

North Devon Conservatives

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Date: 5 May 2009

Whitehall makes it more expensive to move – as house sales plummet

New figures expose collapse in housing market across North Devon thanks to Government

Philip Milton, Prospective Parliamentary Candidate for North Devon, today published new figures showing the extent of the collapse in the housing market across North Devon. This comes as new Government red tape will push up the cost of moving home – in the middle of a recession.

- Parliamentary Questions have revealed that across the country the number of housing sales in 2008 halved compared to 2006 levels. The latest national figures so far for 2009 show even sharper falls have happened this year. In North Devon, there were 1,108 housing sales in 2008, compared to 2,334 in 2006 – a fall of 53%.
- Yet new Whitehall rules will make it even harder for home buyers and sellers. The Government's Land Registry is hiking fees in July to register a new home or to buy an official property search. Ironically, the Land Registry are blaming the recession for forcing them to put up prices as housing transactions have fallen so much, cutting their income.
- The increases in the costs of official searches will in turn increase the cost of the already expensive Home Information Packs (HIPs). This comes as new HIP rules came into effect in April which will further hinder sellers from putting their homes onto the market.
- Conservatives are calling on the Government Ministers to use their emergency powers to suspend HIPs immediately, and then abolish them completely. They are also calling for the stamp duty threshold for first-time buyers to be raised to £250,000, taking 9 out of 10 first-time buyers out of stamp duty altogether, giving an important boost to North Devon's housing market.

Philip said:

Published and promoted by Sir Richard Peek on behalf of the NDCA, The Strand, Barnstaple, N. Devon
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“The new figures expose how Gordon Brown’s recession has sent North Devon’s housing market into freefall. It is incredibly short-sighted for Labour Ministers to increase red tape on the housing market in the middle of a recession and make it even worse.

“We need action to revive the market, by reducing moving costs for home owners and giving extra help to help first-time buyers get onto the housing ladder.”

Notes to Editors

SOARING LAND REGISTRY FEES

On 14 April, the Land Registry announced massive hikes in the fees charged for registering a property and for property searches. Fees will increase by as much as 33% and will see the cost of registration of a property worth between £100,000 and £200,000 go from £150 to £200.

<http://www1.landregistry.gov.uk/fees/newfeeorder/>

The Land Registry ironically blame the housing market crash for the hikes:

“As a government agency with trading fund status we need to cover our operating costs and return on capital employed from our fee income. Due to the downturn in the property market and the deterioration in the economy generally, our intakes of work fell heavily in 2008 and 2009 leading to an unsustainable reduction in our fee income.”

http://www1.landregistry.gov.uk/info/noticeboard/item/?article_id=19960

NEW HOME INFORMATION PACK RED TAPE

- **HIP required before you market your home:** The Home Information Pack rules apply to England and Wales. Since 6 April 2009, a seller must have a completed Home Information Pack before putting their home on the market. Previously, they merely had to commission a Pack, which can take many weeks to assemble – especially in the case of complex leasehold properties. This is the end of the so-called ‘first day marketing’ provisions.
- **Property searches must be complete:** In another change to the HIP rules, Home Information Packs will also take longer to produce. From 6 April 2009, every property search “must be complete”. Previously, insurance could be taken out to protect against the delayed searches missing vital data. This previous provision was introduced because of the delays in obtaining information from local authorities.
- **Pointless property questionnaire:** All Home Information Packs must also now have a new ‘Property Information Questionnaire’ that must be completed by the seller before the home is advertised. The questionnaire includes questions on past history of flooding, past insurance claims, treatment for dry rot or damp, when electrical wiring was last checked, if planning permission or building regulation approval was given to past structural alterations and rights of access. However, there is no external checking of the accuracy of the form, and in all those cases, the seller can merely tick a box “don’t know”.
- **HIPs unreliable and add to costs:** The independent Carsberg Review in June 2008 warned that HIPs were the “worst of both worlds”, adding to red tape and costs, but not providing reliable information. It warned that they were duplicating costs, since “a substantial number of conveyancers ignore its existence and re-commission

searches on receiving instructions from their buyer client” (RICS, *Sir Bryan Carsberg’s Review of Residential Property*, June 2008, p.42).

HOUSING MARKET IN FREEFALL

Answers to Parliamentary Questions have made the Government publish figures for the number of house sales in each local authority, according to Land Registry records. They show that housing sales have fallen by 52% compared to 2006 levels.

The very latest figures show that housing transactions have plummeted even further in the beginning of 2009, with total sales across England and Wales falling to 13,131 in March 2009 - compared to 106,341 in March 2006.

Hansard, 24 March 2009, col. 314W and *Hansard*, 24 April 2009, col. 969W.

<http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090324/text/90324w0031.htm#09032470006169>

<http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090424/text/90424w0017.htm#09042426004851>

LOCAL FIGURES

The table below shows the number of housing sales in each year since 2006, by local authority.

<i>House sales</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>% change since 2006</i>
England & Wales	1,331,229	1,276,562	645,405	-52%
North Devon	2,334	2,302	1,108	-53%

Sources:

Hansard, 24 April 2009, col. 963W.

<http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090424/text/90424w0016.htm#09042426004849>

Hansard, 2 February 2009, col. 915W.

<http://www.publications.parliament.uk/pa/cm200809/cmhansrd/cm090202/text/90202w0014.htm#09020233002406>

<http://www.parliament.uk/deposits/depositedpapers/2009/DEP2009-0296.xls>

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