



# **DEVON STATE OF THE MARKET REPORT**

**MAY 2011**

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## **INTRODUCTION**

This is the fifth edition of Devon's State of the Market Report. Reports are now produced bi-annually.

Housing is a key priority for Devon. Local Authorities work together to provide a number of housing services across the county, in a consistent way. Wherever possible, we seek to balance local housing markets and maximise the delivery of affordable housing for those households in need, in both the key settlements and rural areas, as much of Devon is made up of sparsely populated rural communities.

The report continues to monitor key information and trends to help inform policy and planning and enable the partner authorities to respond quickly and proactively to changes as they occur. Economic conditions remain difficult and reducing public sector funding is likely to impact on the delivery of housing services. There have been some fundamental changes to affordable housing including the introduction of flexible tenancies at higher rents to fund new homes. This edition explores some of these challenges.

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## **Key Messages**

- Economic growth in Devon is predicted to be slow in 2011.
- Changing government policy in 2011 in relation to funding, changes in the planning system and welfare reform will affect affordable housing delivery.
- High profile job losses in parts of Devon in 2011, has led to insecurity in some parts of the job market.
- Affordability remains a critical issue, as house prices in Devon are still high compared to average earnings.
- Increased number of mortgage products available for borrowers with a lower deposit in 2011, which should help first time buyers.
- Issues with affordability in the private rented sector as households on local incomes struggle to afford market rents.
- Affordable Rent Model most affordable to those in receipt of full housing benefit or with incomes in excess of £25,000. The challenge is for providers to meet the needs of those households that fall between these two groups.
- Signs that mortgage lenders are starting to take a tougher line with borrowers unable to meet their repayments. The Council of Mortgage Lenders suggest that repossessions will rise by around 10% on the 2010 figure to around 40,000.
- Homelessness acceptances and preventions have increased across the Devon County Council area in 2010/11 and there is evidence that some households are struggling to sustain tenancies or stave off mortgage repossession.
- Affordable housing completions across Devon have steadily increased since 2008/09. Across all local authorities in Devon in the last 3 years, on average there has been 695 affordable homes completed per year.
- 188 homes have been completed in rural Devon in 2010/11 which exceeds the target figure set by Devon Rural Housing Partnership.

## **Changes to Social Housing**

The Government has made it clear that it wants local people to take more of an active role in their communities. The Localism Bill, is the policy framework for this aiming to devolve greater powers to Councils and neighbourhoods, including giving local communities more control over housing. As part of this Regional Spatial Strategies have been abolished and the planning system is to be reformed, allowing local communities a greater say in the development of their area. The Bill also contains a number of changes that affect social housing; some of the key points are highlighted below:

- **The introduction of flexible tenancies with a minimum two year fixed term at a rent higher than social rents and up to 80% of local market rents (Affordable Rent Model). There will no longer be a guaranteed life time tenancy for new tenants. Tenants in existing social rented housing will not be affected.**
- **A new duty on local authorities to publish a tenancy strategy in their area, in consultation with Registered Providers.**
- **Removing the requirement on local authorities to maintain “open waiting lists” that allow anyone to apply regardless of housing need.**
- **Introducing legislation to allow local authorities to discharge the main homelessness duty into the private rented sector.**

## **Funding of Affordable Housing**

There has been a reduction in capital funding available through the Homes and Communities Agency (HCA) and it is anticipated that the income generated through the Affordable Rent Model will help pay for new homes. Registered Providers (RP's) who wish to continue to develop affordable homes, are required to put forward their development proposals to the HCA for consideration by May 2011. The HCA will expect RP's to have discussed their proposals with Local Authorities to ensure that these meet local priorities. Offers will then be assessed and initial contracts agreed in the summer. The Government is amending Planning Policy Statement 3 (PPS3), to include the new tenure in the definition of affordable homes.

The funding of affordable homes through planning obligations will continue and it is expected that these homes will be provided free of subsidy.

The New Homes Bonus will be paid to local authorities as a reward for the building of new homes and bringing empty properties back into use in their area. A sum equal to the national average Council tax band will be paid on each additional home built, for a six year period, with an additional enhancement for affordable homes. Although the funds are not ring-fenced, there is an expectation that some of it will be used by local authorities to help fund new affordable homes.

## **Welfare Reform**

The amount of housing benefit that will be paid through the Local Housing Allowance has reduced; in the longer term the introduction of Universal Credits will change the way in which the majority of benefits, including housing benefit, are assessed and paid to incentivise households to find employment rather than rely on state benefits.

### **Local Housing Allowance changes from April 2011:**

- Ending the maximum £15 weekly excess that some customers can receive.
- Limiting the maximum rate of housing benefit payable to the rate for a four bedroom property.
- Limiting the maximum amount payable for each property dependent on bedroom size.

### **Local Housing Allowance changes from October 2011:**

Setting local housing allowance rates at the 30<sup>th</sup> percentile of rents in each Broad Rental Market Area (BRMA), rather than the median, meaning that only around 3 in 10 properties available for rent will be affordable to people on housing benefit; but the actual percentage of properties that remain affordable will depend on which BRMA a settlement/area falls into and local market conditions.

The Government has announced an increase in funding for discretionary housing payments to provide additional support for those households with a shortfall. There are also changes to non-dependent deductions and help for households requiring an overnight carer.

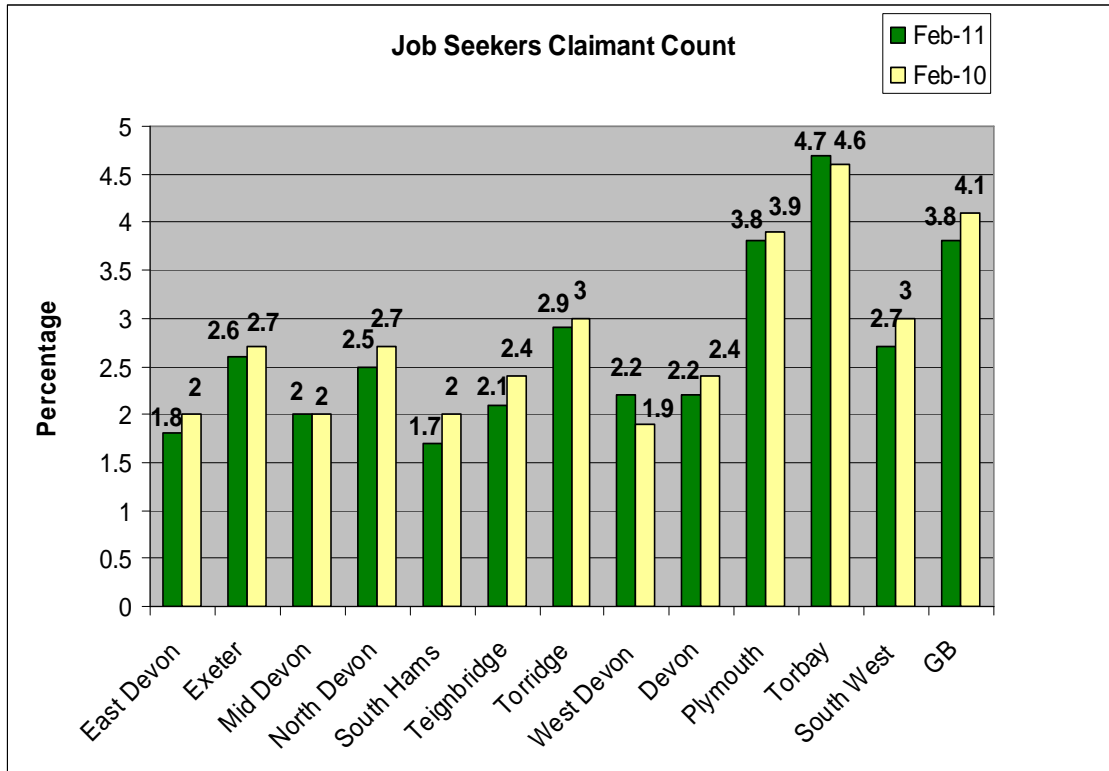
Further changes are scheduled for future years, including paying the shared room rate to single people under 35, rather than 25, from January 2012 and restricting the amount of benefit payable to social housing tenants of working age, to the rate applicable to their bedroom need, rather than the size of home they live in from April 2013.

## **The Sub-Regional Economy & Unemployment**

The most recent South West RDA Economics Review, suggests that the world economy has not solved the trade and financial imbalances responsible for the downturn and only moderate growth is expected in 2011, with some high risks of instability in some countries. The UK is experiencing low growth and high inflation with prospects subdued for 2011. Although the South West did not fare badly during the recession, it is vulnerable to pressures on incomes and spending power. Construction prospects are poor for 2011 and there is little evidence of the private sector stepping into the breach left by reducing public sector funding, with prospective job losses in this sector continuing to rise – there have been announcements of 16,000 public sector redundancies in the South West, 65% of these from local authorities.

2010 saw a small growth in GDP of 1.4% with a contraction of 0.6% in the final quarter, in part due to poor weather conditions.

The chart below shows the change in unemployment between February 2010 and February 2011.



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

There has been a drop in claimant numbers in the last year nationally, regionally and at county level with the exception of West Devon and Torbay with the recent high profile job losses in Okehampton impacting on the former. The figures only take into account those claiming Job Seekers Allowance (JSA). Statistics for those working age people who were economically inactive at June 2010<sup>1</sup> suggest that around 19,000 people in Devon were looking for some form of employment, considerably more than the number claiming JSA, whilst in Plymouth the figure looking for work was double the number claiming JSA at 13,000. 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 2010	February 2011	February 2010
<b>East Devon</b>	1,116	1,378	1,518
<b>Exeter</b>	1,907	2,130	2,221
<b>Mid Devon</b>	772	921	934
<b>North Devon</b>	967	1,373	1,483
<b>South Hams</b>	727	893	1,009
<b>Teignbridge</b>	1,360	1,620	1,829
<b>Torridge</b>	913	1,135	1,164
<b>West Devon</b>	507	709	608
<b>Devon Total</b>	<b>8,269</b>	<b>10,159</b>	<b>10,766</b>
<b>Plymouth</b>			
	5,964	6,624	6,774
<b>Torbay</b>			
	2,800	3,777	3,727

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

Whilst the number of claimants has risen since July 2010, seasonal fluctuations as a result of tourism in Devon affect the overall figures.

<sup>1</sup> www.nomisweb.co.uk

## House Prices

### Average House Prices

Table 2 - Mean Average House Prices:

	2008	2009	Q1 2010	Q4 2010	% Change Q1 2010 to Q4 2010
<b>East Devon</b>	262,704	248,350	280,532	253,626	-9.6%
<b>Exeter</b>	210,257	196,003	208,414	208,120	-0.1%
<b>Mid Devon</b>	218,365	206,327	221,109	219,257	-0.8%
<b>North Devon</b>	227,844	211,073	229,675	222,893	-3.0%
<b>South Hams</b>	308,343	283,420	327,529	330,133	0.8%
<b>Teignbridge</b>	224,458	216,232	207,707	233,809	12.6%
<b>Torridge</b>	205,942	200,357	201,465	207,962	3.2%
<b>West Devon</b>	233,245	223,047	231,373	228,091	-1.4%
<b>Devon</b>	<b>238,384</b>	<b>225,038</b>	<b>244,328</b>	<b>238,708</b>	<b>-2.3%</b>
<b>Plymouth</b>	157,046	153,109	160,390	154,669	-3.6%
<b>Torbay</b>	190,625	175,737	176,681	179,950	1.9%
<b>South West</b>	222,704	210,830	226,477	227,341	0.4%
<b>England</b>	220,310	216,493	238,341	N/K	N/K

Source: Land Registry and CLG Live tables

Land Registry data on completed sales shows that overall prices fell in Devon between the start and end of 2010 against a small rise in the South West as a whole. The picture across Devon authorities is mixed with a fall of 9.6% in East Devon and a rise of 12.6% in Teignbridge. South Hams remains the most expensive area and Plymouth the cheapest. Early indications for 2011 show generally static prices and weak mortgage lending.

Table 3 – Lower Quartile Average House Prices

	2008	2009	Q4 2010	% Change 2009 to Q4 2010
<b>East Devon</b>	162,000	160,000	165,000	3.1%
<b>Exeter</b>	149,000	146,000	153,625	5.2%
<b>Mid Devon</b>	148,000	138,000	143,000	3.6%
<b>North Devon</b>	147,938	145,000	143,000	-1.4%
<b>South Hams</b>	173,125	166,000	163,125	-1.7%
<b>Teignbridge</b>	145,000	145,000	150,000	3.4%
<b>Torridge</b>	140,000	139,950	135,000	-3.5%
<b>West Devon</b>	155,000	140,000	150,000	7.1%
<b>Devon</b>	<b>150,000</b>	<b>148,000</b>	<b>152,000</b>	<b>2.7%</b>
<b>Plymouth</b>	117,000	112,000	110,000	-1.8%
<b>Torbay</b>	133,250	127,000	122,000	-3.9%
<b>South West</b>	143,000	138,000	144,000	4.3%
<b>England</b>	124,000	121,000	125,000	3.3%

Source: Land Registry and CLG Live tables

Although in general lower quartile prices increased from 2009 levels there were variances with a fall of 3.9% in Torbay at one end to a rise of 7.1% in West Devon at the other.

## Volume of House Sales

The number of house sales increased significantly between quarter 1 and quarter 4 2010 but are still around half that of the peak in quarter 3 2006. The increase varied widely from 8% in Torbay and 10% in South Hams to 56% in Exeter and 63% in Teignbridge.

Table 4 - Change in the Number of House Sales:

	Q1 2010	Q4 2010	% Difference	Q3 2006 (peak of market)
<b>East Devon</b>	465	592	27.3%	1,067
<b>Exeter</b>	289	450	55.7%	929
<b>Mid Devon</b>	214	298	39.3%	618
<b>North Devon</b>	251	364	45.0%	614
<b>South Hams</b>	295	324	9.8%	592
<b>Teignbridge</b>	330	538	63.0%	905
<b>Torridge</b>	188	268	42.6%	530
<b>West Devon</b>	172	213	23.8%	358
<b>Devon Total</b>	<b>2,204</b>	<b>3,047</b>	<b>38.2%</b>	<b>5,613</b>
<b>Plymouth</b>				
	596	836	40.3%	1,755
<b>Torbay</b>				
	411	443	7.8%	1,122

Source: Land Registry and CLG live tables

## Mortgage Lending

### Mortgage Lending<sup>2</sup>

Table 5 – Mortgage Lending:

	February 2011	% Change from January 2011	% Change from February 2010
<b>Number of house purchase loans</b>	32,300	8%	-12%
<b>Value of house purchase loans £m</b>	4,600	5%	-12%
<b>Number of remortgage loans</b>	24,300	5%	3%
<b>Value of remortgage loans £m</b>	2,900	0%	-3%
<b>Number of first time buyer loans</b>	12,400	13%	-11%
<b>Value of first time buyer loans £m</b>	1,400	8%	-13%
<b>Number of home mover loans</b>	19,900	6%	-12%
<b>Value of home mover loans £m</b>	3,100	0%	-14%

<sup>2</sup> Council of Mortgage Lenders January 2011 data



National data from the Council of Mortgage Lenders, shows an increase in lending from January, but this followed a substantial fall between December and January, likely to have been caused by a number of factors including spending cuts, rising inflation, uncertainty over future interest rate rises and December's extreme weather. Lending is still considerably lower than February 2010.

Average deposits for first time buyers have fallen to 20%, the lowest for some time. Income ratio's to borrowing have remained fairly static, although the proportion of income payments spend on interest is slightly lower for first time buyers due to continuing low interest rates.

Table 6 – Mortgage Lending and Affordability

	First Time Buyers	Home Movers
<b>Average Loan to Value February 2011</b>	80%	69%
<b>Average Loan to Value February 2010</b>	76%	68%
<b>Average Income Multiples February 2011</b>	3.11	2.86
<b>Average Income Multiples February 2010</b>	3.22	2.86
<b>Proportion of income spent on interest payments February 2011</b>	12.7%	9.5%
<b>Proportion of income spent on interest payments February 2010</b>	13.4%	9.5%

### Deposits and Mortgage availability<sup>3</sup>

Borrowers with a 20% deposit have seen a significant increase in the number of deals on offer and many lenders are now making their best deals available to those with a 25% deposit rather than a 40% deposit, which should help first time buyers; however, the cost of fixed rate mortgages continues to rise as lenders pass on rising funding costs to borrowers with rates at their highest since the middle of 2010. Any rise in base rate would impact further; a 0.5% increase in the mortgage interest rate on a £150,000 mortgage would add £42 a month to a borrower's repayments and given the increasing cost of fuel, energy and food would put additional pressure on households.

Table 7 – Number of mortgage products by loan to value:

Loan to Value	February 2009	February 2011	Change
90%	94	214	+128%
85%	159	560	+252%
80%	97	390	+302%
75%	422	851	+102%
60%	261	187	-28%

<sup>3</sup> Moneyfacts

## **Affordability**

The income thresholds required to purchase a lower quartile property stands at just under £30,000 in Plymouth, up to over £45,000 in South Hams. Local incomes are well below these figures. Devon also has a higher than average number of part-time employees so overall average earnings are generally lower.

Table 8 – Income thresholds for Lower Quartile properties:

	<b>Q4 2010 Lower Quartile House Prices</b>	<b>10% Deposit</b>	<b>Income Threshold at 3.5 Times Salary</b>
<b>East Devon</b>	165,000	16,500	42,429
<b>Exeter</b>	153,625	15,363	39,503
<b>Mid Devon</b>	143,000	14,300	36,771
<b>North Devon</b>	143,000	14,300	36,771
<b>South Hams</b>	163,125	16,313	41,946
<b>Teignbridge</b>	150,000	15,000	38,571
<b>Torridge</b>	135,000	13,500	34,714
<b>West Devon</b>	150,000	15,000	38,571
<b>Devon</b>	<b>152,000</b>	<b>15,200</b>	<b>39,086</b>
<b>Plymouth</b>	110,000	11,000	28,286
<b>Torbay</b>	122,000	12,200	31,371
<b>South West</b>	144,000	14,400	37,029
<b>England</b>	125,000	12,500	32,143

Source: CLG live tables

Table 9 – Annual earnings:

	<b>Average median full time earnings by residence</b>		<b>Overall average median earnings by residence</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>East Devon</b>	22,646	22,937	18,980	18,595
<b>Exeter</b>	21,913	22,922	18,117	18,990
<b>Mid Devon</b>	21,788	22,079	17,384	18,330
<b>North Devon</b>	19,084	19,963	15,231	15,215
<b>South Hams</b>	26,806	24,991	18,959	19,328
<b>Teignbridge</b>	23,566	23,249	17,586	17,878
<b>Torridge</b>	19,609	20,576	15,959	15,288
<b>West Devon</b>	23,140	21,866	17,248	17,061
<b>Devon</b>	22,298	22,448	17,633	17,940
<b>Plymouth</b>	23,208	23,858	18,616	19,978
<b>Torbay</b>	19,516	19,235	16,344	16,713
<b>UK</b>	25,402	25,938	20,649	21,024

Source: Devonomics

## **Private Rental Market**

Nationally rents rose by around 4% in the year ending February 2011<sup>4</sup>. The South West actually saw a drop in rents by around 1% between January and February this year, against a national rise of 0.2%. Tenants' arrears were up by 1.6% to 12.6% in February, compared to January and given the economic conditions and forthcoming reductions in Local Housing Allowance rates this could well increase.

<sup>4</sup> Guardian on-line 18<sup>th</sup> March 2011

The income required to access private rented housing in Devon, although lower than for house purchase, is still high and can be a struggle for households on local incomes to afford. With upcoming changes to local housing allowance rates (LHA), reducing the maximum payable to the bottom 30% of rents rather than the median, there are implications for households in receipt of housing benefit, depending on which Broad Market Rental Area (BMRA) they fall into; Crediton and Okehampton are the only towns where the 30<sup>th</sup> percentile rate is likely to exceed average market rents due to their inclusion in the higher value Exeter BMRA. In the worst affected town, Totnes, which is part of the South Devon BMRA, the average market rent for a 2 bedroom property is £708 per month below the indicative 30<sup>th</sup> percentile LHA rate. Whilst there will be more money available through discretionary housing payments this is only a temporary measure and longer term solutions will be required for households living in more expensive accommodation whose rent is paid by housing benefit.

Table 10: Private rents and local housing allowance – 2 bedroom house

Towns/Cities	Average Market rent – 2 bed house <a href="http://www.findaproerty.com">www.findaproerty.com</a>	Annual Income threshold (based on rent at 25% annual income)	Indicative 30 <sup>th</sup> Percentile LHA <a href="http://www.voa.gov.uk">www.voa.gov.uk</a>
Exmouth	670	33,984	585
Honiton	647	31,056	525
Seaton	652	31,296	525
Sidmouth	654	31,392	525
Exeter	695	33,360	585
Crediton	560	26,880	585
Cullompton	560	26,880	525
Tiverton	548	26,304	525
Barnstaple	583	27,984	495
Illfracombe	575	27,600	495
Dartmouth	631	30,288	525
Ivybridge	601	28,848	500
Kingsbridge	602	28,896	525
Totnes	708	33,984	525
Ashburton	680	32,640	525
Bovey Tracey	680	32,640	525
Dawlish	621	29,808	525
Newton Abbot	608	29,184	525
Teignmouth	673	32,304	525
Bideford	537	25,776	495
South Molton	531	25,488	495
Okehampton	542	26,016	585
Tavistock	542	26,016	500
Plymouth	582	27,936	500
Brixham	642	30,816	525
Paignton	670	32,160	525
Torquay	659	31,632	525

## Affordable Rent Model

It is also necessary to consider who can afford the Affordable Rent Model (ARM). Initial research suggests that, assuming these rents are charged at the maximum 80% of market rents, they will be most affordable to those in receipt of full housing benefit or with incomes in excess of £25,000; this varies dependent on property size and location. Hometrack, states that the average tenant will need an income of £23,100 nationally to afford the ARM.

The table below uses the example of 2 bedroom properties in key settlements to illustrate the level of income needed and the local LHA rate.

Table 11: Affordable Rent Model

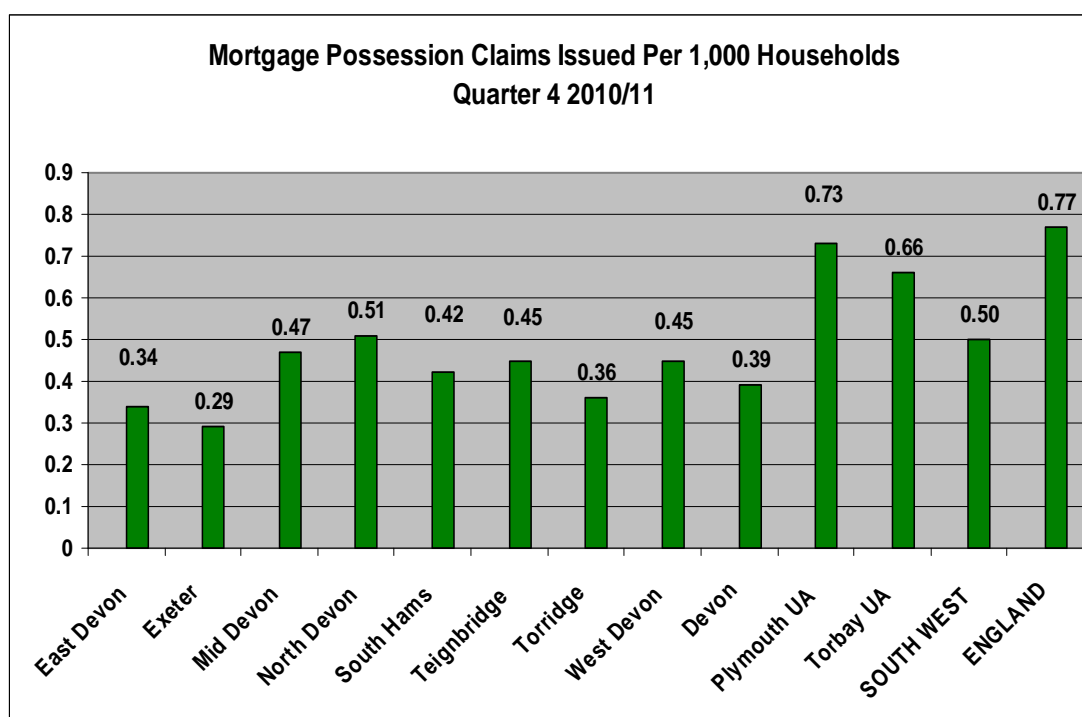
Towns/Cities	Average Market rent – 2 bed house <a href="http://www.findaproperty.com">www.findaproperty.com</a>	80% Market Rent	Annual Income threshold (based on rent at 25% annual income)	Indicative 30 <sup>th</sup> Percentile LHA <a href="http://www.voa.gov.uk">www.voa.gov.uk</a>
Exmouth	670	536	25,728	585
Honiton	647	518	24,864	525
Seaton	652	522	25,056	525
Sidmouth	654	523	25,104	525
Exeter	695	556	26,688	585
Crediton	560	448	21,504	585
Cullompton	560	448	21,504	525
Tiverton	548	438	21,024	525
Barnstaple	583	466	22,368	495
Ilfracombe	575	460	22,080	495
Dartmouth	631	505	24,240	525
Ivybridge	601	481	23,088	500
Kingsbridge	602	482	23,136	525
Totnes	708	566	27,168	525
Ashburton	680	544	26,112	525
Bovey Tracey	680	544	26,112	525
Dawlish	621	497	23,856	525
Newton Abbot	608	486	23,328	525
Teignmouth	673	538	25,824	525
Bideford	537	430	20,640	495
South Molton	531	425	20,400	495
Okehampton	542	434	20,832	585
Tavistock	542	434	20,832	500
<b>Plymouth</b>				
Plymouth	582	466	22,368	500
<b>Brixham</b>				
Brixham	642	514	24,672	525
<b>Paignton</b>				
Paignton	670	536	25,728	525
<b>Torquay</b>				
Torquay	659	527	25,296	525

## Mortgage Possession Claims & Orders

This section looks at mortgage possession claims issued and orders made through the county courts<sup>5</sup>. Some of these will not feed through to actual repossession but are a good indicator of the problems being faced by households.

Mortgage possession claims and orders remained relatively stable in 2010; however there are signs that lenders are starting to take a tougher line with borrowers unable to meet their repayments. The Council of Mortgage Lenders suggests that repossessions will rise by around 10% on the 2010 figure to around 40,000 although given some uncertainty around the possibility of interest rate rises and the impact of public sector funding cuts forecasts may alter as the year progresses.

Generally the number of claims issued and order made per 1,000 households in Devon is relatively low compared to the national and South West averages.



The number of Mortgage Possession Claims Issued fell over the year by a similar rate to that nationally, with wide variances over the county from a 2% fall in Teignbridge to a 39% drop in Exeter. Compared to the final quarter in 2009 claims actually rose in quarter 4 2010 against a small national decrease, with Plymouth seeing a 20% rise.

For mortgage orders there is a similar picture with Devon Districts showing a rise for the quarter compared to quarter 4 2009, against a national decline; over the year there have been falls across the board. For mortgage orders the picture is similar.

<sup>5</sup> Ministry of Justice statistics on mortgage and landlord possession actions fourth quarter 2010

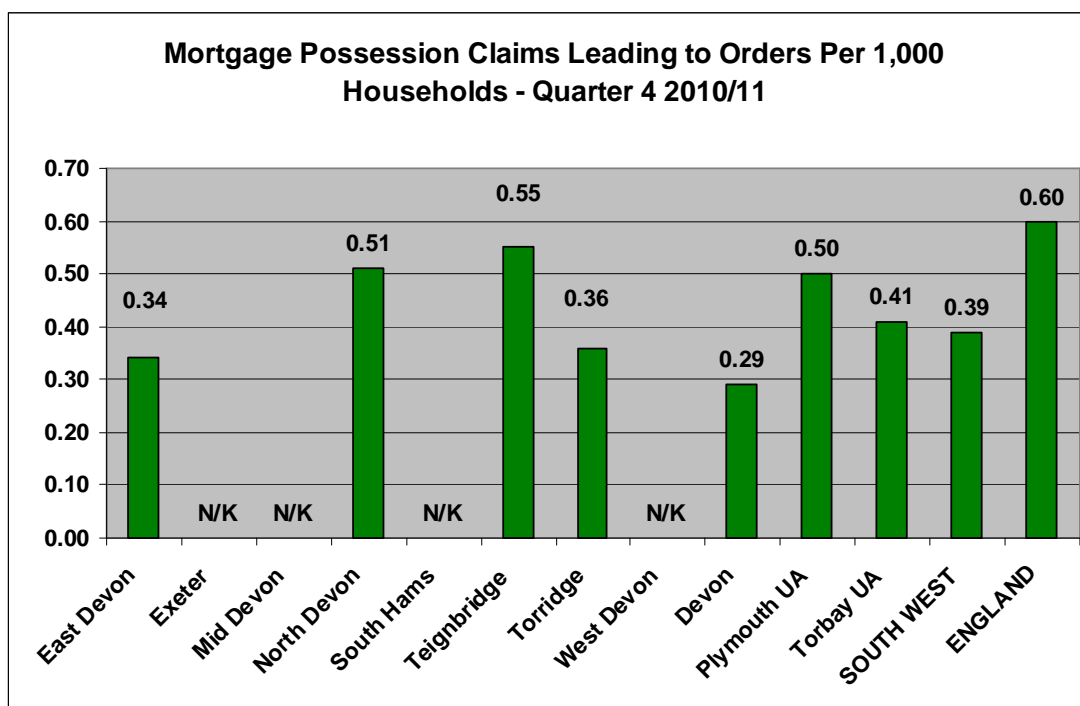


Table 12: Change in Mortgage Possession Claims:

	Q4 2010	% Change from Q4 2009	Total 2009	% Change from 2009
<b>East Devon</b>	20	*	85	-11%
<b>Exeter</b>	15	*	60	-39%
<b>Mid Devon</b>	15	*	60	-19%
<b>North Devon</b>	20	*	80	-17%
<b>South Hams</b>	15	*	65	-12%
<b>Teignbridge</b>	25	*	120	-2%
<b>Torridge</b>	10	*	65	-7%
<b>West Devon</b>	10	*	30	-24%
<b>Devon Total</b>	125	6%	565	-16%
<b>Plymouth</b>	80	20%	335	-14%
<b>Torbay</b>	40	-9%	180	-34%
<b>South West</b>	1,130	-3%	5,030	-20%
<b>England</b>	16,655	-2%	70,170	-19%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – fourth quarter 2010.

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

Table 13: Change in Mortgage Possession Claims Leading to Orders:

	Q4 2010	% Change from Q4 2009	Total 2009	% Change from 2009
<b>East Devon</b>	20	*	60	-2%
<b>Exeter</b>	*	*	50	-29%
<b>Mid Devon</b>	*	*	40	-20%
<b>North Devon</b>	20	*	60	-14%
<b>South Hams</b>	*	*	45	-34%
<b>Teignbridge</b>	30	*	75	-3%
<b>Torridge</b>	10	*	50	-6%
<b>West Devon</b>	*	*	20	*
<b>Devon Total</b>	95	14%	405	-16%
<b>Plymouth</b>	55	-7%	240	-15%
<b>Torbay</b>	25	-26%	130	-33%
<b>South West</b>	870	-13%	3,740	-20%
<b>England</b>	13,015	-10%	53,045	-21%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – fourth quarter 2010.

Note: \* Observations fewer than 10/ Insufficient observations in base period to calculate % change.

### **Landlord Possession Claims & Orders**

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

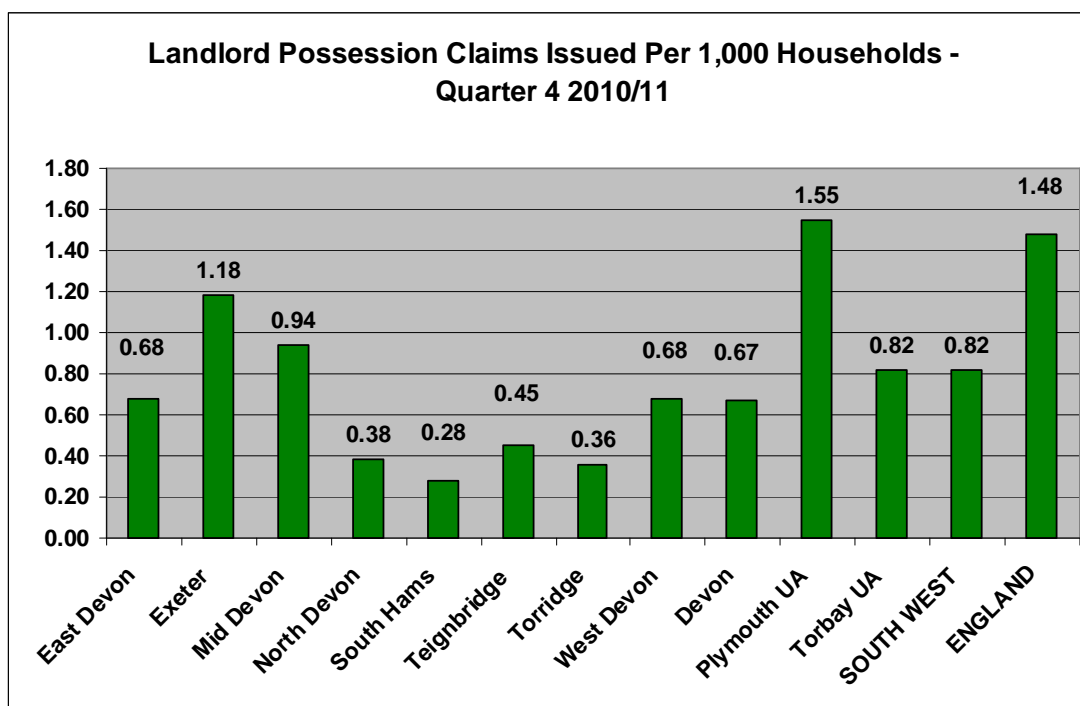
Nationally claims have remained stable over the year, with a slight increase in quarter 4. Devon has seen a fall overall, but the picture by authority is mixed and varies from a 35% fall in West Devon for the year, too 45% rise in Torbay. For the quarter there was a 105% increase in Plymouth compared to quarter 4 2009.

Table 14 - Landlord Possession Claims:

	Q4 2010	% Change from Q4 2009	Total 2009	% Change from 2009
<b>East Devon</b>	40	20%	185	6%
<b>Exeter</b>	60	51%	265	2%
<b>Mid Devon</b>	30	-18%	100	21%
<b>North Devon</b>	15	*	95	-7%
<b>South Hams</b>	10	*	65	-28%
<b>Teignbridge</b>	25	*	140	9%
<b>Torridge</b>	10	*	60	-5%
<b>West Devon</b>	15	*	50	-35%
<b>Devon Total</b>	215	-2%	955	-2%
<b>Plymouth</b>	170	105%	625	-16%
<b>Torbay</b>	50	37%	225	45%
<b>South West</b>	1,845	11%	7,555	-16%
<b>England</b>	32,130	4%	128,660	-1%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – fourth quarter 2010.

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



The picture for possession orders, shows a small decrease nationally and regionally over the year, but a rise for the quarter compared to quarter 4 2009. Mid Devon, Torbay and Torridge saw high percentage increases annually at 66%, 57% and 39%, whilst in Plymouth, South Hams and West Devon orders dropped by around a quarter. However, comparing the final quarter in 2010 with the same quarter in 2009 indicates a rise across the board.

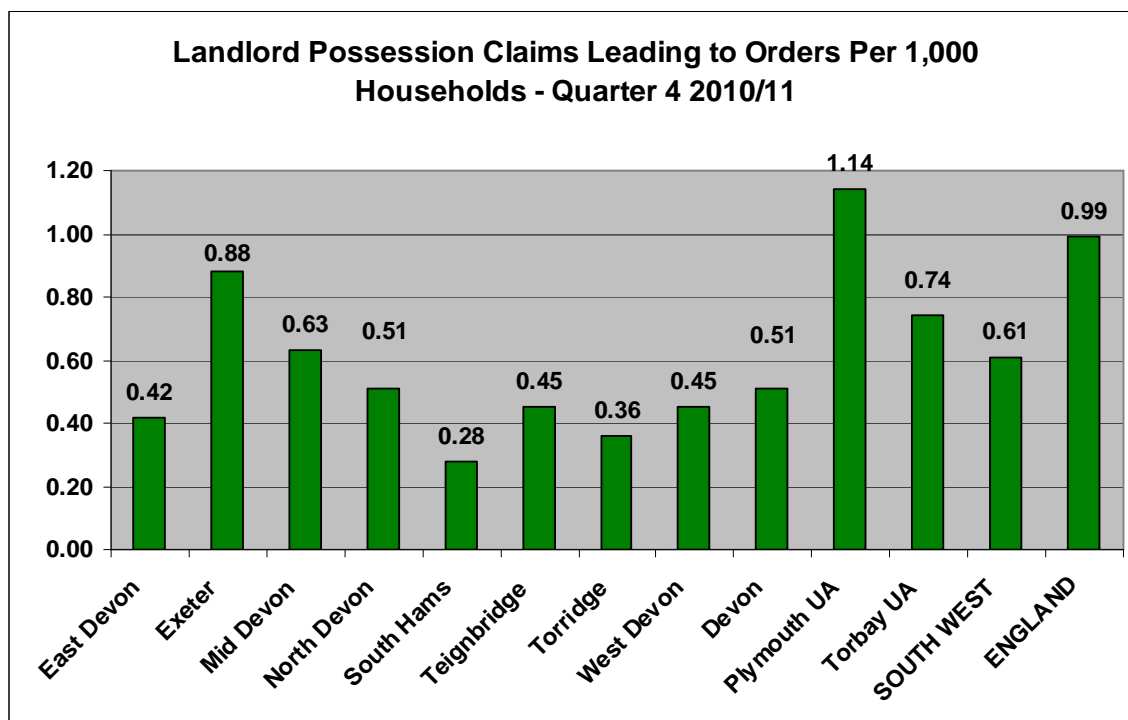
Table 15 - Landlord Possession Orders made:

	<b>Q4 2010</b>	<b>% Change from Q4 2009</b>	<b>Total 2009</b>	<b>% Change from 2009</b>
<b>East Devon</b>	25	*	125	-2%
<b>Exeter</b>	45	41%	185	-3%
<b>Mid Devon</b>	20	*	80	66%
<b>North Devon</b>	20	*	75	0%
<b>South Hams</b>	10	*	45	-27%
<b>Teignbridge</b>	25	*	115	15%
<b>Torridge</b>	10	*	55	39%
<b>West Devon</b>	10	*	40	-25%
<b>Devon Total</b>	165	14%	725	3%
<b>Plymouth</b>	125	75%	425	-24%
<b>Torbay</b>	45	30%	170	57%
<b>South West</b>	1,375	12%	5,440	-1%
<b>England</b>	21,570	3%	86,310	-2%

Source: Ministry of Justice statistics on mortgage and landlord possession actions in the County Courts – fourth quarter 2010.

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





## **Homelessness**

Homeless acceptances rose across the Devon County Council area in 2010/11. Levels are similar to 2008/09, which is still well below the peak; however, there is some evidence that households are struggling to sustain tenancies or stave off mortgage repossession and lenders appear to taking a harder line.

East Devon, Mid-Devon, North Devon, South Hams, Teignbridge, Torridge and Plymouth have exceeded the number of acceptances for the previous year with only West Devon and Torbay with fewer acceptances than in 2009/10.

The profile of applicants applying as homeless is changing, as households who have suffered job losses or pay cuts have reached the end of their resources and are struggling to make ends meet. Ensuring that households are aware of the services local authorities offer and continuing prevention work will be very important in stemming the tide.

Going forward, welfare reform and supporting people funding cuts may have an impact on vulnerable people and those on low incomes. It will be important for local authorities to assess and mitigate the impact of such changes, to avoid an increase in homelessness.

The Homelessness Grant is one area of funding where there has been an increase and although this is not ring-fenced, the Government has an expectation that the funds will be used to prevent homelessness. There is a risk that the additional funding will be lost after year two, if not used for this purpose. Additional money has also been found for discretionary housing payments, to provide short term assistance to households who lose housing benefit as a result of welfare reforms. These two funding streams can help offset some of the areas highlighted in the previous paragraphs.

Table 16 - Homeless Acceptances:

	2008/09	2009/10	2010/11
East Devon	78	31	33
Exeter	123	109	109
Mid Devon	28	10	24
North Devon	27	31	33
South Hams	40	20	42
Teignbridge	28	55	73
Torrige	13	5	24
West Devon	51	18	11
<b>Devon Total</b>	<b>385</b>	<b>279</b>	<b>349</b>
Plymouth	371	244	280
Torbay	106	109	57

Source: P1E returns

The percentage of homeless decisions leading to an acceptance varies significantly across the area, from 22% in Mid Devon and Torbay to 69% in North Devon. In those where the percentage of acceptances are lowest Mid Devon had 87 applicants (78%) found to not be in priority need, Torbay had 202 applicants (78%) found not to be homeless. Whilst all applicants may have a right to apply as homeless, this may be an indication as to how effective the initial advice is.

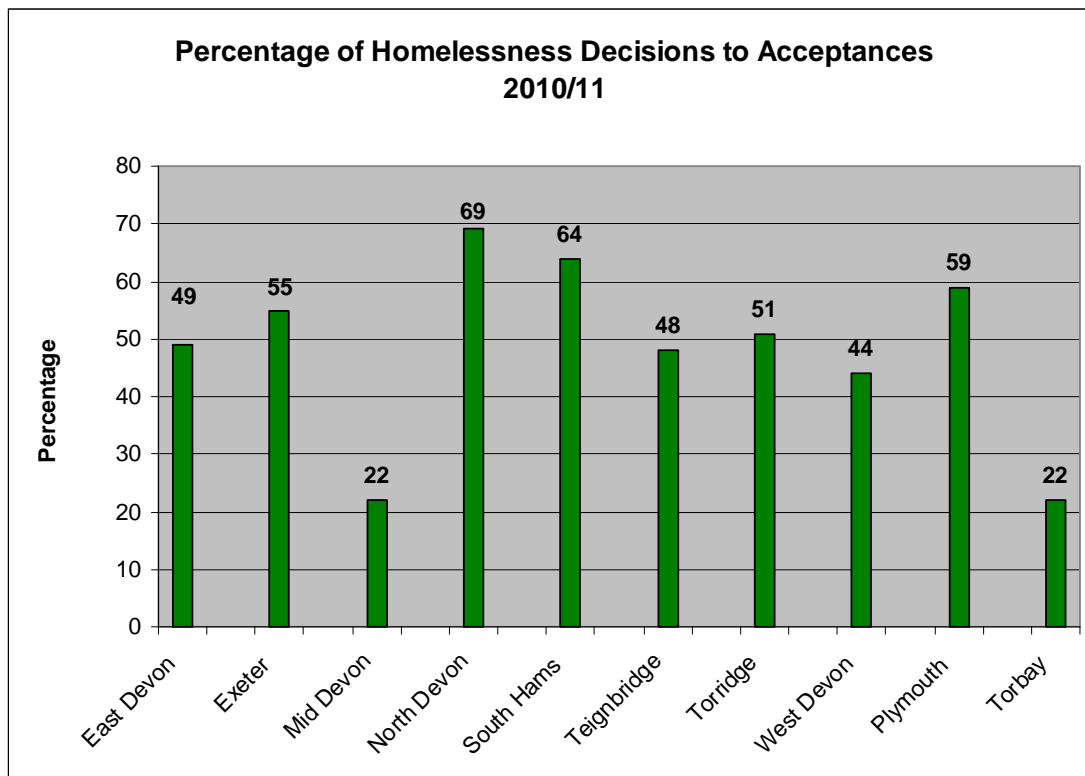


Table 17 - Homeless Preventions:

	2008/09	2009/10	2010/11
East Devon	170	243	267
Exeter	607	473	597
Mid Devon	124	154	147
North Devon	160	249	274
South Hams	141	222	230
Teignbridge	372	274	436
Torrige	203	241	238
West Devon	167	135	149
<b>Devon Total</b>	<b>1,944</b>	<b>1,991</b>	<b>2338</b>
Plymouth	479	491	487
Torbay	496	370	364

Source: P1E returns

Exeter saw an increase in prevention, with acceptance levels remaining static. Mid Devon, Torrige and Plymouth saw an increase in acceptance and fall in prevention, which could point to a lack of success with prevention work or an under reporting of such work. South Hams, Teignbridge and East Devon saw increases in both acceptances and preventions, pointing towards increased demand. Torbay saw a fall in the number of preventions and acceptances, which indicates there may have been a fall in the number of approaches or an increase in the staff skills to deal with enquires.

Table 18 – Temporary Accommodation

	Q3 2010/11	Target
East Devon	46	117
Exeter	167	150
Mid Devon	14	88
North Devon	6	31
South Hams	27	49
Teignbridge	15	27
Torrige	3	9
West Devon	6	9
<b>Devon Total</b>	<b>284</b>	<b>480</b>
Plymouth	73	75
Torbay	34	150

The number of households in temporary accommodation has increased slightly in Devon from the March 2010 position, however, Exeter is the only authority with numbers above target. There has been a significant reduction in Torbay.

## Housing Delivery

The Localism Bill, proposes a number of changes to the planning system, including the abolition of Regional Spatial Strategies and with it top down housing targets have gone in favour of meeting the needs of local communities; introducing Neighbourhood Plans. These plans will have to conform to existing approved Core Strategies and Development Plan documents but will give local communities a greater say in development in their local area.

### **Affordable Housing Delivery**

Across local authorities in Devon in the last 3 years, on average there has been 695 affordable homes completed per year. 75% of all completions in 2010/11 are for the tenure of social rent.

Future delivery will be determined by which Registered Providers proposals are accepted by the Homes and Communities Agency and how flexible changes to these proposals are.

Table 19 – Affordable Housing Delivery:

<b>LA</b>	<b>Affordable Housing Delivery 2008/09</b>	<b>Delivery for 2009/10</b>	<b>Delivery for 2010/11</b>
East Devon	9	18	108
Exeter	88	158	147
Mid Devon	111	54	53
North Devon	101	43	47
South Hams	52	60	56
Teignbridge	83	174	148
Torridge	103	93	43
West Devon	128	60	177
<b>Devon Total</b>	<b>675</b>	<b>660</b>	<b>779</b>
<b> </b>			
Plymouth	290	389	241
Torbay	119	117	127

### **Rural Affordable Housing**

Rural Affordable Housing is important to Devon's rural economy and the longer term sustainability of its rural communities. The Devon Rural Housing Partnership (DRHP) manages the Rural Housing Enabler Programme in Devon. Membership includes Local Authorities and Registered Providers. DRHP has developed a graded pipeline of schemes which is regularly monitored by Partners.

Rural housing delivery in Devon has acceded the target for 2010/11, which is a significant improvement on the previous year.

The Affordable Rent Model presents some significant challenges in rural areas where market rents are high and incomes low. Indications are that Registered Providers are including some rural schemes in their offer although these are not necessarily site specific.

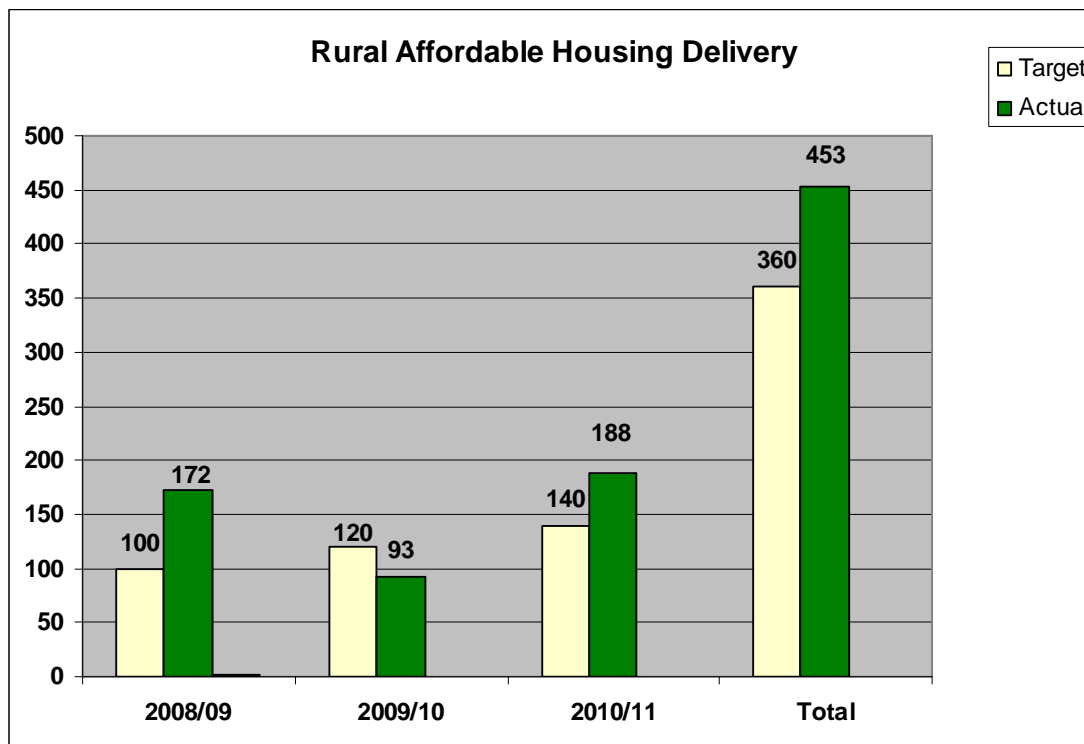


Table 20 – Rural Affordable Housing Delivery:

LA	Rural Affordable Housing Delivery 2008/09	Rural Affordable Housing Delivery 2009/10	Rural Affordable Housing Delivery 2010/11
East Devon	9	4	49
Exeter	0	0	0
Mid Devon	42	0	6
North Devon	18	6	5
South Hams	16	38	15
Teignbridge	2	8	53
Torridge	51	1	10
West Devon	34	35	50
<b>Devon Total</b>	<b>172</b>	<b>93</b>	<b>188</b>
Number in Dartmoor National Park	6	17	36