e.g. the Northern Rock Building Society). These international concerns coupled to rising interest rates and the national debt 'over-hang' are creating volatile conditions.

- 1.7 Consequently, following a review of the above mentioned longer-term market trends section (4) seeks to evaluate what recent market fluctuations may have in store for the sub-region.

## 2. The Sub-Regional Economy

### South-West Overview

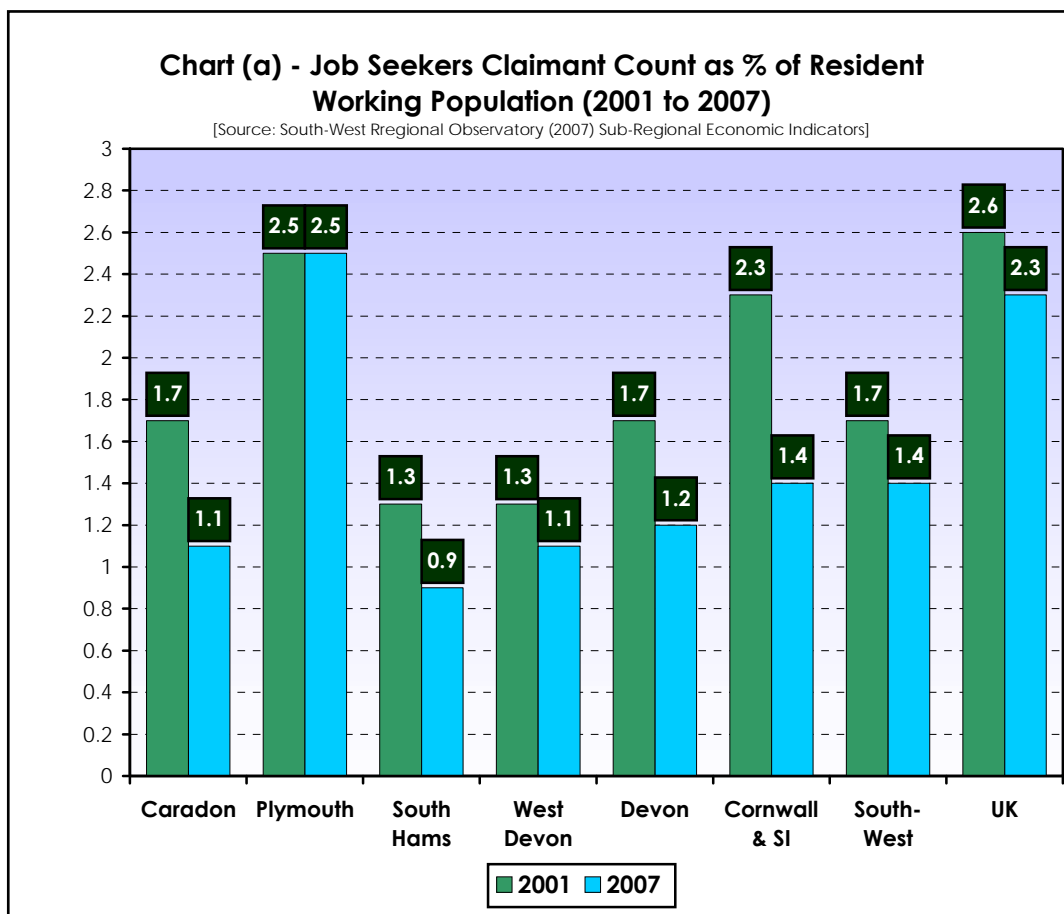
- 2.1 The economic outlook for the South-West is reasonably positive compared to the national picture. The region has the lowest unemployment rates in the UK. Business surveys continue to show upwards trends in output, business order books and jobs. The effects of the credit squeeze are only slowly filtering through to the South-West however there is a noticeable increase in uncertainty over the future which is beginning to affect consumer confidence<sup>1</sup>.
- 2.2 The latest period for which figures are available (2001 to 2007)<sup>2</sup> shows that the South-West's Gross Value Added (GVA - the most common measure of economic output) increased by 32 percent over this period, compared to 30 percent nationally, to stand at £89.5 billion.
- 2.3 GVA per head (a measure of productivity) also showed the South-West ahead of the national trend (up 27.7 percent in contrast to 26.5 percent for the UK overall).
- 2.4 Of particular interest to assessment of markets are trends in unemployment and employment. A summary of the current employment situation in the South-West is shown below.
- ▶ **Unemployment** ~ As chart (a) over the page shows, the South-West (at 1.4 today compared to 1.7 in 2001) has some of the lowest Job Seekers Allowance (JSA) claimant to resident working population ratios in the UK (at 2.3 now compared to 2.6 in 2001).
  - ▶ **Employment Levels** ~ Over the last three years, total employment in the South-West has grown by 0.5 percent to stand at 2,471,000. The ratio of self-employment to total employment has remained constant in recent years at about 14 percent. The proportion of people of working age employed part-time has fallen by 2.9 percent reflecting the relative strength of the regional economy.
  - ▶ **Employment Sectors** ~ Private and public services are the two key employment growth areas in the region (respectively 1,089,000, up 3.5 percent since 2004, and 721,000 up 5.6 percent over the same period). Agriculture has seen a large percentage growth since 2004 (at 11.5 percent) but from a low base (of 26,000 in 2004 to 29,000 in 2007)). Employment in manufacturing continues to decline (down by 6.1 percent from 2004 to stand at 247,000 in 2007). Despite considerable growth in construction-related employment during 2005 and 2006 this has now fallen back to 2004 levels (at 96,000).
- 2.5 Household disposable income is also an important indicator of the health of the regional economy. Disposable household income grew in the South-West by 15.2 percent between 2001 and 2005 (and is now £13,258 per annum) compared to 14.5 percent nationally (£13,279), however the amount of disposable income per head in Cornwall, Devon and Plymouth are all below South-West and national averages.

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<sup>1</sup> South-West of England RDA (2008) Economics Review - Third Quarter: August 2008

<sup>2</sup> South-West Regional Observatory (2008) Sub-Regional Indicators: Feb 2008

2.6 With the exception of Plymouth (at 11 percent), VAT registration rates as a proportion of all existing business were below regional and national averages in the sub-region.



**Table (1) - Economic Activity in the Sub-Region**

	Sub-Regional Areas				
	Cornwall	Devon	Plymouth	South-West	UK
Business Turnover (£million)	1,339	2,876	1,632	32,351	439,425
VAT Registration Rates (%)	8.1	7.2	11.0	8.6	9.3
Stock of Businesses (000s)	19.8	31.5	4.4	183.4	1,958.6
Change in Stock (% 2006-2007)	2.1	1.4	3.7	2.0	2.0
Gross Value Added (£million)	6,003	15,384	3,674	84,889	1,064,322
Gross Value Added per Head (£)	11,510	13,841	14,937	16,688	18,205
Disposable H'hold Income (£million)	6,272	13,925	2,854	67,188	799,502
Disposable H'hold Income per Head (£)	12,074	12,546	11,595	13,258	13,279

NOTES:

1. VAT registration rates are based on a percentage of 2007 stock of businesses at the start of 2007.
2. GVA figures are 2005.
3. Disposable incomes are 2005.

South-West Regional Observatory (2008) Sub-Regional Indicators: Feb 2008

- 2.7 JSA claimant counts as a proportion of the resident working population has remained unchanged in Plymouth between 2001 and 2007 (at 2.5 percent) but has declined in Caradon (from 1.7 to 1.1 percent), in South Hams (from 1.3 to 0.9 percent) and in West Devon (from 1.3 to 1.1 percent). These three local authorities have lower claimant counts than for the South-West overall. Plymouth is closer to national averages.

## **The Economic Outlook in 2008**

- 2.8 Both the Bank of England and the South-West's RDA Economics and Evidence Team<sup>3</sup> acknowledge that 2008 will see an economic slowdown with public borrowing increasing, inflation under pressure from rising living costs, retail sales weakening, and the housing market remaining flat. Unemployment is forecast to climb in 2008/09.
- 2.9 Overall, the South-West economy will probably be less affected by the economic slowdown because the region's businesses are less exposed to international pressures. Even so the region's main economic centres (especially Plymouth) may be negatively affected by international conditions.
- 2.10 The overall economic situation for the South West in the first half of 2008 has remained positive with the financial sector and property related industry being the most affected by the economic slowdown. Manufacturing and other high value services have continued to perform strongly. The effects of the credit crunch are only beginning to be felt in the South West, which is in a relatively positive position compared to other regions.
- 2.11 The South West RDA expects that there will be a worsening of the position in the rest of 2008 and into 2009 with spending falling on discretionary items such as tourism, leisure and retail, which will affect the South-West economy as well as the continuing deteriorating position in the housing and financial sectors. There is uncertainty as to the length and extent of the current economic situation.

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<sup>3</sup> Bank of England (November 2007) Inflation Report; South-West RDA (August 2008) Economics Review Issue 13.

### 3. Earnings & Household Resources

#### Overview

3.1 This section assembles data on average earnings across the sub-region from secondary sources. It then moves on to use the data collected on household financial resources (income, savings and equity) from the household surveys undertaken by the four local authorities in 2006. This enables an assessment of both current and future earnings and of existing household resources that can be utilised to aid movement within the sub-regional housing market.

#### Individual Earnings

3.2 The HMRC Survey of Personal incomes data from 2005/06 has been updated in line with the average growth in earnings (table 2).

3.3 In all areas of the sub-region mean average wages are below the England average. South Hams and West Devon are around the national median average but both Caradon and Plymouth are below both the South West and the national median averages.

#### Forecast in Earnings Growth

3.4 Table (3) on page 7 provides a forecast in growth of earnings until 2011 based on the average growth in earnings at the national level for the previous six years (at 3.3 percent). Clearly, recent turmoil in the economy and the Government's objective of keeping public sector pay claims below 2.0 percent may depress this overall predicted growth (particularly important in Plymouth).

3.5 Median earnings in all the local authorities with the exception of South Hams are predicted to remain below the £20,000 per annum barrier.

**Table (2) - Average Annual Full-Time Gross Earnings**

Area	Average Full-Time Gross Earnings (£)			
	Median 2005/06	Median 2007/08	Mean 2005/06	Mean 2007/08
Caradon	16,200	17,285	20,300	21,660
Plymouth	14,300	15,258	18,500	19,739
South Hams	17,400	18,566	23,100	24,648
West Devon	17,000	18,139	23,000	24,541
South West	16,500	17,605	22,200	23,687
England	17,100	18,246	24,300	25,928

**NOTES:**

Annual upgrades have been made using the ONS (2007) Annual Index of Earnings at 3.3 percent - an average of the previous six years. This equates to a 6.7 percent increase over the two years

Source: HMRC Survey of Personal Incomes 2005/06

**Table (3) - Forecast in MEDIAN & MEAN  
Full-Time Earnings (2007/08 to 2010/2011)**

Area	Projections in Average Full-Time Gross Earnings (£)			
	MEDIAN		MEAN	
	2007/08	2010/11	2007/08	2010/11
Caradon	17,285	19,053	21,660	23,876
Plymouth	15,258	16,819	19,739	21,758
South Hams	18,566	20,465	24,648	27,169
West Devon	18,139	19,995	24,541	27,052
South West	17,605	19,406	23,687	26,110
England	18,246	20,113	25,928	28,580

NOTES:  
Annual upgrades have been made using the ONS (2007) Annual Index of Earnings at 3.3 percent - an average of the previous six years. This equates to a 10.23 percent increase over the three years.

Source: HMRC Survey of Personal Incomes 2005/06

## Household Incomes

- 3.6 Perhaps a more robust measure of the ability of the sub-regional population to access home ownership is household income rather than earnings of individuals. Using household income data from the DCA survey of 2006 average (mean) household incomes have been calculated taking the weighted mid-points of income bands provided in the survey. An uplift of 3.3 percent has then been applied to provide an estimate of the average household income for the four local authorities [see table (4) on page 8].
- 3.7 The table shows that the average household incomes for each local authority are above the individual HMRC earnings figures and range from £22,712 in Plymouth to £30,582 in South Hams. The differing averages are reflected in the income distribution by band. For example, while more than half (53 percent) of Plymouth's households have incomes below £20,000 per annum this falls to 48 percent in Caradon, 45 percent in West Devon and 43 percent in South Hams. Conversely, only 7 percent of Plymouth households have incomes above £50,000 per annum whereas this climbs to 11 percent in Caradon, 14 percent in West Devon and 16 percent in South Hams.

## Household Savings & Equity

- 3.8 Of equal importance for local people to access the sub-regional home ownership market, or to move within it, are the capital resources households can call upon in the form of savings and equity. Taking savings first, table (5) on page 8 illustrates the differing position of households across the four local authorities with average (mean savings varying from £11,544 in Plymouth to £19,206 in South Hams. Using the savings bands as a means of determining the affordability of making a 5 percent

deposit towards the average (mean) housing price in each local authority shows that around 66 percent of households in Plymouth cannot afford such a deposit; in Caradon it is 60 percent, in South Hams 52 percent and in West Devon 45 percent.

**Table (4) - Gross Annual Household Income in the Sub-Region (2006-2007)**

<b>Annual Household Income Bands (£)</b>	<b>Caradon (%)</b>	<b>Plymouth (%)</b>	<b>South Hams (%)</b>	<b>West Devon (%)</b>
Below £10,000	20.2	24.5	18.0	17.1
£10,000 to £20,000	27.9	28.5	25.3	28.2
£20,001 to £27,500	15.7	13.3	14.7	15.7
£27,501 to £35,000	12.1	12.6	11.1	13.3
£35,001 to £45,000	9.6	10.9	10.3	8.4
£45,001 to £50,000	3.9	3.3	4.4	3.2
£50,001 to £55,000	3.1	1.8	3.2	2.6
£55,001 to £60,000	2.2	1.6	2.6	2.8
£60,001 to £75,000	2.5	1.2	4.4	2.9
Above £75,000	2.7	2.3	5.9	5.8
<b>Average (MEAN) H'hold Income (2006)</b>	<b>25,887</b>	<b>21,986</b>	<b>29,605</b>	<b>25,827</b>
<b>Average (MEAN) H'hold Income (2007)</b>	<b>26,741</b>	<b>22,712</b>	<b>30,582</b>	<b>26,680</b>

NOTES:

The 2006 to 2007 upgrade has been made using the ONS (2007) Annual Index of Earnings at 3.3 percent which is an average of the previous six years.

Source: DCA (2006) Sub-Regional Market and Needs Assessment

**Table (5) - Gross Household Savings in the Sub-Region (2006-2007)**

<b>Annual Household Savings Bands (£)</b>	<b>Caradon (%)</b>	<b>Plymouth (%)</b>	<b>South Hams (%)</b>	<b>West Devon (%)</b>
Under £5,000	44.7	56.5	36.2	34.7
£5,001 to £10,000	14.1	13.4	12.2	12.7
£10,001 to £15,000	6.4	6.7	7.0	6.9
£15,001 to £20,000	5.6	4.5	5.8	5.7
£20,001 to £30,000	5.3	4.0	6.2	6.3
Above £30,000	24.0	15.0	32.7	33.7
<b>Average (MEAN) H'hold Savings (2006)</b>	<b>14,853</b>	<b>11,015</b>	<b>18,326</b>	<b>17,315</b>
<b>Average (MEAN) H'hold Savings (2007)</b>	<b>15,566</b>	<b>11,544</b>	<b>19,206</b>	<b>18,146</b>

NOTES:

The 2006 to 2007 upgrade has been made using the average Building Society interest rate of 4.8 percent.

Source: Adapted from DCA (2006) Sub-Regional Market and Needs Assessment

- 3.9 Nevertheless existing home owners across the sub-regional have accumulated considerable equity with the average (mean) varying from £113,639 in Plymouth to £160,831 in South Hams. Even so, between 3 and 11 percent (from South Hams &

West Devon to Plymouth) of home owners in the sub-region have equity below £20,000, which leaves such households vulnerable to housing market slowdown or decline as well as restricting their ability to 'trade-up' under current market conditions.

**Table (6) - Net Equity of Home Owners in the Sub-Region (2006-2007)**

<b>Annual Household Net Equity Bands (£)</b>	<b>Caradon (%)</b>	<b>Plymouth (%)</b>	<b>South Hams (%)</b>	<b>West Devon (%)</b>
Under £10,000	3.6	7.2	2.1	2.0
£10,001 to £20,000	2.0	4.2	1.2	1.4
£20,001 to £30,000	2.1	4.0	1.4	1.6
£30,001 to £50,000	3.9	7.0	2.0	2.0
£50,001 to £75,000	6.4	8.2	2.9	3.2
£75,001 to £100,000	10.6	15.7	6.9	7.6
£100,001 to £150,000	17.8	22.9	12.4	15.5
Above £150,000	53.7	30.8	71.1	66.7
<b>Average (MEAN) Net Equity (2006)</b>	<b>129,558</b>	<b>106,703</b>	<b>143,985</b>	<b>138,775</b>
<b>Average (MEAN) Net Equity (2007)</b>	<b>139,275</b>	<b>113,639</b>	<b>160,831</b>	<b>149,322</b>

NOTES:

The 2006 to 2007 upgrade has been made using the 2006 to 2007 mean housing price rises from the Land Registry for South Hams = 11.7 percent, West Devon = 7.6 percent, Caradon = 7.5 percent and Plymouth = 6.5 percent.

Source: DCA (2006) Sub-Regional Market and Needs Assessment

## 4. Sub-Regional Markets

### Trends in Average Annual Housing Prices

- 4.1 Over the 2001 to 2007 period, housing price inflation on all three measures of mean, median and lower quartile (shown in tables (7), (8) and (9) on pages 10 and 11) has been higher in Cornwall and Devon and the four sub-regional local authorities than in the South-West region or in England.
- 4.2 Mean housing prices more than doubled over the seven years in all areas with Plymouth showing the greatest percentage increase at 123.8%, although it still has the lowest mean housing price in the sub-region (at £167,241) breaking the £150,000 barrier for the first time in 2006. Housing price inflation in South Hams between 2006 and 2007 was 11.7%, the highest in the sub-region.
- 4.3 Perhaps the most striking feature of the sub-regional market is the higher level of housing price growth at the lower end of the market (drawn at the lowest quartile in the housing price distribution). As chart (b) on page 12 illustrates, lower quartile housing price inflation is above both mean and median housing price inflation in all four sub-regional districts with Plymouth showing an increase of 160%.
- 4.4 This finding suggests that more demand is being felt at the lower end of the sub-regional market as affordability problems in the middle and upper markets worsen and the gap between mean and median housing prices and average earnings widens (see section 5 for a more in-depth discussion of affordability issues).

**Table (7) - Trends in Average (MEAN) Annual Housing Prices (2001 to 2007)**

Area	<u>MEAN</u> Annual Housing Prices (£)							% Change (01-07)
	2001	2002	2003	2004	2005	2006	2007	
Caradon	95,720	120,321	144,567	169,524	189,353	196,857	211,580	<b>121.0%</b>
Plymouth	74,739	93,611	109,705	133,350	146,483	156,979	167,241	<b>123.8%</b>
South Hams	144,309	175,334	213,465	243,221	261,803	282,423	315,432	<b>118.6%</b>
West Devon	119,365	156,317	184,193	208,345	226,398	237,528	255,595	<b>114.1%</b>
Cornwall & IoS	102,842	131,586	163,316	192,462	204,836	214,885	232,636	<b>126.2%</b>
Devon	118,262	146,743	176,909	204,812	212,158	223,990	243,006	<b>105.5%</b>
South West	119,823	144,935	169,976	191,697	199,129	210,639	228,793	<b>90.9%</b>
England	121,769	141,108	159,357	181,330	192,247	206,715	222,619	<b>82.8%</b>

Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data

**Table (8) - Trends in Average (MEDIAN) Annual Housing Prices (2001 to 2007)**

Area	<u>MEDIAN</u> Annual Housing Prices (£)							% Change (01-07)
	2001	2002	2003	2004	2005	2006	2007	
Caradon	79,950	101,000	129,950	146,000	162,750	170,000	179,000	<b>123.9%</b>
Plymouth	64,500	81,000	96,000	120,750	132,000	141,500	150,000	<b>132.6%</b>
South Hams	120,000	147,500	180,000	205,000	225,000	230,000	250,000	<b>108.3%</b>
West Devon	97,725	134,000	151,000	175,000	187,000	200,000	215,000	<b>120.0%</b>
Cornwall & IoS	85,000	115,000	143,000	168,000	176,500	185,000	197,000	<b>131.8%</b>
Devon	96,250	126,000	153,000	175,000	180,000	189,950	205,000	<b>113.0%</b>
South West	96,500	123,000	145,000	165,000	170,000	178,650	190,950	<b>97.9%</b>
England	92,000	114,000	132,500	151,500	159,950	168,500	178,000	<b>93.5%</b>

Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data

**Table (9) - Trends in Average LOWER QUARTILE Annual Housing Prices (2001 to 2007)**

Area	<u>LOWER QUARTILE</u> Annual Housing Prices (£)							% Change (01-07)
	2001	2002	2003	2004	2005	2006	2007	
Caradon	59,000	72,950	96,000	114,996	128,000	135,000	142,950	<b>142.3%</b>
Plymouth	47,500	59,950	73,000	89,950	105,000	115,000	123,500	<b>160.0%</b>
South Hams	80,000	102,950	128,000	150,000	160,000	170,000	179,000	<b>123.8%</b>
West Devon	70,000	92,000	114,950	135,000	142,950	154,000	158,750	<b>126.8%</b>
Cornwall & IoS	64,000	82,000	107,500	129,500	137,000	145,000	155,000	<b>142.2%</b>
Devon	70,000	89,950	114,000	134,950	140,000	149,000	157,000	<b>124.3%</b>
South West	72,000	88,000	109,950	126,000	131,000	140,000	150,000	<b>108.3%</b>
England	59,950	70,000	85,000	105,000	115,000	112,000	127,000	<b>111.8%</b>

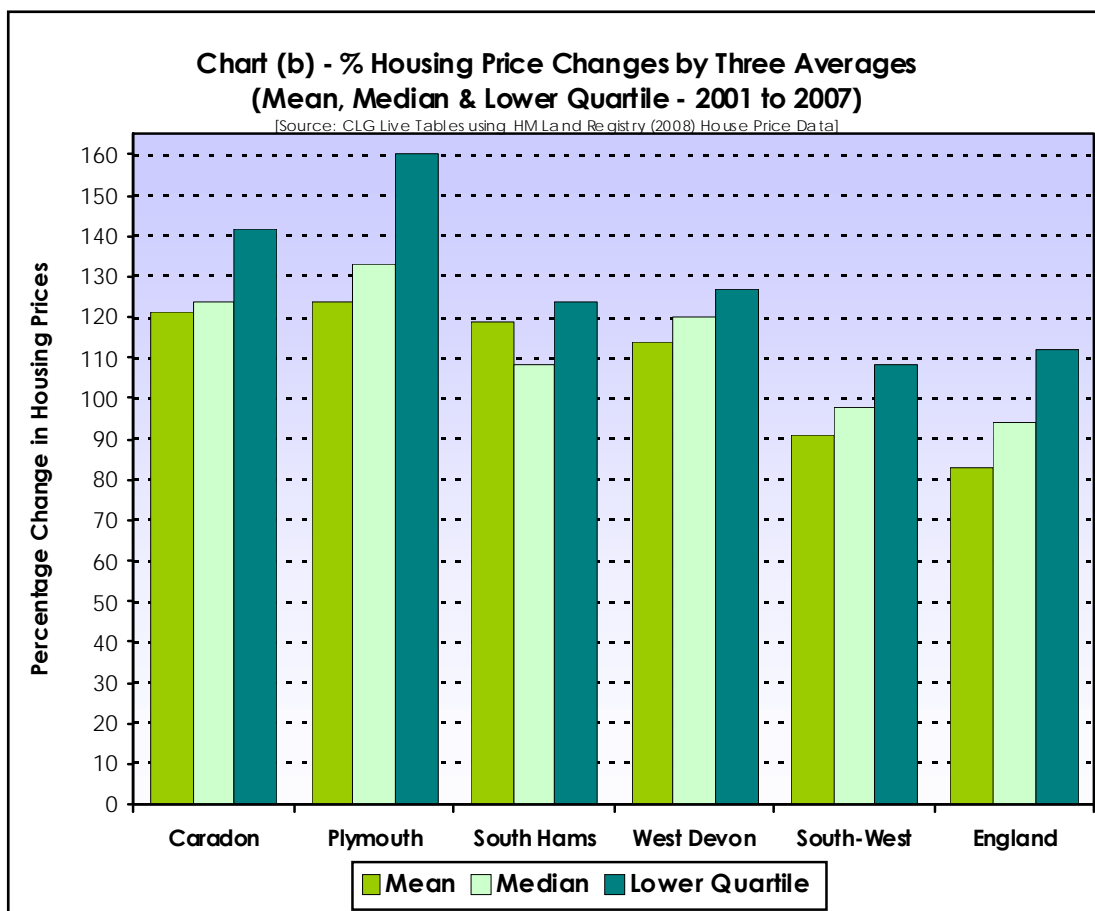
Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data

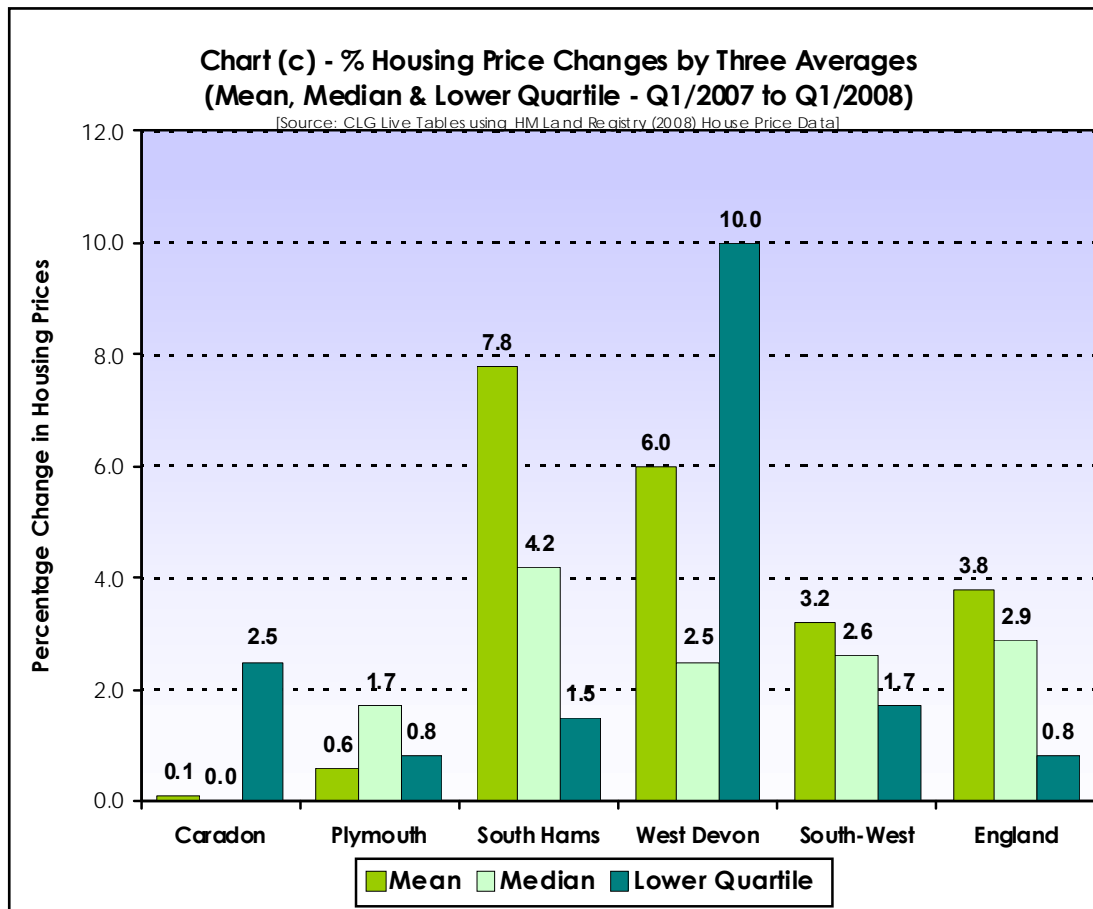
## Trends in Average First Quarter Housing Prices

- 4.5 Comparing first quarter housing prices in 2007 and 2008 for the four local authorities [see chart (c) on page 13] using the three averages enables some conclusions to be drawn about recent changes in local markets. Overall housing price inflation is considerably less than in previous years showing a flattening in the market. Where mean, median and lower quartile housing prices changes are close together (as in Plymouth for example) this points to a market where all sections of the market are

experiencing similar price changes. Where the mean housing price change is considerably ahead of other averages (in South Hams for instance) this indicates higher housing price inflation at the top end of the market. Finally, where the lower quartile increase is above other averages (as in Caradon & West Devon) this reveals pressure at the bottom end of the market.

4.6 Charts (d), (e) and (f) on pages 14 to 16 illustrate long-term quarterly housing price changes for the four local authorities using mean, median and lower quartile measures. Tables 10, 11 and 12, provide more detailed first quarter changes between 2001 and 2008.

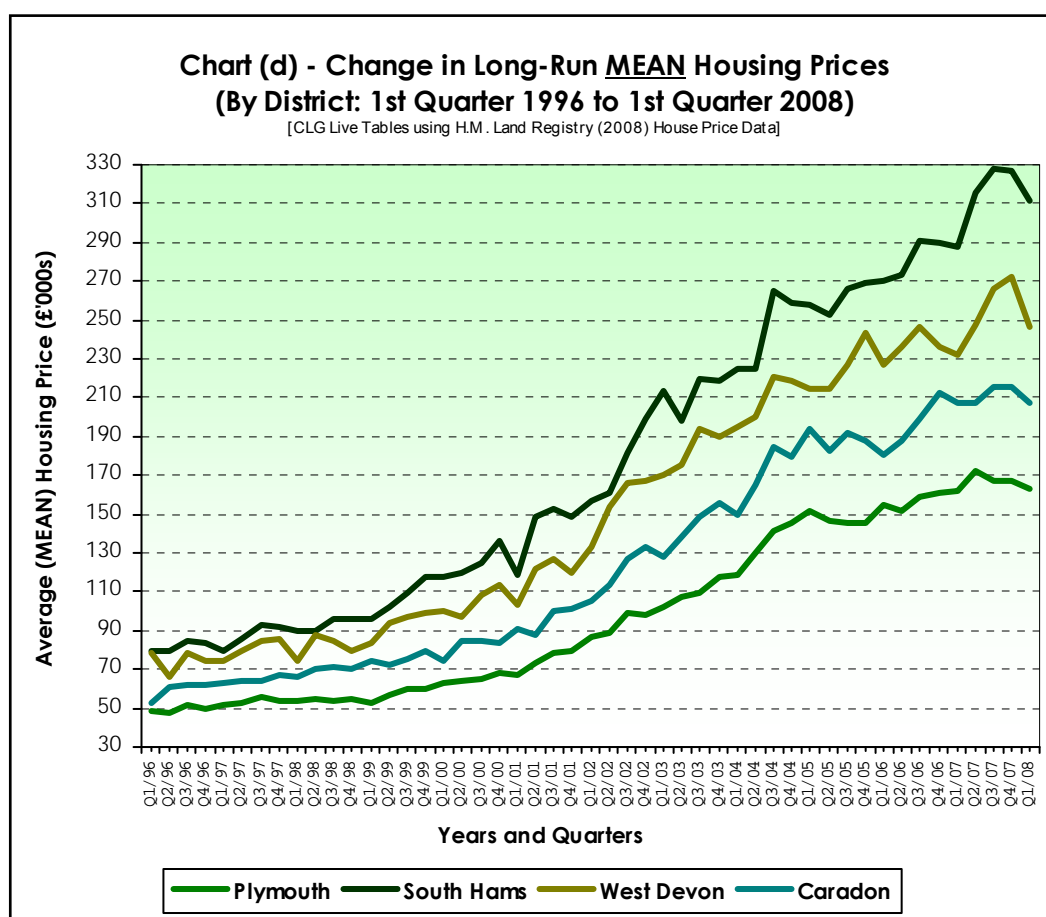




**Table (10) - Trends in Average (MEAN) First Quarter Housing Prices (2001 to 2008)**

Area	<u>MEAN</u> First Quarter Housing Prices (£)							
	2001	2002	2003	2004	2005	2006	2007	2008
Caradon	90,852	105,442	128,223	150,012	194,028	181,266	206,743	207,039
Plymouth	67,127	87,062	102,078	118,876	152,316	155,377	161,933	162,941
South Hams	119,338	157,319	213,033	224,934	257,643	269,802	288,463	311,051
West Devon	103,077	132,558	169,664	195,109	214,940	227,152	232,411	246,363
Cornwall & IoS	94,766	114,687	150,505	177,559	204,221	202,747	226,202	233,183
Devon	104,803	128,452	168,976	190,500	209,811	212,039	230,028	241,945
South West	108,802	127,487	160,534	179,151	197,504	199,316	217,909	224,967
England	114,192	125,546	149,063	169,108	186,777	195,695	213,320	221,480

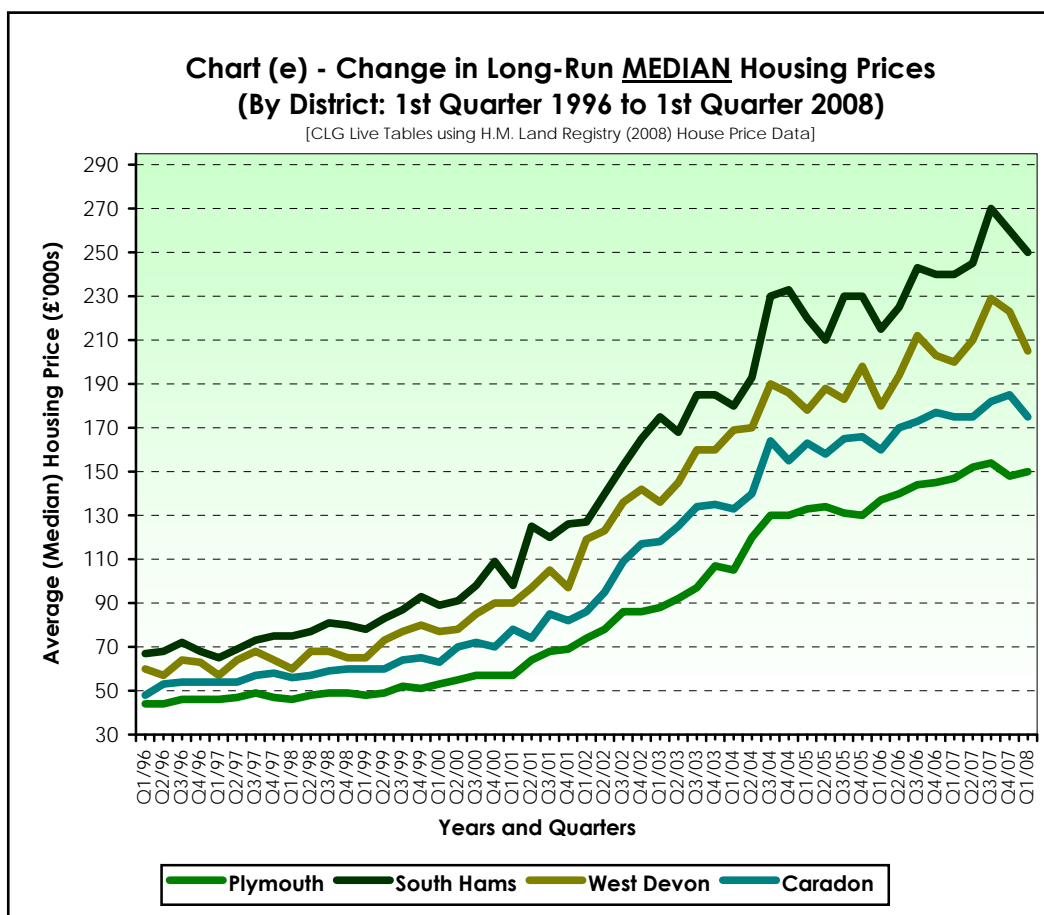
Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data



**Table (11) - Trends in Average (MEDIAN) First Quarter Housing Prices (2001 to 2008)**

Area	<u>MEDIAN</u> First Quarter Housing Prices (£)							
	2001	2002	2003	2004	2005	2006	2007	2008
Caradon	78,250	85,950	118,000	133,000	162,500	160,000	175,000	174,825
Plymouth	56,500	74,000	87,500	105,000	133,000	137,000	147,500	149,950
South Hams	98,000	126,500	175,000	180,000	219,975	215,000	240,000	250,000
West Devon	89,500	119,000	136,000	169,225	177,500	180,000	200,000	205,000
Cornwall & IoS	80,000	94,000	132,500	153,000	175,000	175,000	195,000	196,000
Devon	86,000	109,950	144,950	162,750	180,000	179,000	196,000	202,250
South West	97,950	105,500	135,000	152,500	168,000	169,500	184,000	188,819
England	85,000	97,000	123,500	141,000	155,000	160,000	170,000	175,000

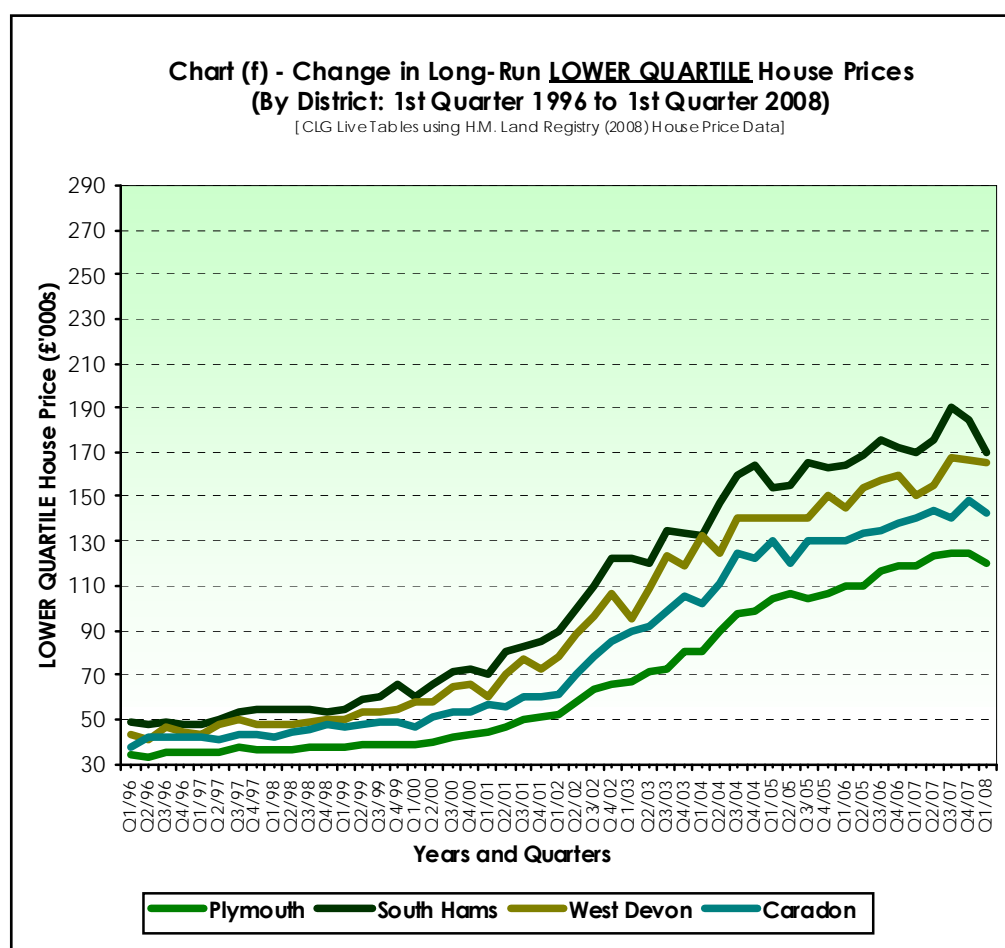
Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data



**Table (12) - Trends in LOWER QUARTILE First Quarter Housing Prices (2001 to 2008)**

Area	LOWER QUARTILE First Quarter Housing Prices (£)							
	2001	2002	2003	2004	2005	2006	2007	2008
Caradon	57,000	60,750	88,995	101,750	130,000	129,725	140,000	143,500
Plymouth	44,000	52,000	66,950	79,950	104,000	110,000	119,000	120,000
South Hams	70,000	90,000	122,000	132,375	154,000	164,000	170,000	170,250
West Devon	60,000	77,500	94,875	132,238	141,250	145,000	150,000	164,988
Cornwall & IoS	59,000	69,950	95,000	118,000	133,000	138,000	152,000	153,000
Devon	63,500	79,000	103,000	124,000	140,000	140,000	150,000	155,000
South West	65,000	78,000	99,950	117,000	128,500	132,500	145,000	147,500
England	55,000	60,000	76,000	94,000	107,500	116,000	124,000	124,950

Source: CLG Live Tables using H.M. Land Registry (2008) Housing Price Data



## Average Housing Prices by Property Types

- 4.7 Considerable variation existing between the average (mean) housing prices for different property types across the sub-region.
- 4.8 For example, the average for a flat or maisonette in Plymouth is just £86,922, which is around half that of the national average and considerably below that in Devon and Cornwall.
- 4.9 Terraced housing in Devon and Cornwall is priced on average above that for the South-West overall, and for England. Semis are relatively inexpensive in Plymouth when compared to Devon and Cornwall and the region but are approaching the national average. Detached housing is about as expensive in Plymouth as elsewhere in Devon and Cornwall.

**Table (13) - Average (MEAN) Housing Prices by Property Type**

Area	Average (MEAN) First Quarter Housing Prices (2008) (£)				
	Flat/ Maisonette	Terraced Housing	Semi- Detached Housing	Detached Housing	All Property Types
Cornwall & IoS	152,476	159,503	184,537	303,017	211,799
Devon	137,338	160,877	195,739	318,799	211,595
Plymouth	86,922	133,580	158,426	308,176	144,989
South West	136,100	152,859	185,181	312,034	195,100
England & Wales	172,500	144,575	172,821	277,950	184,062

NOTES:  
Land Registry data is not available on line for housing prices by housing type at district level after the final quarter of 2006.

Source: H.M. Land Registry (2008) Housing Price Data

## Contemporary Housing Market Issues

- 4.10 The UK market has received a double blow. Firstly, the US 'sub-prime' lending crisis has created turmoil in international financial markets that has over-spilled into the UK market in the form of reduced liquidity (in Northern Rock for example) and in terms of market lending institutions showing greater caution in their lending practices.<sup>4</sup> This has created the so-called 'credit crunch'. Secondly, the national over-hang in personal debt<sup>5</sup> coupled to higher interests rates than in recent time, has reduced housing market demand exemplified by the decline in new buyer enquires.<sup>6</sup>

<sup>4</sup> Nationwide (2007) 'Financial Market Turmoil Poses Risks for Market'

<sup>5</sup> Personal debt is now double that of ten years ago and is equivalent to one year's GDP in the UK (at £1.3 trillion) although a significant element of this is due to the expansion of home ownership

<sup>6</sup> RICS (2007) Market Survey UK – 'Housing Price Growth Turns Negative as Slowdown Deepens'

- 4.11 The month-on-month rate of housing price inflation is clearly slowing and in some cases there is negative growth both nationally and in the South-West.
- 4.12 As table (14) below shows, monthly increases in Plymouth, Cornwall and Devon have generally slowed with all three areas seeing some months of negative growth. Annually there has been modest growth with Devon & Cornwall above the South-West and England average. It is likely that there will be a slowdown in rates of housing price increases rather than a reduction in average housing prices.

**Table (14) - Trends in MEAN Monthly Housing Prices (April 2007 to April 2008)**

Area	<u>MEAN</u> Housing Price Changes (%)													Annual % Change
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Plymouth	+0.5	+1.5	+0.5	0.0	+0.1	-0.7	+0.6	+0.1	+0.6	+0.2	-0.5	-0.7	0.0	+1.7
Cornwall & IoS	+1.1	+0.1	-0.3	+0.5	-0.1	+0.5	+0.6	+0.4	+0.4	+0.1	+0.3	-0.2	+0.8	+3.2
Devon	+0.6	+0.4	+1.0	-0.2	+0.9	+0.9	+0.5	+0.3	0.0	+0.3	-0.2	+0.5	+0.4	+4.9
South West	0.0	+1.0	+0.4	+0.8	+0.2	+0.7	+0.2	+0.3	-0.8	+0.7	-0.3	-0.6	+0.2	+2.7
England	+0.3	+0.7	+0.4	+0.8	+0.5	+0.5	+0.4	+0.3	-0.4	+0.6	-0.1	-0.8	-0.2	+2.7

Source: H.M. Land Registry (2007/2008) Housing Price Reports

- 4.13 As table (14) also shows the average housing price increase in England between April 2007 and April 2008 was 2.7 percent (the same as the South-West). Sub-regional increases have been in the range of 1.7 percent (in Plymouth) to 4.9 percent (in Devon). The sub-region, therefore, has relatively buoyant housing prices relative to the South-West and nationally. However forecasters predict more pronounced slowdowns later in 2008 although the sub-region will probably remain behind the trend and the best prediction for 2008/09 is for a flat sub-regional housing market

## Housing Market Forecasts

- 4.14 Housing market forecasters are predicting a housing market for 2008 that ranges from small housing price falls to some minor housing price rises. The most likely outcome is a generally flat housing market at national level but with some regional variations; overall the North of the country will be at greater risk of housing market decline in the short-term and the South, including the South-West, seeing flat or slowly rising housing prices. Clearly within regions there will also be considerable variation, and between sub-markets.
- 4.15 Most housing market forecasters list a number of key factors that will influence the direction of the national, regional and sub-regional housing markets.
- ▶ The Credit Crunch - More selective choice of borrowers by lenders with fewer mortgages granted to higher risk groups (e.g. lower paid and those with less employment security) is likely to reduce the level of housing market transactions. This will have particularly important effects for those households who are on the cusp of affordability, for those wishing to enter intermediate

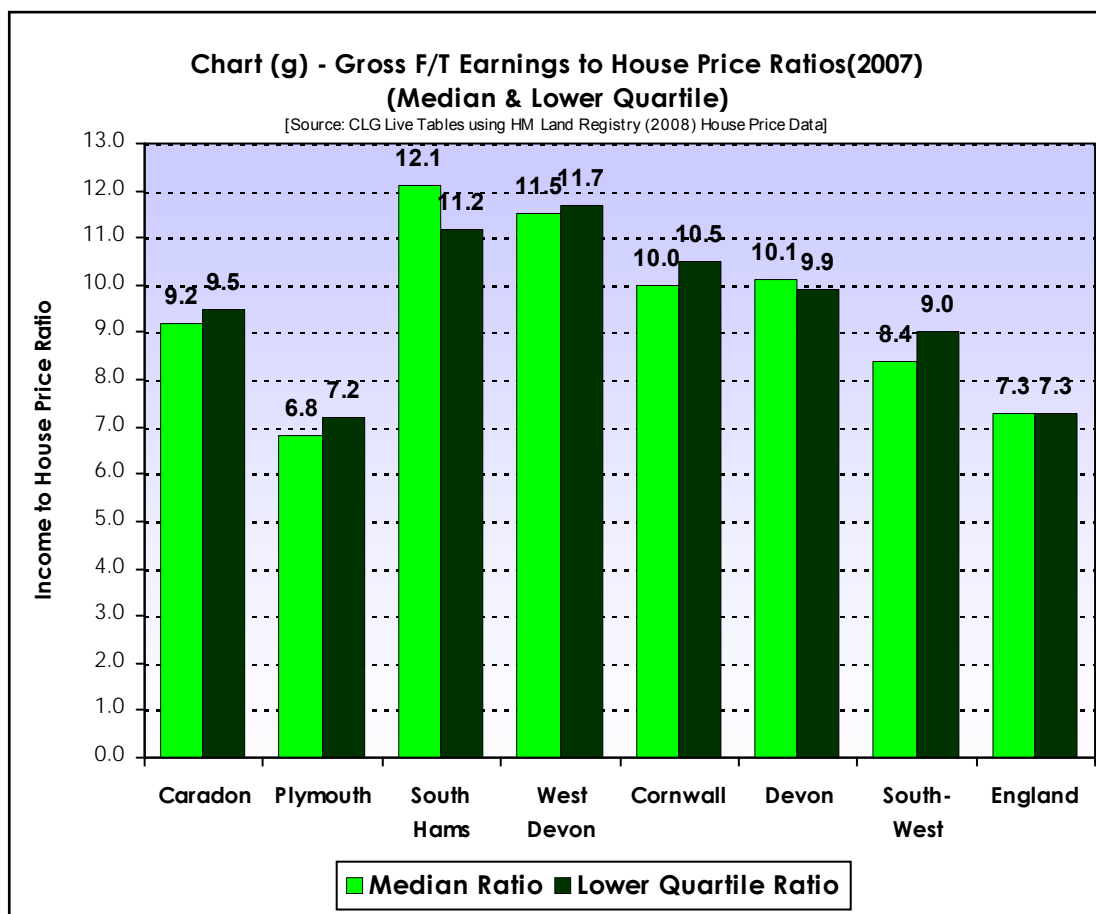
housing markets and those who may have over-extended in the buy-to-let market.

- ▶ Cost of Living ~ Since the beginning of 2008 the general level of price inflation (CPI) has increased beyond the Government's 2 percent top limit. Recent price hikes in the 'basics' for households (e.g. domestic fuel, petrol, food) will inevitably reduce disposable income, potential for re-mortgaging by existing home owners and the ability of first time buyers to enter the housing market (both in terms of assembling deposits or passing lenders' affordability tests).
- ▶ Interest Rates ~ Even though interest rates have been on an upwards trend in the last 18 months as the Bank of England tackled rising inflation the outlook for 2008/09 is for interest rate cuts of (probably) around 0.5 to 0.75 percent over the 12 month period which may make mortgages more affordable.
- ▶ Pent-Up Demand ~ Some forecasters have observed that existing home owners may be 'sitting' on their equity until a greater level of confidence returns to the housing market, which although it is reducing housing market transactions is equally maintaining housing price buoyancy by reducing supply. On the other side of the equation forecasters note that there may be some pent-up demand from potential first time buyers, who may have entered the market in 2007 but are now waiting to see how the die is cast in 2008. Interest rate cuts may release some of this pent-up demand.
- ▶ The Buy-to-Let Market ~ The buy-to-let housing market has grown fivefold over the last seven years. However some shakeout of this market, which is particularly relevant to the South-West, is taking place. Housing market analysts indicate that the range of financial products offered to the buy-to-let market has diminished and loan to value ratios are no longer as generous as they were. The growth in buy-to-let, which has been a key driver of housing price inflation since 2000, is predicted to slow sharply although it is not expected that the market will be flooded with properties for sale.
- ▶ Housing Supply ~ While the Government is seeking to expand the supply of affordable housing growth of affordable supply is likely to be slow (especially in the South-West).

## 5. Affordability

### Earnings to Housing Price Ratios

5.1 To measure changing levels of affordability in the home ownership market CLG produces earnings to housing price ratios for median earnings and housing prices and lower quartile earnings to lower quartile housing prices.



5.2 Chart (g) depicts the two housing price ratios for 2007 for the four sub-regional local authorities, for Cornwall and Devon, for the South-West region and nationally. As the chart illustrates both ratios for Caradon, South Hams and West Devon are greater than for the South-West and nationally.

5.3 South Hams and West Devon have the most severe affordability problem on these two measures with the median ratio standing at 12.1 and the lower quartile ratio 11.2 for South Hams with West Devon's ratios at 11.5 and 11.7 respectively.

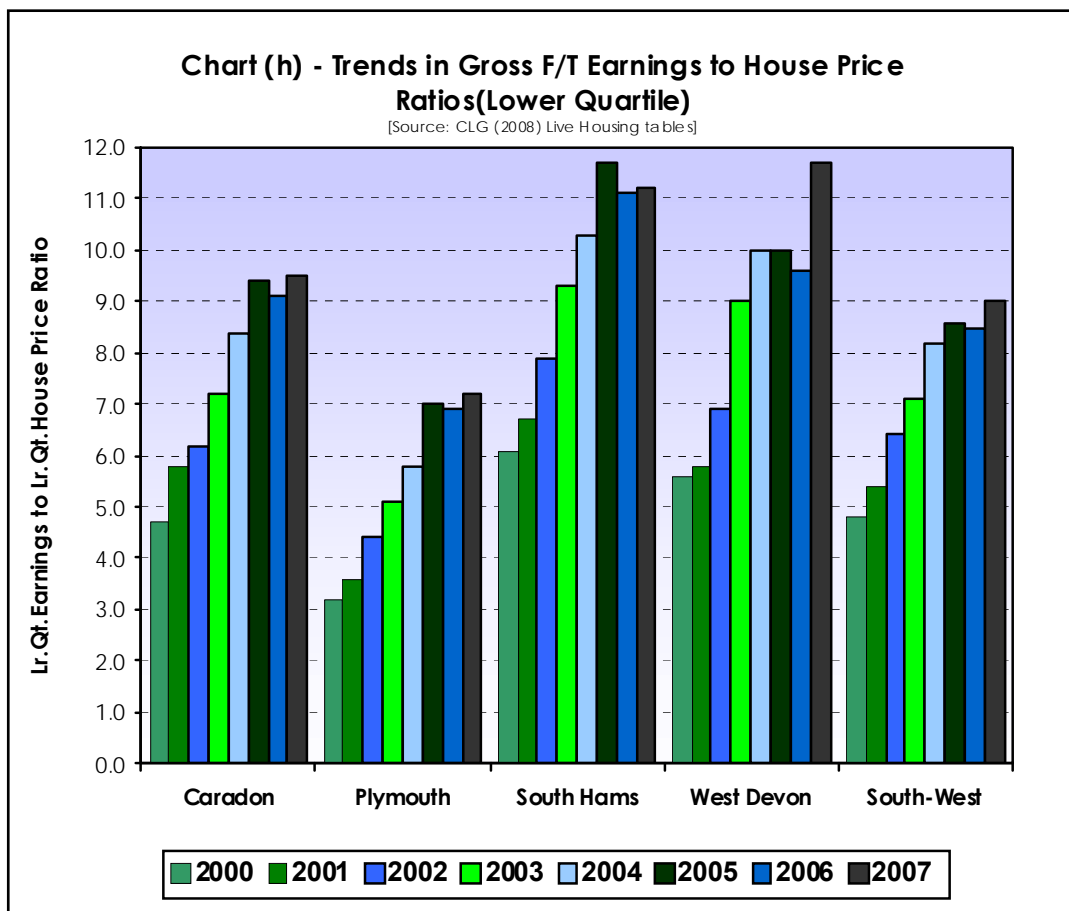
5.4 The two ratios for Plymouth indicate a less entrenched affordability problem in relation to the city's hinterland. However both ratios (6.8 and 7.2 for median and lower quartile respectively) are almost double the 3.5 established as the affordability benchmark nationally.

## National & Regional Comparisons

- 5.5 Out of 354 local authorities in England South Hams is the 10<sup>th</sup> least affordable authority on the median ratio and the 21<sup>st</sup> least affordable authority on the lower quartile ratio. West Devon is the 44<sup>th</sup> and 90<sup>th</sup> least affordable and Caradon 96<sup>th</sup> and 116<sup>th</sup> least affordable on both respective ratios. All three sub-regional authorities are within the least affordable third of all English authorities. South Hams is in the least affordable 3 percent for the median ratio and the least affordable 6 percent for the lower quartile ratio. West Devon is in the least affordable 12 and 25 percent respectively.
- 5.6 The following two maps (6) and (7) show the geographical distribution of the median affordability ratio in England for 1997 and 2007 demonstrating that the South-West has some of the most severe affordability problems in England.

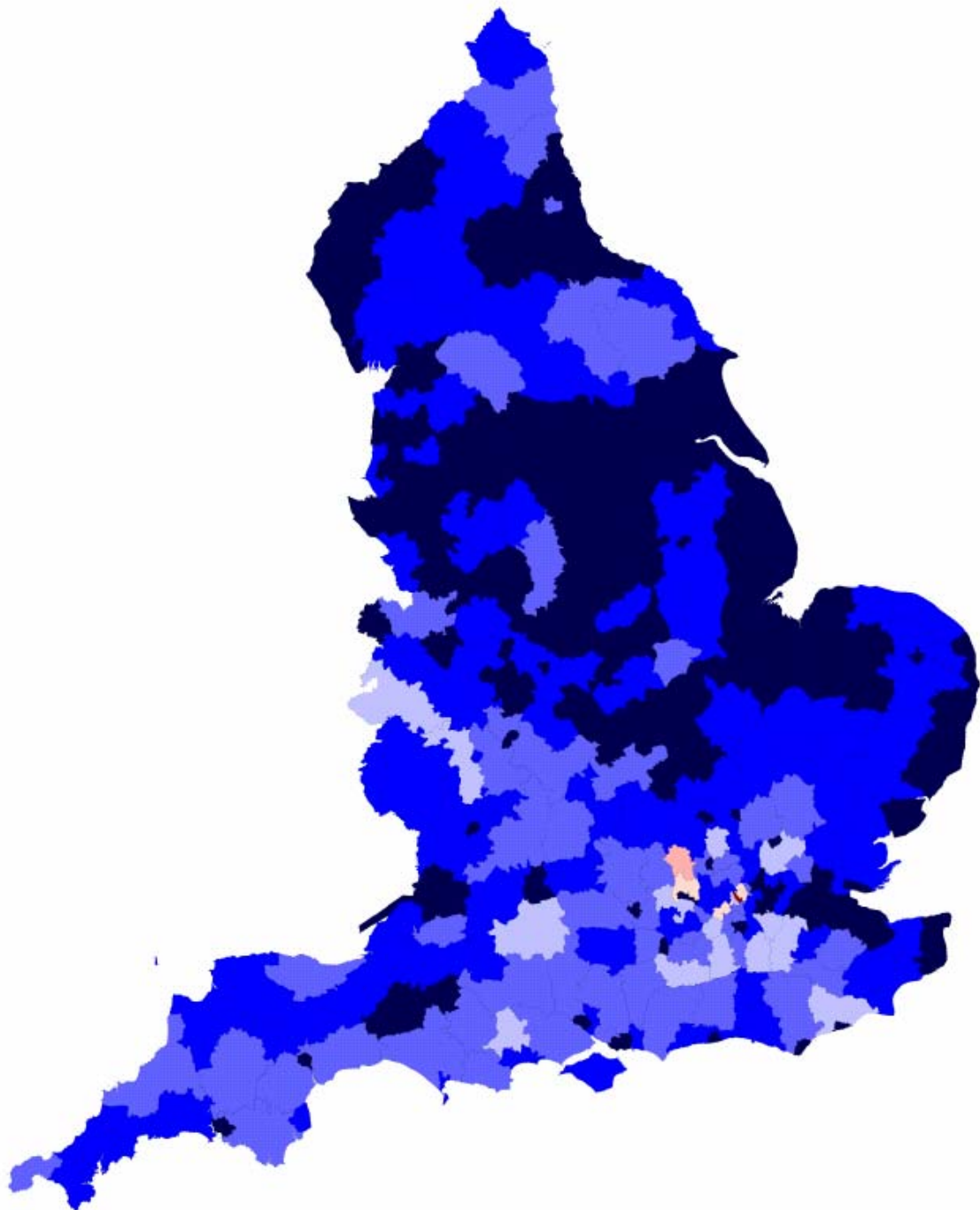
## Trends in Housing Price to Income Ratios

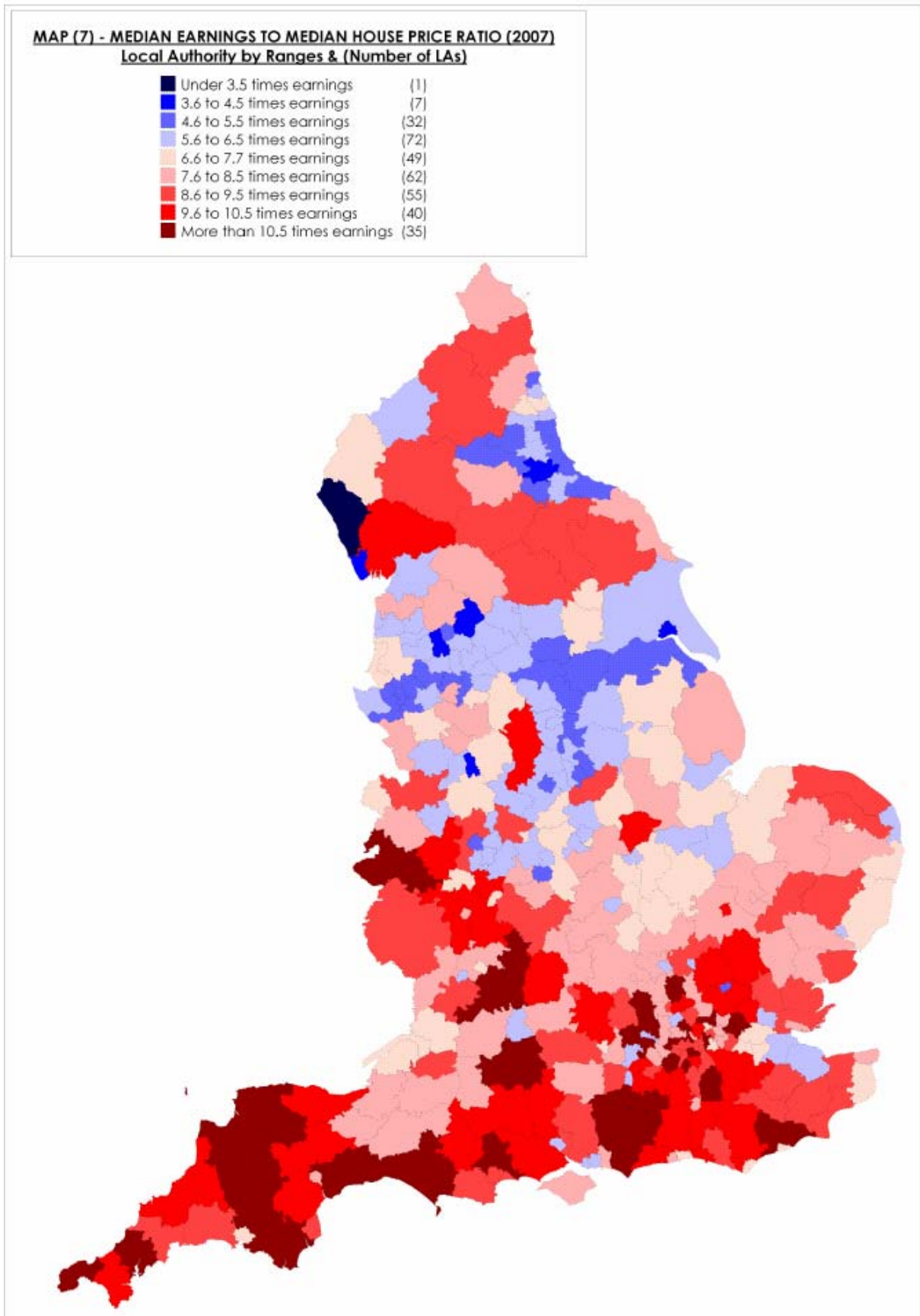
- 5.7 Looking back to the beginning of the decade at the two ratios demonstrates how the affordability crisis in the sub-regional home ownership market has deepened. Chart (g) below shows the trend in the lower quartile earnings to lower quartile housing price ratio representing the bottom of the home ownership market. Despite some slight improvements over the 2005 to 2006 period the trend has been inexorably upwards. The 3.5 entry threshold has long been left behind.



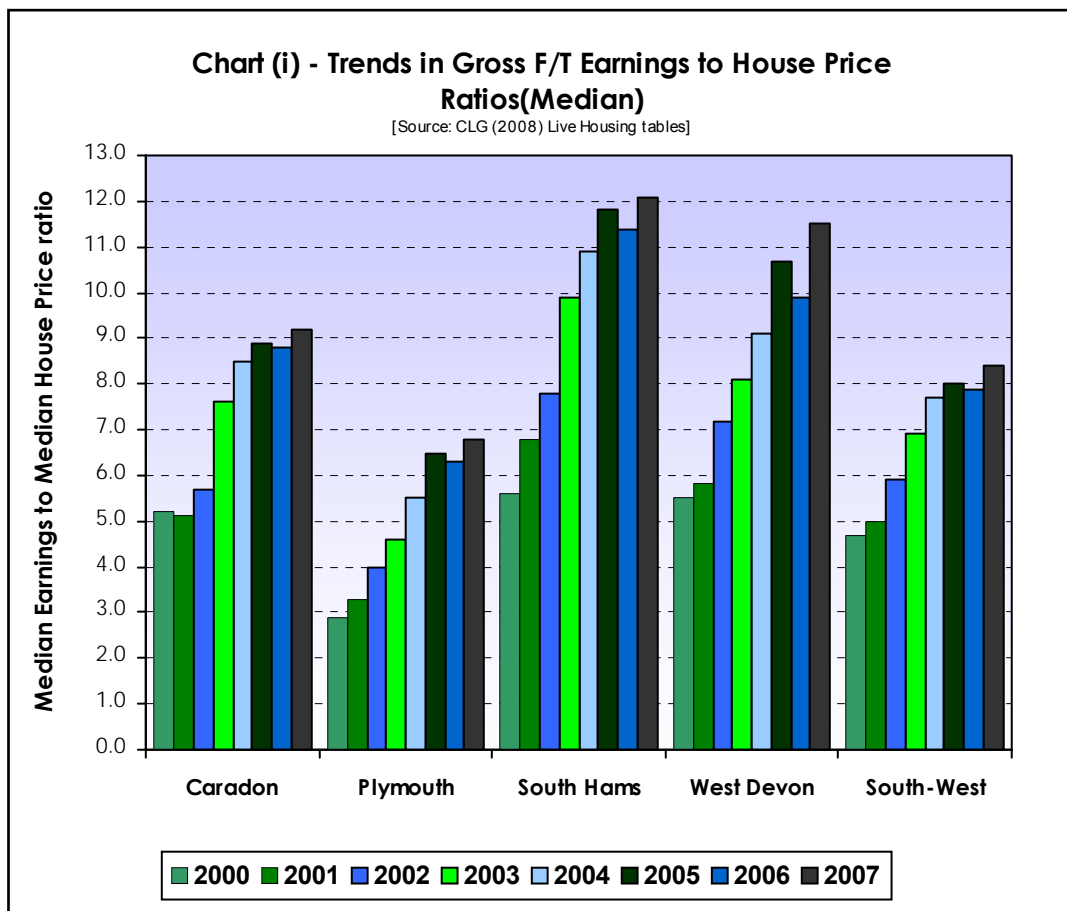
**MAP (6) - MEDIAN EARNINGS TO MEDIAN HOUSE PRICE RATIO (1997)**  
**Local Authority by Ranges & (Number of LAs)**

Under 3.5 times earnings	(157)
3.6 to 4.5 times earnings	(115)
4.6 to 5.5 times earnings	(60)
5.6 to 6.5 times earnings	(15)
6.6 to 7.7 times earnings	(4)
7.6 to 8.5 times earnings	(1)
More than 10.5 times earnings	(1)





5.8 Chart (i) illustrates the upwards trend in the median income to median housing price ratio. Again there were some marginal improvements in median affordability in 2005 to 2006 but unaffordability has become more pronounced over 2006 to 2007, especially in West Devon where the ratio is 11.5. The median affordability ratio has crossed the 9.0 barrier in Caradon for the first time and that in Plymouth is approaching 7.0. Median unaffordability is greatest in South Hams (at 12.1).



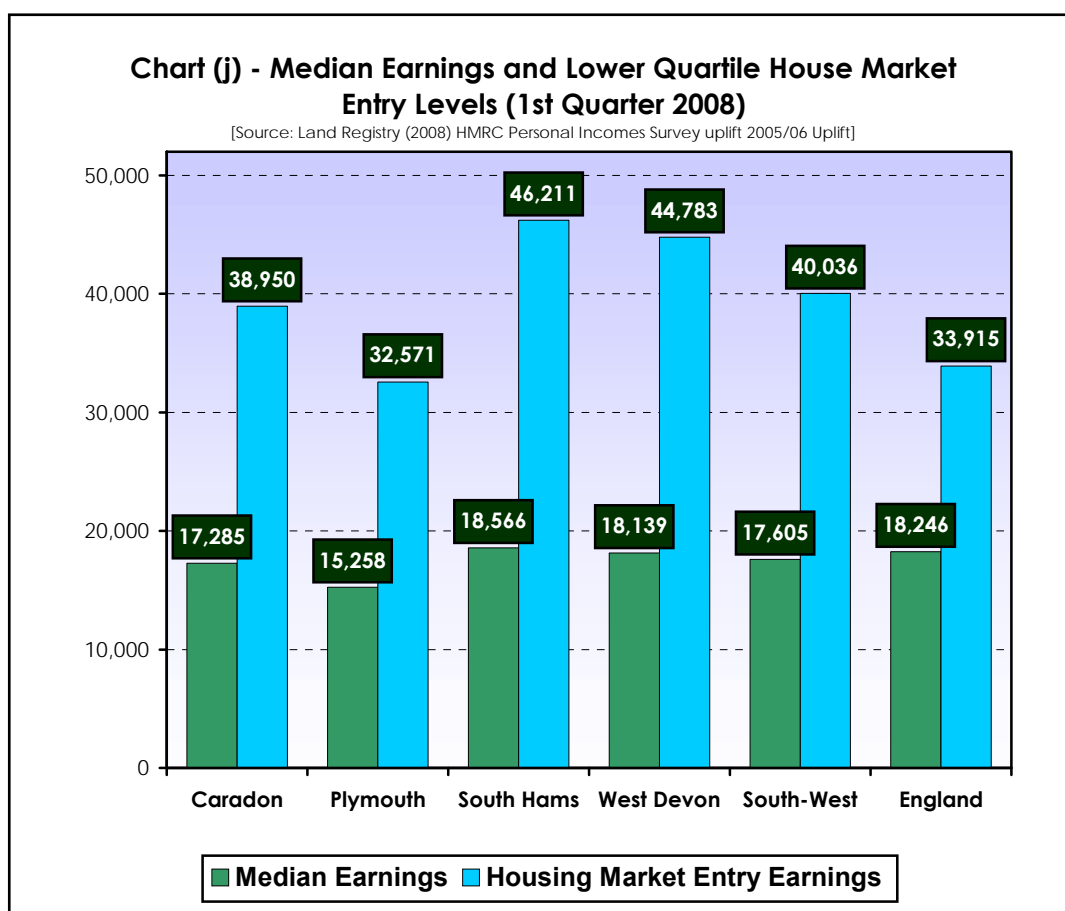
### Income Entry Thresholds to Home Ownership

- 5.9 Some basic calculations for entry thresholds to home ownership for median earners in relation to median and lower quartile housing prices can be made for the first quarter of 2008.
- 5.10 The calculations assume that a mortgage of 95 percent of the average housing price is required.
- 5.11 Median and lower quartile gross earnings are for single full-time workers and relate to HMRC updated data for 2007/08.
- 5.12 Lower quartile gross earnings averages are not available from HMRC. It should therefore be noted that affordability for those on lower quartile earnings will be considerably worse than the figures quoted as the uplifted DCA data shows that

between 17.1% (in West Devon) and 24.5% (In Plymouth) of households in the sub-region have an annual income below £10,000.

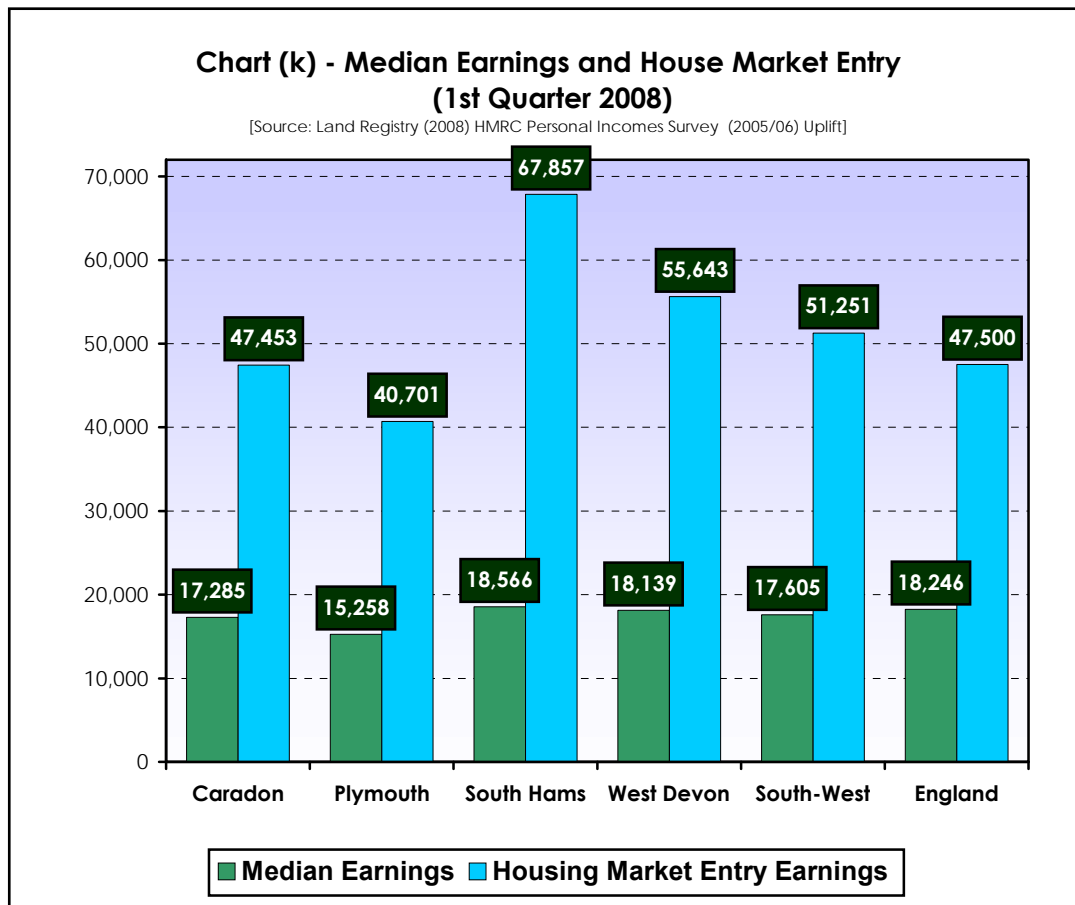
### MEDIAN EARNINGS AND LOWER QUARTILE HOUSING PRICE

- ▶ **Caradon** ~ Median FTE = £17,285 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £143,500 = 7.9 times. Entry income = £38,950.
- ▶ **Plymouth** ~ Median FTE = £15,258 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £120,000 = 7.5 times. Entry income = £32,571.
- ▶ **South Hams** ~ Median FTE = £18,566 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £170,250 = 8.7 times. Entry income is £46,211.
- ▶ **West Devon** ~ Median FTE = £18,139 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £164,988 = 8.6 times. Entry income = £44,783.
- ▶ **South West** ~ Median FTE = £17,605 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £147,500 = 8.0 times. Entry income = £40,036.
- ▶ **England** ~ Median FTE = £18,246 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £124,950 = 6.5 times. Entry income = £33,915.



## MEDIAN EARNINGS AND HOUSING PRICE

- ▶ **Caradon** ~ Median FTE = £17,285 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £174,825 = 9.6 times. Entry income = £47,453.
- ▶ **Plymouth** ~ Median FTE = £15,258 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £149,950 = 9.3 times. Entry income = £40,701.
- ▶ **South Hams** ~ Median FTE = £18,566 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £250,000 = 12.8 times. Entry income is £67,857.
- ▶ **West Devon** ~ Median FTE = £18,139 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £205,000 = 10.7 times. Entry income = £55,643.
- ▶ **South West** ~ Median FTE = £17,605 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £188,819 = 10.2 times. Entry income = £51,251.
- ▶ **England** ~ Median FTE = £18,246 (2007/08) as a proportion of 95 percent of the median housing price (1<sup>st</sup> quarter 2008) of £175,000 = 9.1 times. Entry income = £47,500.



## National Measures of Affordability

- 5.13 Some housing market commentators have developed a range of other methods of assessing the affordability of UK housing prices. Perhaps the most renowned is that developed by Professor Steve Wilcox<sup>7</sup> for the Joseph Rowntree Foundation. Although a little dated (it uses 2005 earnings and housing price data) this analysis enables threshold incomes for two and three bedroom properties to be assessed for dual earners as well as the more usual individual earnings to house price ratios (as presented in the previous pages).

**Table (15) - Threshold Incomes Required to Purchase (2005)**

AREA	Threshold Incomes Required to Purchase (£)			
	Single Earner		Dual Earner	
	Lowest Decile	Lowest Quartile	Lowest Decile	Lowest Quartile
Caradon	23,299	27,661	26,883	31,917
Plymouth	21,739	25,010	25,083	28,858
South Hams	29,520	34,385	34,062	39,675
West Devon	26,885	31,591	31,021	36,451

NOTES:

1. Average housing prices used are MEAN housing prices.
2. Earnings data from ASHE (2005).
3. Home ownership thresholds set at three times gross income.

Source: Wilcox S. (2006) The Geography of Affordable and Unaffordable Housing. JRF.

- 5.14 Assuming that the gearing for mortgage assessment is three times gross earnings the Wilcox formula calculates income thresholds for both single and dual earners at the lowest decile and lowest quartile housing prices.
- 5.15 Table (15) shows that even at the lowest decile housing price in the sub-regional authorities single earners will require an income of at least £21,739 in Plymouth and £29,520 in South Hams. For the lowest quartile housing price the threshold incomes for single earners range from £25,010 in Plymouth to £34,385 in South Hams.
- 5.16 For dual earners threshold incomes become more pronounced. In Plymouth for instance, dual earners require a combined income of at least £25,083 to afford even the lowest decile housing price. This climbs to £34,062 in South Hams. To afford the lowest quartile housing price dual earners in Plymouth require an income of at least £28,858 and in South Hams £36,451.
- 5.17 In the period since 2005, these thresholds will have become even more marked as housing price inflation has been at least double and often more than double the rate of increase in average earnings.

<sup>7</sup> Wilcox S. (2006) The Geography of Affordable and Unaffordable Housing and the Ability of Younger Working Households to Become Home Owners. JRF.

## The Affordability of Intermediate Housing Markets

- 5.18 The Wilcox approach also enables two measure of access to the so-called intermediate housing market (IHM). The first - broad - is represented by the proportion of working households who cannot afford lower quartile house prices for 2 and 3 bedroom homes. The second - narrow - is the proportion of working households who can afford a social rent without recourse to housing benefit but cannot afford to purchase at the lowest decile housing prices for 2 and 3 bedroom homes.

**Table (16) - Proportion of Working Households in Local Intermediate Housing Markets (2005)**

AREA	Percentage of Working Households - the Intermediate Housing Market			
	Broad	Narrow	Working, Housing Benefit & not Lowest Decile	Lowest Decile not Lowest Quartile
Caradon	53.4	36.2	8.1	9.0
Plymouth	50.5	33.8	8.5	8.2
South Hams	63.0	43.2	7.4	12.4
West Devon	50.8	35.8	11.2	3.8

NOTES:

1. Broad = the proportion of working households who cannot afford lower quartile house prices for 2 and 3 bedroom homes.
2. Narrow = the proportion of working households who can afford a social rent without recourse to housing benefit but cannot afford to purchase at lowest decile housing prices for 2 and 3 bedroom homes.

Source: Wilcox S. (2006) The Geography of Affordable and Unaffordable Housing. JRF.

**Table (17) - No. of Applicants on Local Housing Registers (Homebuy) (2007)**

	Sub-Regional Local Authorities				
	Caradon	Plymouth	South Hams	West Devon	Sub-Region
Newbuild Homebuy	172	460	363	194	1,189
Open Market Homebuy	109	221	196	106	632
Re-Sales	125	293	271	137	826
First-Time Buyers Initiative	133	373	277	140	923
Intermediate Rent	61	144	116	61	382
TOTAL	600	1,491	1,223	638	3,952

Source: Caradon, Plymouth, South Hams & West Devon Councils (2007) Internal Databases

- 5.19 Table (16) demonstrates the nature of the broad and narrow IHM in the four sub-regional authorities in 2005 and shows a worsening of affordability across the sub-region but particularly in South Hams, which is ranked 32<sup>nd</sup> of all local authorities in the UK.
- 5.20 Table (17) illustrates the number of households in each sub-regional local authority registered for the various 'subsidised' home ownership initiatives and intermediate renting overall. Table (18) reduces the number of applicants to those who can access these various initiatives by the amount of stake (banded) that their incomes can support.

**Table (18) - No. of Applicants on Local Housing Registers Able to Access Homebuy by Amount of Stake (2007)**

	Sub-Regional Local Authorities				
	Caradon	Plymouth	South Hams	West Devon	Sub-Region
Less than £25,000	12	34	18	16	80
£25,001 to £50,000	24	85	56	34	199
£50,001 to £75,000	79	210	149	74	512
£75,001 to £100,000	49	120	107	51	327
More than £100,000	24	56	71	30	181
TOTAL	188	505	401	205	1,299

Source: Caradon, Plymouth, South Hams & West Devon Councils (2007) Internal Databases

## 6. Housing Supply, Demand & Needs

### Overview

- 6.1 Housing supply, demand and needs are measured in this section in a variety of ways. Overall housing supply in the home ownership market is calculated by using the volume of housing sales. The supply of affordable housing is gauged by the total social housing stock (incorporating local authority and housing association housing) and its availability via the number of lettings made.
- 6.2 Quantitative housing demand is assessed through establishing changes in population of the sub-region and the rate of new household formation.
- 6.3 Housing needs are calculated at a basic level by registration on common local housing registers in the sub-region and the number of homeless households presenting themselves and accepted by local authorities in the sub-region

### Housing Supply

- 6.4 There has been much in the media of late about the slowdown in the housing market and this is reflected in the number of sales throughout the country including the Sub-Region. Sales have declined rapidly since the beginning of 2008 and are down 45% since April 2007, slightly more than the national average of 40% but the same as the South-West as a whole, with Plymouth fairing worse with a decline in sales of 57% in this period.

**Table (19) - Sub-Regional Volume of Housing Sales by Month (2007/08)**

	Sub-Region					
	Cornwall	Devon	Plymouth	Sub-Region	South-West	England
April 2007	858	1,404	482	2,744	9,786	94,125
May 2007	1,054	1,531	517	3,102	11,153	106,114
June 2007	1,146	1,607	554	3,307	12,067	119,493
July 2007	1,095	1,664	509	3,268	11,453	111,822
Aug 2007	1,158	1,773	576	3,507	12,274	116,385
Sept 2007	947	1,314	361	2,622	9,052	87,013
Oct 2007	963	1,517	385	2,865	10,390	102,309
Nov 2007	920	1,401	428	2,749	9,809	100,298
Dec 2007	784	1,091	336	2,211	8,377	80,690
Jan 2008	566	809	270	1,645	5,626	57,275
Feb 2008	670	869	264	1,803	5,875	60,722
March 2008	500	796	210	1,506	5,417	56,538

Source: Land Registry Housing Price Index (2007/08)

- 6.5 The largest volumes across the sub-region are within Plymouth, especially in regeneration areas but also just over the River Tamar and in Central South Hams.

- 6.6 Tables (20), (21) and (22) provide an overview of the quantity of social housing units within the sub-regional local authorities by ownership, change in quantity and vacancy category. Broadly, and despite changes in ownership in South Hams and West Devon via large scale voluntary transfer (LSVT) the overall quantity of social housing has declined over the last decade or so mainly due to the Right to Buy and low levels of social housing investment over the 1997 to 2001 period (although the Comprehensive Spending Review proposes significant increases in the number of new affordable homes to be built in the South-West).

**Table (20) - Sub-Regional Housing Stock by Tenure (2007)**

	Sub-Regional Local Authorities				
	Caradon	Plymouth	South Hams	West Devon	Sub-Region
Local Authority Owned	3,559	15,437	31	0	19,027
Registered Social Landlord Owned	887	6,890	4,274	1,960	14,011
Other Public Sector	117	1,052	0	154	1,323
Private Sector	34,069	89,436	37,310	20,672	181,482
TOTAL	38,632	112,815	41,615	22,786	215,848

Source: Caradon, Plymouth, South Hams & West Devon Councils (2007) Internal Databases

**Table (21) - Percentage Change in Social Housing Stock (2000-2007)**

	Sub-Regional Local Authorities				
	Caradon	Plymouth	South Hams	West Devon	Sub-Region
	%	%	%	%	%
Social Housing Stock	-2.2	-6.0	+9.8	+7.9	-2.6

Source: Caradon, Plymouth, South Hams & West Devon Councils (2007) Internal Databases

**Table (22) - RSL Stock by Status (2007)**

	Sub-Regional Local Authorities				
	Caradon	Plymouth	South Hams	West Devon	Sub-Region
Category 1 Hazard Dwellings	0	21	0	0	21
Unfit Dwellings	0	0	0	0	0
Difficult-to-let-Dwellings	0	4	0	0	4
Low Demand Dwellings	0	120	0	0	120
Vacant Dwellings	1	31	27	17	76

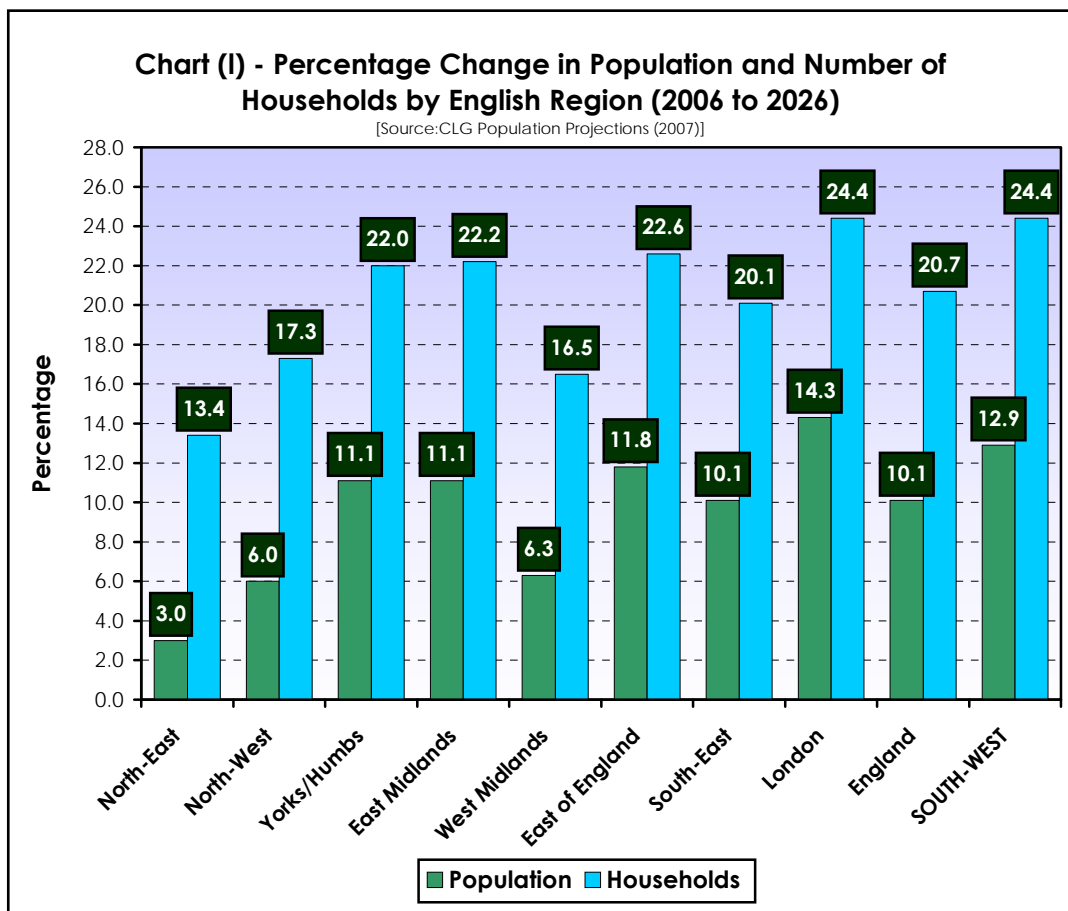
Source: Caradon, Plymouth, South Hams & West Devon Councils (2007) Internal Databases

6.7 Between 2000 and 2007 the sub-region has experienced a fall in the total number of social housing dwellings in management by all social housing providers of 2.6 percent with Plymouth seeing a decline of just below 6.0 percent although the social housing stock has grown in both South Hams and West Devon via LSVT. All in all, the social housing stock in the South-West region has declined by 0.8 percent over the same period to stand at 301,157 in 2007.

### Measures of Housing Demand & Needs

6.8 The most frequent means of assessing housing demand and needs are to use population and household projections to assess probable changes in the overall number of households requiring affordable housing; local housing registers as means of local people expressing their housing requirements; and the number of households accepted as homeless under the current legislation.

6.9 Population projections by ONS predict that the South-West will have the largest growth in overall population between 2006 and 2026 (at 12.9 percent) of any English region and second only to London, to stand at 5.8 million. The South-West also has the largest projected increase in number of households of all English regions (at 24.4 percent) and equal to London. The total number of households in the South-West is predicted to increase by almost one quarter over the next two decades and will amount to 2.8 million.



**Table (23) - Trends in HOUSEHOLD FORMATION (2004 to 2029)**

Area	<u>Number of Households</u>						
	000s						
	2004	2006	2011	2016	2021	2026	2029
Caradon	35	36	39	41	44	46	47
Plymouth	106	108	114	120	125	129	131
South Hams	35	36	38	40	42	43	44
West Devon	21	22	23	25	26	28	29
Sub-Region	197	202	214	226	237	246	251
Cornwall & IoS	226	232	250	268	286	302	310
Devon	311	321	345	370	395	418	430
South West	2,160	2,212	2,346	2,489	2,628	2,752	2,817
England	21,062	21,519	22,646	23,837	24,973	25,975	26,497

Source: CLG (2007) Household Projections

- 6.10 The average household size in the South-West will fall from 2.3 to 2.1 between 2006 and 2026 due to rising rates of family breakdown and the greater number of both young and older single people living alone. For example, the number of single person households is projected to rise by more than 52 percent while the number of married couple households will actually fall by 0.3 percent.
- 6.11 The sub-region will also see a large rise in the number of households (at 21.8 percent) over the same period to stand at 246,000 households [see table (23)]. Caradon will experience the largest increase in the number of households (at 27.8 percent), followed by West Devon (at 27.3 percent), South Hams (at 19.4 percent) and Plymouth (at 19.4 percent also).
- 6.12 The second measure of assessing housing demand and needs relates to registered demand/need represented by the Common Housing Registers maintained by the four sub-regional local authorities [see table(24) below], and the number of homeless acceptances. The total number of households registered across the sub-region as at April 2007 was just over 13,000, of which more than half were registered with Plymouth City Council.

**Table (24) - Number of Households on Common Housing Registers (2000 to 2007)**

	Years								% change (00-07)
	2000	2001	2002	2003	2004	2005	2006	2007	
Caradon	1,575	1,331	1,327	1,739	1,883	2,608	3,404	3,281	+108.3
Plymouth	6,222	2,553	7,528	8,235	9,069	6,046	7,423	6,557	+5.4
South Hams	892	795	1,029	1,558	1,797	1,910	1,511	1,646	+84.5
West Devon	720	716	918	967	1,077	1,325	1,024	1,524	+111.7
Sub-Region	9,409	5,395	10,802	12,499	13,826	11,889	13,362	13,008	+38.3

Source: Caradon, Plymouth, South Hams &amp; West Devon Councils (2007) Internal Databases

## 7. The CLG Housing Needs Assessment Model

### Overview of the Model

- 7.1 The recommended model by CLG, updated from the ODPM guidance is a flows-based Affordable Housing Needs Assessment using recent data to predict affordable housing shortfalls (or surpluses) over a given future period (usually five to ten years).
- 7.2 The model is based around calculating the backlog of housing needs, newly arising needs and the supply of affordable housing units.
- ▶ **B - The Backlog of Existing Housing Needs.**
  - ▶ **N - Newly Arising Needs.**
  - ▶ **S - The Supply of Affordable Housing.**
  - ▶ **(B+N) – S = Overall Annual Net Shortfall or Surplus of Affordable Housing.**
- 7.3 Key data sources include the household surveys undertaken by DCA in 2006, the Common Housing Registers (CHRs) and HSSA returns of the four local authorities in the sub-region, average house prices and affordability thresholds.

### The Potential for Updating

- 7.4 As the DCA report comments - *'unless there are major changes in house prices and incomes it is unlikely that there will be much variation in the overall situation'*. However some attempt has been made to update what is possible and build on the previous assessments from the DCA household surveys. Key elements that have been updated relate to the expressed needs via the four CHRs, the number of homeless household acceptances, the supply of affordable housing and housing market affordability.
- ▶ **B - Backlog of Existing Housing Need** ~ The calculations for this first element of the model remain broadly the same as for 2006 since the majority of components are from the 2006 household survey (the exception is the number of homeless households). In terms of affordability the DCA proportion of households living in unsuitable housing and who are unable to afford lower quartile housing prices has been increased proportionately in each local authority to take account of deepening affordability problems over the last two years:  
  
Caradon = 62.3 percent (*57.9 percent in 2006*)  
Plymouth = 70.7 percent (*66.4 percent in 2006*)  
South Hams = 69.7 percent (*67.6 percent in 2006*)  
West Devon = 76.1 percent (*65.1 percent in 2006*)
  - ▶ **N - Newly Arising Need** ~ Calculations here have followed those of DCA for new household formation and in-migrant households unable to afford market housing. New data has been included to take account of changes in CHR registration and homelessness. In terms of affordability the DCA proportion of newly forming households unable to afford lower quartile housing prices has

been increased proportionately in each local authority to take account of deepening affordability problems over the last two years:

Caradon = 59.9 percent (*57.9 percent in 2006*)

Plymouth = 53.4 percent (*50.6 percent in 2006*)

South Hams = 82.1 percent (*80.4 percent in 2006*)

West Devon = 44.1 percent (*38.2 percent in 2006*)

- **S - The Supply of Affordable Housing** ~ This has been updated using the most recent HSSA and CORE lettings data. Affordable housing supply has been calculated by updating social housing re-let rates from the Continuous Recording (CORE) system of lettings and sales, numbers of Right to Buy sales from HSSA return, and averaging committed new units of affordable housing using a year's projection and a three year retrospective.

7.5 The results of these calculations for the four local authorities are shown in tables (26a) to (26d) on pages 36 to 40.

## Affordable Housing Needs: Trends

7.6 A summary of the resulting measures of backlog and newly emerging needs, an assessment of affordable housing supply and the resulting housing shortfalls between 2006 and 2007 are shown below in table (25) below.

<b>Table (25) - AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (TRENDS: 2006-2007)</b>					
<b>Sub-Regional Local Authorities</b>					
	<b>Caradon</b>	<b>Plymouth</b>	<b>South Hams</b>	<b>West Devon</b>	<b>Sub-Region</b>
<b>B - Annual Backlog Housing Needs (2006)</b>	283	986	219	128	1,616
<b>B - Annual Backlog Housing Needs (2007)</b>	303	1,063	223	150	1,739
<b>Percentage Change (2006-2007)</b>	+7.1	+7.8	+1.8	+17.1	+7.6
<b>N - Newly Arising Housing Needs (2006)</b>	601	2,074	640	301	3,606
<b>N - Newly Arising Housing Needs (2007)</b>	609	2,147	648	316	3,720
<b>Percentage Change (2006-2007)</b>	+1.3	+3.6	+1.3	+5.0	+3.2
<b>S - Affordable Housing Supply (2006)</b>	307	1,634	253	189	2,383
<b>S - Affordable Housing Supply (2007)</b>	367	1,382	249	196	2,194
<b>Percentage Change (2006-2007)</b>	+19.5	-15.4	-1.6	+3.7	-7.9
<b>(B+N) – S Overall Annual Shortfall (2006)</b>	577	1,426	606	240	2,849
<b>(B+N) – S Overall Annual Shortfall (2007)</b>	545	1,828	622	270	3,265
<b>Percentage Change (2006-2007)</b>	-5.5	+28.2	+2.6	+12.5	+14.6

Source: Caradon, Plymouth, South Hams & West Devon Councils (2007/08) Internal Databases; DCA (2006) Household Surveys; Housing Price & Affordability Data (2007) CLG/Land Registry

7.7 A number of key trends can be identified from the updating of the model for the four local authorities and the sub-region overall.

- ▶ **Backlog Housing Needs** ~ The backlog of housing needs is largely determined by household survey results and the affordability of the housing market in relation to household survey results (especially households in need who wish to move). Household survey results remain the same so changes between 2006 and 2007 rest upon assessment of affordability. Housing market affordability has worsened so that all four local authorities have seen increases in the totality of backlog need with the greatest increase in West Devon which has seen a 17.1 percent increase because of rapidly growing un-affordability.
- ▶ **Newly Arising Housing Needs** ~ Updating newly arising need is dependent upon trends in CHR registration and measurement of affordability for the population at large. With the exception of West Devon CHR registration has remained broadly flat and has actually fallen in Plymouth. However average affordability has deteriorated across the sub-region. Consequently newly arising need has increased marginally (at 3.2 percent across the sub-region). If the sub-regional housing market remains flat or housing prices fall over the next two years then newly arising needs are likely to stabilise or fall. Set against this is the likelihood of increases in housing repossession rates (there is evidence that this rate is on an upwards trend in the South-West from Land Registry and RICS data) and greater rates of household formation and/or inwards migration, which will put pressure on CHRs and may increase homeless approaches to the four sub-regional local authorities.
- ▶ **Affordable Housing Supply** ~ Measurement of this supply-side factor in the model is significantly contingent upon assessment of average social housing re-let rates and the projected supply of affordable housing units. The first is calculated by averaging the last four years of re-lets. The second has been calculated by averaging the last three years actual delivery of affordable housing and projected provision for the next year. Re-let rates have been generally flat or on a downwards trend. Both Caradon and West Devon have seen a rise in the supply of affordable housing whilst Plymouth has seen a significant drop.
- ▶ **Affordable Housing Shortfalls** ~ In conclusion, while total housing needs have increased marginally, because of flat or declining affordable housing supply, the average annual social housing shortfall has increased considerably (+14.6 percent across the sub-region). In reality, affordable housing supply will probably increase at a faster rate because of new spending commitment in the Government Comprehensive Spending Review for the next three years as intermediate housing markets develop to a greater extent, if buy-to-let properties come onto the open market at a greater extent than at present and if property developers turn from the provision of market housing to social housing in light of market turbulence.

**Table (26a) AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2007) - CARADON**

<b>B BACKLOG OF NEED</b>			
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	(62.3%)	1,515
4	PLUS - backlog - homeless households		0
<b>5</b>	<b>TOTAL BACKLOG NEED</b>		<b>1,515</b>
6	TIMES	(20%)	
<b>7</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>		<b>303</b>
<b>N NEWLY ARISING NEED</b>			
8	New household formation		419
9	TIMES - proportion unable to access private market	(59.9%)	251
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>609</b>
<b>S SUPPLY OF AFFORDABLE UNITS</b>			
14	Supply of social re-lets & shared ownership re-sales		296
15	MINUS - increased vacancies (if applicable) and units taken Out of management (e.g. RtB)		2
	<i>Net affordable re-let supply</i>		298
16	PLUS - committed units of new affordable housing		69
<b>17</b>	<b>AFFORDABLE SUPPLY</b>		<b>367</b>
	Annual need to reduce backlog (B)	303	
	Newly arising need (N)	609	
	<b>TOTAL AFFORDABLE NEED (B+N)</b>		<b>912</b>
	Affordable supply (S)		367
<b>18</b>	<b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>		<b>545</b>

**Table (26b) AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2007) - PLYMOUTH**

<b>B BACKLOG OF NEED</b>		
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
	<i>Households in unsuitable housing and needing to move</i>	7,419
3	TIMES - proportion unable to afford to buy or rent	(70.7%)
4	PLUS - backlog - homeless households	69
<b>5</b>	<b>TOTAL BACKLOG NEED</b>	<b>5,314</b>
6	TIMES	(20%)
<b>7</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>1,063</b>
<b>N NEWLY ARISING NEED</b>		
8	New household formation	2,296
9	TIMES - proportion unable to access private market	(53.4%)
10	PLUS - ex-institutional population moving into community	113
11	Existing households falling into priority need	339
12	In-migrant households unable to afford market housing	469
<b>13</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>2,147</b>
<b>S SUPPLY OF AFFORDABLE UNITS</b>		
14	Supply of social re-lets & shared ownership re-sales	1,148
15	MINUS - increased vacancies (if applicable) and units taken Out of management (e.g. RtB)	9
	<i>Net affordable re-let supply</i>	1,157
16	PLUS - committed units of new affordable housing	207
<b>17</b>	<b>AFFORDABLE SUPPLY</b>	<b>1,382</b>
	Annual need to reduce backlog (B)	1,063
	Newly arising need (N)	2,147
	<b>TOTAL AFFORDABLE NEED (B+N)</b>	<b>3,210</b>
	Affordable supply (S)	1,382
<b>18</b>	<b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>	<b>1,828</b>

**Table (26c) AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2007) - 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
	<i>Households in unsuitable housing and needing to move</i>	1,601
3	TIMES - proportion unable to afford to buy or rent	(69.7%)
4	PLUS - backlog - homeless households	0
<b>5</b>	<b>TOTAL BACKLOG NEED</b>	<b>1,116</b>
6	TIMES	(20%)
<b>7</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>223</b>
<b>N NEWLY ARISING NEED</b>		
8	New household formation	473
9	TIMES - proportion unable to access private market	(82.1%)
10	PLUS - ex-institutional population moving into community	0
11	Existing households falling into priority need	228
12	In-migrant households unable to afford market housing	32
<b>13</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>648</b>
<b>S SUPPLY OF AFFORDABLE UNITS</b>		
14	Supply of social re-lets & shared ownership re-sales	179
15	MINUS - increased vacancies (if applicable) and units taken Out of management (e.g. RtB)	0
	<i>Net affordable re-let supply</i>	179
16	PLUS - committed units of new affordable housing	70
<b>17</b>	<b>AFFORDABLE SUPPLY</b>	<b>249</b>
	Annual need to reduce backlog (B)	223
	Newly arising need (N)	648
	<b>TOTAL AFFORDABLE NEED (B+N)</b>	<b>871</b>
	Affordable supply (S)	249
<b>18</b>	<b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>	<b>622</b>

**Table (26d) AFFORDABLE HOUSING NEEDS ASSESSMENT MODEL (2007) - W. DEVON**

<b>B BACKLOG OF NEED</b>		
1	Households in unsuitable housing	2,695
2	MINUS - council & RSL tenants	418
	MINUS - in-situ solution most appropriate or leaving area	1,291
		1,710
	<i>Households in unsuitable housing and needing to move</i>	985
3	TIMES - proportion unable to afford to buy or rent	(76.1%)
4	PLUS - backlog - homeless households	0
<b>5</b>	<b>TOTAL BACKLOG NEED</b>	<b>750</b>
6	TIMES	(20%)
<b>7</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>150</b>
<b>N NEWLY ARISING NEED</b>		
8	New household formation	258
9	TIMES - proportion unable to access private market	(44.1%)
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	99
<b>13</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>316</b>
<b>S SUPPLY OF AFFORDABLE UNITS</b>		
14	Supply of social re-lets & shared ownership re-sales	112
15	MINUS - increased vacancies (if applicable) and units taken Out of management (e.g. RtB)	0
	<i>Net affordable re-let supply</i>	112
16	PLUS - committed units of new affordable housing	84
<b>17</b>	<b>AFFORDABLE SUPPLY</b>	<b>196</b>
	Annual need to reduce backlog (B)	150
	Newly arising need (N)	316
	<b>TOTAL AFFORDABLE NEED (B+N)</b>	<b>466</b>
	Affordable supply (S)	196
<b>18</b>	<b>OVERALL ANNUAL SHORTFALL (B+N) - S</b>	<b>270</b>

## 8. Conclusions

- 8.1 The sub-regional housing market of Caradon, Plymouth, South Hams and West Devon shares many of the characteristics of the national housing market and faces many of the same concerns while certain elements of the current housing scene, such as the buy-to-let market and the proportion of second homes, are more pronounced in the sub-region.
- 8.2 The national trend throughout the first decade of the 21<sup>st</sup> century has been one of increasing demand for home ownership while supply of housing in totality and in terms of a range of types, sizes and amenities to meet all household requirements has lagged behind considerably.
- 8.3 Over the last decade or so under-investment in social and other forms of affordable housing compounded by growing housing market affordability problems has precipitated growing Common Housing Registers in all four of the sub-regional authorities – the number of households registered in the sub-region in 2006/07 was more than 13,000 representing an increase of 38.5 percent since 2000/01. Since 2006 the supply of social housing has fallen in the sub-region by 7.9 percent and by 15.4 percent in Plymouth. Statutory homelessness remains relatively high across the sub-region (at 580 households of which 350 were in Plymouth).
- 8.4 The affordability situation in the South-West has worsened and affordable housing supply has not yet increased sufficiently to provide local households with non-market options. Growth in CHR registration and homelessness are likely to continue if economic conditions deteriorate especially if unemployment increases and the upwards trend in mortgage repossessions is not checked by a fall in interest rates. Set against this affordability may improve marginally if housing prices remain flat or fall slightly, as predicted in 2008. Increasing the supply of affordable housing to cope with these changed realities and to cope with projected demographic and migration pattern is of crucial importance.
- 8.5 Taking all factors into account especially the updated Affordable Housing Needs Assessment Model, the sub-region will face an increasing affordable housing shortfall unless some major increases in supply can be generated.

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