Introduction

The Regional Minister held a meeting on 7 January on the housing impacts of the downturn with representatives of homebuilders, housing associations, the Regional Assembly/SW Councils, SW Housing Initiative, Homes and Community Agency, Shelter and GOSW. It was agreed that those present should, with the Regional Development Agency, form a task and finish group, under the chairmanship of Colin Molton (HCA) and reporting to the RETG, to develop a regional housing response to the economic downturn and prepare for recovery.

The group will start with 3 priorities, while recognising the wider programme of potential work already mapped out by the Regional Housing Group (Regional Assembly):

- Constraints within the region on mortgage lending, particularly in respect of shared ownership where lenders appeared to misunderstand the risks. The Regional Minister has agreed to meet key lenders within the region on 1 February to explore these and identify possible solutions.
- Local authority capacity to lead innovative responses to the downturn and to plan for recovery.
- Identification and delivery of sites – building on the work already undertaken under the aegis of the RETG and reported below.

Infrastructure and Housing Sites

2 As agreed at the December Task Group, GOSW has continued to convene meetings with the RDA, HCA, Highways Agency and latterly the Strategic Health Authority to identify major economic, housing and regeneration
developments which either appear to be stalled or at risk of stalling or capable of being accelerated.

3 This work has confirmed that most of the tools and solutions to maintain momentum on these projects, or accelerate them, lie at the regional level within and between the agencies concerned working with local authorities and the private sector.

4 But a short list of projects (Annex A) has been drawn up where the intervention of the Regional Minister at this stage might overcome identified blockages. This has been shared with the Council of Regional Ministers and in the main relates to transport infrastructure issues.

5 In parallel, the meetings have produced a much longer list of projects that look as if they should be capable of resolution at regional level, with a detailed analysis of the nature of the obstacles to completion and the potential interventions required to bring the projects forward. The group is now initiating case conferences about the most problematic infrastructure projects with relevant local authorities and other partners to ensure all of the appropriate agency and interagency action is being taken. We hope these will be sufficient to allow work to start or resume on these projects, but if not we will consider if there is a need for the Regional Minister to intervene with relevant Departments - or with partners within the region.

**Regional Funding Advice**

6 The RDA, Regional Assembly and the new Strategic Leaders Board have continued to lead work on the draft Regional Funding Advice. A regional stakeholders event took place on 16 January to rehearse progress to date. There was considerable consensus at the event on developing processes to allow regional partners to engage with localities in a long term strategic investment framework and to consider ways to further the region’s low carbon approach while still ensuring the delivery of extant strategies. The final version of the RFA will be submitted to the Regional Minister at the end of February. The advice will propose some changes to reflect current views on deliverability of projects but has not led to radical reprioritisation.

**HCA report**

7 Attached at annex B is an update from the Homes and Communities Agency on impacts on the housing market.
Repossessions

8 The Council of Mortgage Lenders are forecasting an increase in repossessions from 45,000 to 75,000 nationally (this calendar year compared to last). The £200m initially announced for the Government’s Mortgage Rescue Scheme, targeted at preventing vulnerable households becoming homelessness, is sufficient to help around 6,000 households nationally over the next 2 years. GOSW will help monitor its effectiveness, although it only became operationally across the country this month (it was fast-tracked in some authorities – in the SW: Penwith, Plymouth, Salisbury, Sedgemoor and Weymouth & Portland) so it is too early to make much of an assessment.

9 GOSW is exploring ways by which we can improve the quality of intelligence about repossessions. This may lead to some research work being funded by the Regional Housing Group.

Thoss Shearer
GOSW
21 January 2009
Overview of the Housing Market:

- **House prices** fell by 2.2% in December according to the Halifax, taking the fall in house prices over the past year to 16.2%. The average house price currently stands at £159,896. The average house price in the South West for Q3 stood at £185,691. (Source: Halifax)
- House prices fell by 15.9% last year, according to the latest survey by the **Nationwide**, while the **Land Registry** recorded a drop of 12.2% in November. (South West Housing News 06.01.09)
- The government has announced a second package of measures to encourage banks to lend to individuals and businesses. Banks will be able to take up government insurance against their expected bad debts. The Bank of England will be able to buy up to £50bn worth of stakes in companies in all sectors of the economy. Northern Rock has been given extra time to repay its loans from the government. The government is increasing its stake in RBS to nearly 70% from 58%. (Source: BBC News 19.01.09)

Mortgage Rescue

- The HCA £200m Mortgage Rescue scheme to help up to 6,000 households at risk of losing their homes has been rolled out across England on 16th January (it was already in place in 80 local authorities).

Sales

- According to the Royal Institution of Chartered Surveyors, in a housing market survey, RICS said the average number of completed sales per surveyor had dropped from 10.6 to 10.1 in the three months to December. Sales have never been lower since equivalent records began in 1978. But RICS added that new buyer inquiries had increased for the second consecutive month and at the fastest pace since August 2006. (Source: Inside Housing 14.01.09)

Developers:

- Nationally up to 90,000 employees of small and medium-sized builders are facing redundancy in the next six months, the Federation of Master Builders has warned. The federation has found 52 per cent of its members plan to make redundancies in the first half of 2009. It also discovered 60 per cent of its members reported falling workloads in the last quarter of 2008. (Source: Inside Housing 19.01.09)
- Seven housing associations are buying 379 unsold homes from house builder Bovis in an £18 million deal funded by the government, 98 of the homes are in the South West. The deal is the largest so far to come from the government’s £200 million national clearing house scheme. The seven associations involved in the deal are: Midland Heart, Walsall Housing Group, Derwent Housing Association, Orbit Housing Group, Broadland Housing Association, Peddars Way Housing Association, and Sovereign Housing Association. (Inside Housing 06.01.09)
- Galliford Try has introduced a four day working week across its house building businesses to reduce costs. A trading update from the company giving figures for the second half of 2008 shows it completed 964 homes in that time, compared with 1,174 in the same period of 2007. (Source: Inside Housing News 12.01.09)
- Housebuilders, **Persimmon** and **Barratt** have led the list of winning builders qualifying for sales help from the government's £400m HomeBuy Direct scheme.
Overall, the top six house builders have over half of the sites allocated under the scheme, with 520 qualifying. The list of 130 successful bidders includes all the major builders as well as a number of registered social landlords. (Source: South West Housing News 19.12.08)

### Share Prices

(Source - [http://shares.telegraph.co.uk/](http://shares.telegraph.co.uk/))

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### Funding

- Eight banks and building societies, covering 70% of the mortgage market, have agreed to allow families struggling with mortgage payments the right to defer all, or part, of their interest payments for two years. The government will underwrite the scheme. The PM said the scheme would cover any household that suffered a redundancy or 'significant loss of income'. (Source: South West Housing News 4.12.08)

### Registered Social Landlords (RSLs)

- Three of the UK's largest housing associations have announced that they are ready and willing to provide bail out loans to other RSLs, after a request by The Tenant Services Authority. Affinity Sutton, Circle Anglia and L&Q Group have all told the TSA that they are willing in principle to lend to others facing financial difficulties. (Source: SW Housing News 12.01.09)

### Housing Starts and Completions

- The numbers of new housing association homes built are at the highest levels for over a decade, according to new figures from the Department for Communities and Local Government. There were more affordable homes created this year than in any since 1996-97, according to Affordable housing supply, England, 2007-08. Some 53,730 affordable homes were provided in England in 2007-08, an increase of 21% from 44,570 in 2006-07. (Source: South West Housing News 22.12.08)
- House building is set to continue to shrink throughout 2009. New housing starts for 2008 are unlikely to be much above 110,000, a figure far lower than recorded during the recession of the 90's, and output is set to plunge to a new low in 2009 with new starts expected to fall under the 80,000 mark. This figure is well below the Government's target for building two million new homes by 2016 and highlights the risk of yet more house price volatility in the medium term. (Source: South West Housing News 24.12.08)

### Growth Points

- Under the Growth Points scheme over the next two years Exeter & East Devon will receive more than £7.2m, Plymouth around £10.9m, Poole more than £4.9m, Swindon more than £9.9m, and Taunton more than £7.9m. A further £4.6m has been awarded to Torbay more than £4.6m to Truro, £13m to the West of England, £4.1m to Kerrier and Restormel, and £2.7m to Teignbridge. (Source: South West Housing News 16.12.08)
National Affordable Housing Programme (NAHP) South West Update:

- A total of £35.689m has been accepted and transferred in December under continuous market engagement. This will deliver 777 homes.
- The total 08-11 NAHP allocated to date is £252.662m delivering 6,539 homes.
- 84% of the 2008/09 expenditure budget has been allocated.
- The rent output target for 08/09 has been met and is expected to be exceeded due to the number of conversion requests. The LCHO output is currently at 92% of target for 08/09 however this is likely to drop.

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