



Housing market areas and regional spatial geographies

Geography of housing market areas in England – paper A



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November 2010
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November 2010

ISBN:978 1 4098 2651 4

National policy and guidance

It is only recently that the use of housing market areas has begun to be adopted within the planning process in England. The requirement to define housing market areas had been identified in the *Manual of Housing Market Assessment*, commissioned by the government from DTZ Pineda (2004), and subsequent government advice on the preparation of regional spatial strategies, set out in *Planning Policy Statement 3: Housing* (CLG, 2006), sets out a requirement for local planning authorities and regional planning bodies to “...have regard to housing market areas in developing their spatial plans...” (paragraph 11) and, more specifically, it requires regional planning bodies to set out, in their regional spatial strategy, “...a regional approach to addressing affordable housing needs, including the affordable housing target for the region and each housing market area...” (paragraph 28) and “...the level of overall housing provision ... distributed amongst constituent housing market and local planning authority areas...” (paragraph 34). Such housing market areas are also defined in PPS3 as “...geographical areas identified by household demand and preferences for housing... (that) “...reflect the key functional linkages between places where people live and work...” (PPS3, Annex B: Definitions). Paragraph 11 of PPS3 also emphasises the importance of an evidence-based policy approach whereby local development documents and regional spatial strategies are “...informed by a robust, shared evidence base, in particular of housing need and demand, through a Strategic Housing Market Assessment (SHMA) and land availability, through a Strategic Housing Land Availability Assessment (SHLAA).”

Updated guidance on identifying housing market areas was subsequently set out in a CLG *Advice Note: Identifying Sub-Regional Housing Market Areas* (CLG, 2007a) alongside associated guidance on *Strategic Housing Market Assessment Practice Guidance* (CLG, 2007b) and *Strategic Housing Land Availability Assessments Practice Guidance* (CLG, 2007c). The latter sets out the value of strategic housing market assessments (CLG, 2007c: 7) as assisting policy development, decision-making and resource allocation processes by:

- enabling regional bodies to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies
- enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area
- providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing
- providing evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable housing
- supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market

- drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer and
- ensuring the most appropriate and cost-effective use of public funds.

The *Advice Note* on identifying sub-regional housing market areas (CLG, 2007a) discussed three main sources of information that might inform approaches to housing market area definition (based around *house price levels and rates of change; household migration and search patterns; and travel-to-work areas and other functional areas*) but recognised the overlaps between them and avoided clear recommendations as to a specific approach that should be adopted. In practice, this gave considerable flexibility to local planning authorities and regional planning bodies in determining their own approaches to the definition of sub-regional housing market areas within their respective regions. Furthermore, the *Advice Note* also suggested that the extent of sub-regional functional housing market areas identified will vary and many will, in practice, cut across local authority boundaries. As a consequence, it suggests that “...regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for sub-regional housing market areas...” (CLG, 2007a: paragraph 9). Indeed, the advice even goes so far as to acknowledge (paragraph 10) that there may be particular circumstances in which housing markets at the sub-regional level are not the most appropriate spatial level of analysis, although it does state that, in such circumstances, local authorities will need to demonstrate that any alternative approach is likely to provide a credible and robust means of understanding housing markets, as well as enabling a co-ordinated approach to evidence base work and policy making.

In terms of regional spatial strategy preparation, the *Practice Guidance on Strategic Housing Market Assessment* (CLG, 2007b) also states that “...regional planning bodies will want to bring together the findings of strategic housing market assessments within their region to provide an up-to-date overview of the constituent housing market areas, particularly in terms of characteristics, structure and linkages between housing market areas... This information will help regional spatial strategies to set out the regional level of housing provision (distributed amongst constituent housing market areas and local planning authorities) and the regional approach to delivering a good mix of housing and affordable housing targets (both for regions and housing market areas) as required by PPS3...” (CLG, 2007b: 62).

Review of regional approaches

A desk-based analysis of appropriate policy and related documentation (where available) for each of the English regions (excluding the North West, as this region covered elsewhere by more detailed case study work) has been undertaken with the aim of identifying the approaches currently taken to the definition of housing market areas in particular regions and the subsequent use of housing market area level information and analysis in spatial plan making at the regional scale. Because of the

different publication dates of the various advice notes and other statements of government policy referred to above, it should however be noted that the regionally based reviews presented below often refer to work on identifying sub-regional housing market areas and/or undertaking (strategic) housing market assessments that were conducted before the latest (CLG, 2007a) advice. In particular, earlier work on housing market area assessments was superseded by the subsequent advice on strategic housing market assessments. Varying degrees of inconsistency in approaches taken to defining housing market areas and undertaking assessments can therefore be expected. A summary of the key findings and issues identified for each region is provided below.

South West

DTZ Pidea was initially commissioned by the South West Housing Board to define sub-regional housing market areas across the South West region and the resulting report, *Analysis of Sub-Regional Housing Markets in the South West* (DTZ Pidea Consulting, 2004), was published in July 2004. The overall objectives were to identify the number and extent of sub-regional housing markets in the South West; to recommend a common methodology to undertake comprehensive sub-regional housing market assessments; and to advise the South West Housing Board on how best to understand the nature and dynamics of sub-regional housing markets in the region (1.01). The intention was also to contribute to the development of the regional housing strategy (from 2005 onwards) and inform debate on the emerging regional spatial strategy (RSS).

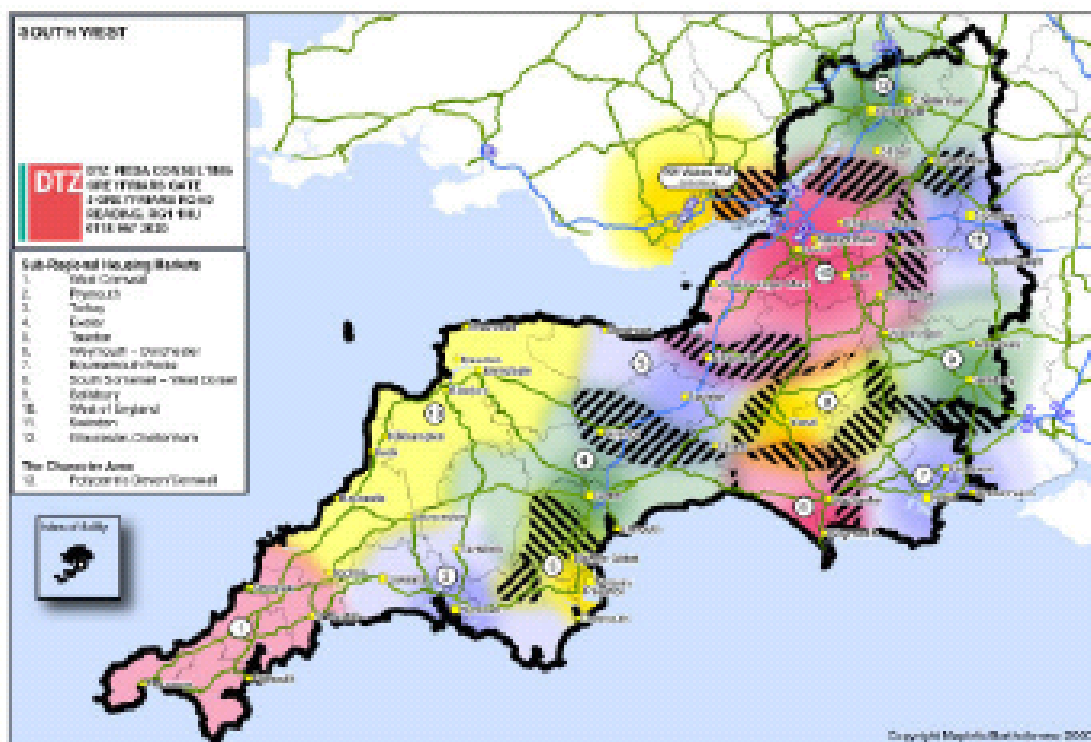
The methodology employed was largely driven by an analysis of household movements and travel to work patterns, supplemented by a range of other information including consultations with local stakeholders. The analysis identified 12 sub-regional housing markets as well as another large area that was not considered to act as a single sub-regional housing market but was nevertheless defined by common housing characteristics and settlement patterns (3.01). The 12 sub-regional housing market areas are generally associated with the principle urban areas and the other larger settlements in the South West, broadly reflecting 'city-region' boundaries for the larger centres, whilst the Polycentric North Devon/North Cornwall (later renamed Northern Peninsula by partner local authorities) character area covers a large, predominantly rural, area with a settlement pattern based on villages and market towns but with no major centres of employment (see figure 1). Areas of potential overlap between neighbouring housing market areas were also noted (see shaded areas in figure 1).

The consultant's recommended that housing market assessments for all 12 areas should be rolled out over a period of three years, starting with those where there was either particularly pressing issues or where effective sub-regional partnerships were in place. They also suggested that the authorities in each sub-regional housing market area needed to come together and identify core and partner members and that some authorities might need to be involved in more than one assessment because they are on the edge of more than one housing market area. Where housing market areas overlapped to a significant degree, the potential for joint

assessments was also suggested. Although a housing market assessment for the character area was not recommended, a joint study of the area to examine shared issues such as in-migration and second homes was suggested. Finally, although housing market areas were considered as having a role to play in resource allocation, the recommendation was that the housing market area process should be used to inform allocation decisions by providing a consistent set of information for each sub-region but there should be no attempt to develop a formulaic allocation system based on the housing market area process.

Figure 1:

Sub-regional housing market areas as defined by DTZ Pieda



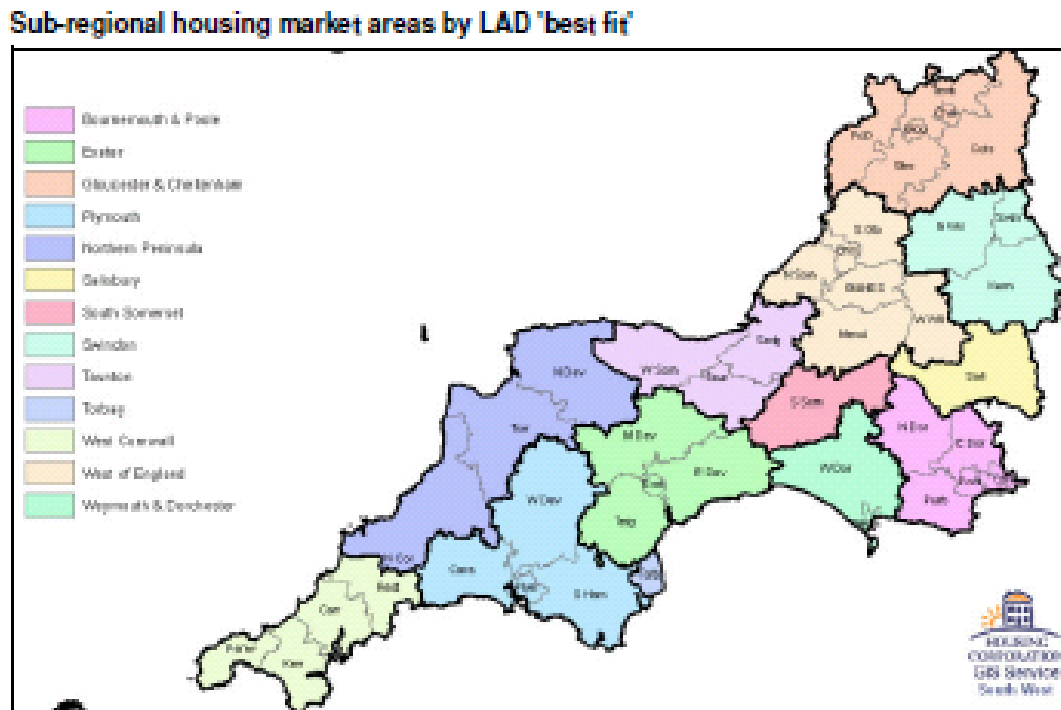
South West Regional Housing Board/DTZ Pieda July 2004

More recent research on the *Methods, Findings and Impacts of the Strategic Housing Market Assessments in the South West* (ECOTEC, 2009) reveals that, following the DTZ Pieda study, strategic housing market area partnerships were established to undertake strategic housing market assessments. To do so, firstly the 12 housing market areas originally identified were 'snapped' to the regions' 45 local authority districts along boundary lines that best fitted for funding purposes and housing targets in the regional spatial strategy, creating 13 sub-regions (see figure 2). However, several housing market partnerships then decided to work together to

produce joint strategic housing market assessments (e.g. Exeter/Torbay; Bournemouth & Poole/Weymouth and Dorchester) resulting in 10 separate strategic housing market assessments which were largely undertaken between 2006 and 2009. There was, however, little consistency between the methodological approaches taken by different partnerships (except when undertaken by the same consultant) (ECOTEC, 2009: 2.2) and the potential tensions between the principle of undertaking analysis at the level of functional housing market areas and the subsequent practice of conducting analysis at the local authority level is evident (ECOTEC, 2009: 2.3). In this context, the ECOTEC study highlights the potential problems of local authority based assessments that might under-play cross boundary workings of more localised markets as well as reducing attention to functional relationships between neighbouring towns and villages that straddle administrative boundaries. However, this has to be weighed against the practical benefits of using boundaries that will form the basis of future policy, priorities and budget decisions at the local authority level, including the likelihood that new developments around resource allocations, such as multi-area agreements, are also likely to reflect local authority boundaries. For these reasons, and because of other considerations such as the availability of better data at the local authority level and the lack of precision in defining housing market areas in the first place, the ECOTEC study concludes that (2009: 2.3):

“...the disadvantages associated with splitting local authorities for the purposes of carrying out SHMAs outweigh the benefits accruing from an attempt to take a whole market view. It is therefore recommended that a pragmatic approach is taken in future whereby SHMAs sub-regions are snapped to local authority boundaries.”

Figure 2:



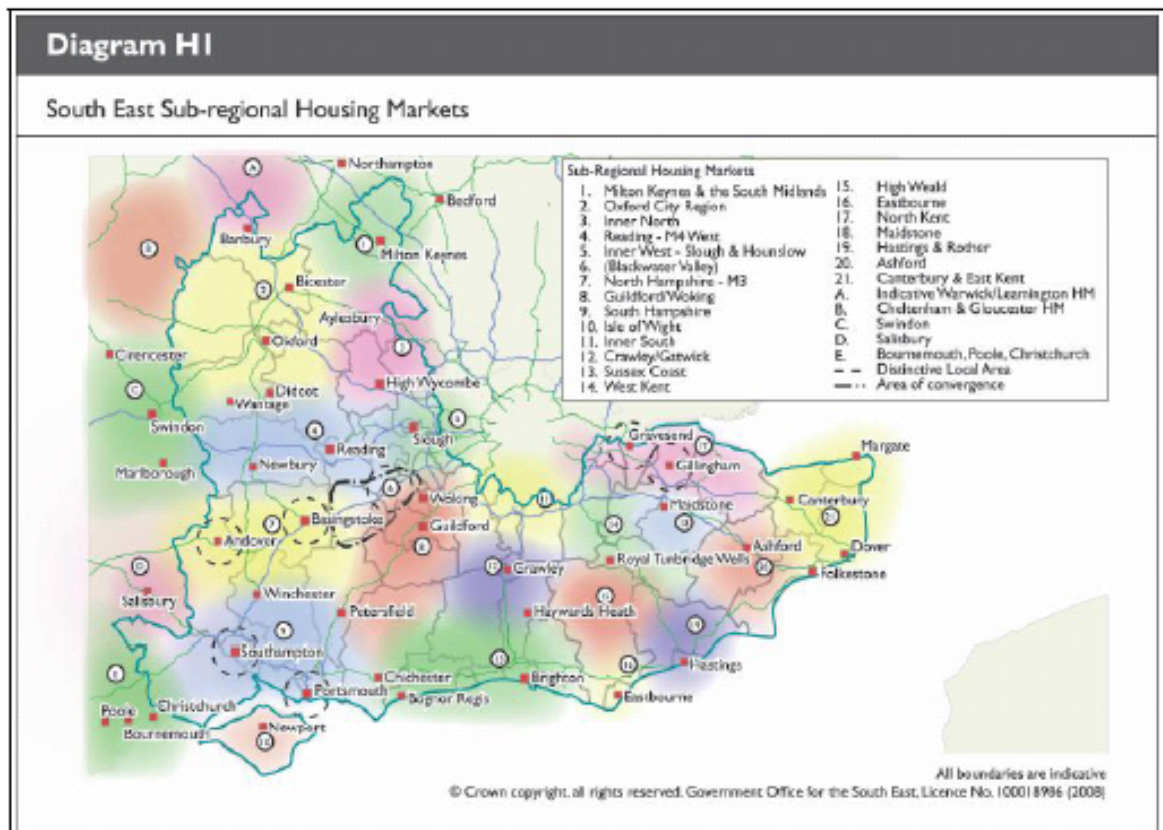
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In terms of coverage of rural issues, the ECOTEC study notes that, despite the rural nature of much of the region, the majority of the strategic housing market assessments prepared (with the exception of those for West Cornwall and Taunton/South Somerset) do not provide an insight into how housing markets are operating at a village and market town scale and that, although district level data might be argued as sufficient, this ignores evidence of differences of supply and affordability between urban centres in these districts and their rural communities (ECOTEC, 2009: Detailed Analysis, 12.1.11). There is no detailed analysis of the specific housing issues faced by the region's two national parks of Dartmoor and Exmoor. These are generally split up into different housing market areas, although the Exmoor National Park does fully lie within the more generalised Northern Peninsula character area.

South East

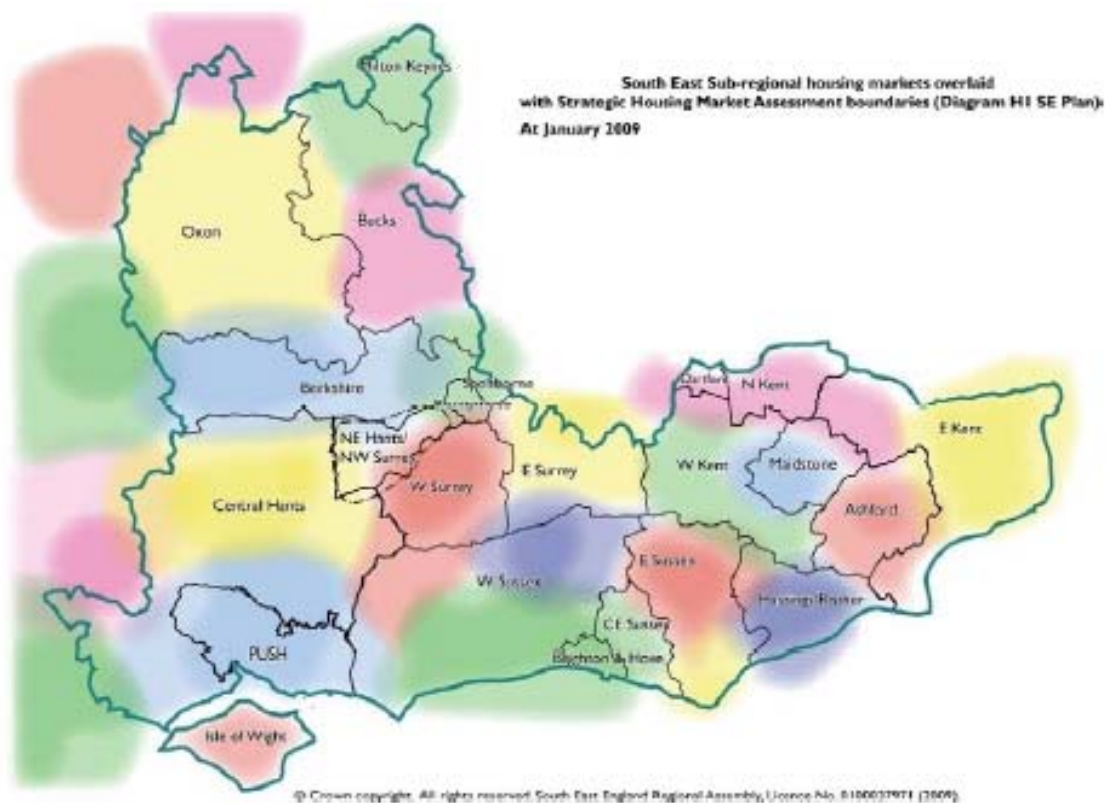
In the South East, DTZ Pinda prepared a report on *Identifying the Local Housing Markets of South East England* (DTZ Pinda, 2004) that identified 21 housing market areas across the region. These were subsequently incorporated into the South East Plan (GOSE/South East Regional Assembly, 2009) as shown in figure 3). The South East Plan highlights the importance of joint working in the production of joint strategic housing market assessments.

Figure 3:



Follow-up research by Three Dragons et al (2009) set out in a report into the regional housing market and strategic land availability assessments in the region, however, reveals that the subsequent strategic housing market assessments were largely based on administrative areas (Three Dragons et al, 2009: 4.1), only some of which broadly follow the South East Plan's housing market areas. Although in some cases, the administrative areas and identified housing market areas generally coincided with each other (e.g. for the Oxford City Region, Ashford, Maidstone, West Kent and, not surprisingly, the Isle of Wight), in other cases there were clear differences. For example, the identified Sussex Coast housing market area was broken down into separate strategic housing market assessments for Brighton and Hove, Central East Sussex and West Sussex, with the consequence that several towns and urban areas along the south coast (such as Worthing and Newhaven) and a few miles inland (such as Lewes) are considered separately from the Brighton and Hove housing market area, whilst the northern part of West Sussex is detached from the previously identified housing market areas of West and East Surrey (see figure 4).

Figure 4:
Comparison between draft South East Plan sub-regional housing markets and those used in practice for strategic housing market assessments



As part of the research, a significant number of authorities (18 out of 44) said their (strategic)housing market assessment area was not the same as that suggested in the South East Plan (ibid, 4.3). The reasons given for this (4.3-4.7) included that using areas based on existing joint working would be more relevant and effective;

that the areas selected were a better fit anyway; the need for local authority level results to inform the planning process and their own local development framework timetables; and the availability of data. Some authorities suggested that the relatively large geographical coverage of some of the originally suggested housing market areas precluded the level of sub-area detail previously provided in housing needs studies and, in any case, most results of such studies were typically reported for both housing market area and local authority levels (and sometimes sub-markets as well). There was only one recorded example of an authority that was split between two market areas that accepted working across two strategic housing market assessments (Three Dragons et al. 2009: 4.9).

In summary, the follow-up research commented that “... *the geography of the SHMAs in the region is a compromise between that set out in the South East Plan and local preferences and established patterns of partnership working.*” (Three Dragons, 2009: 4.9). Nevertheless, the study concluded that although “... *it could be argued that the boundaries used should adhere more closely to those of the South East Plan but this would ignore the important advances made in thinking across a wider market (albeit one which has been fitted around administrative boundaries) and the development of more corporate working within authorities, partnership working between authorities, and emerging better working relationships with external organisations.*” (Three Dragons et al, executive summary, paragraph 22). As a result, the study merely suggests that it might be appropriate to encourage strategic housing market assessments as they are reviewed to consider how they can reflect better the market areas set out in the South East Plan (ibid: 416).

As was also the case in the South West region, different local approaches to the production and content of strategic housing market assessments means that the consultants concluded that there is no plausible mechanism for aggregating the available results to provide a region-wide evidence base, despite advice in PPS3 that regional planning bodies should identify local, sub-regional and regional levels of housing provision taking into account the evidence of need and demand set out in strategic housing market assessments (PPS3, 11 & 33) and in the South East Plan itself (paragraph 7.11) which states that the review of the regional spatial strategy should be informed by the work of strategic housing market assessments (Three Dragons et al, 2.52).

Only six of the strategic housing market assessments in the South East reportedly covered rural housing issues (such as affordability, second homes and the predominance of larger properties) and none provided estimates of future need for affordable and/or market housing specifically for the rural part of their area (Three Dragons et al, 2009: 3.30). As with the findings of the South West region, this raises questions as to the value of geographically large housing market areas and associated strategic housing market assessments in addressing affordability and other issues within the more rural parts of the region. At the time the studies were carried out, there were no designated National Parks in the South East although future work might need to take additional account of the special status of the recently designated South Downs National Park.

East Midlands

DTZ Pida was also commissioned in 2004 by the East Midlands Regional assembly and the East Midlands Regional Housing Board to develop a methodology for identifying sub-regional housing markets in the East Midland region, identify the boundaries of sub-regional housing markets and the degree to which they overlap and to recommend which local authorities need to work together to undertake housing market assessments within a sub-regional context. The resulting report, *Identifying the Sub-Regional Housing Markets of the East Midlands* (DTZ Pida Consulting, 2005) was published in April 2005. As with the other DTZ Pida studies, the methodology employed largely drew on an analysis of migration and fit with travel to work patterns, supplemented by other information including stakeholder consultation.

The analysis and associated feedback from consultations indicated that the East Midlands could be divided into eight sub-regional housing markets that were contained within the region and two further housing markets where the core of the housing market area lies outside the East Midlands but nevertheless covers a significant area within the region (figure 5). The study also identified a number of overlapping areas between these housing market areas (figure 6). Although a few of the identified sub-regional housing markets covered a fairly well defined area exhibiting a high degree of self containment (e.g. Leicester and Lincoln), it was notable that many of the areas exhibited signs of overlap (e.g. between Derby and Nottingham) and several fell into areas that had been identified by central government and/or the relevant regional assemblies as within broader growth areas which stretched beyond existing regional boundaries. Thus, although the core area the proposed (at the time) urban development corporation to oversee growth in west Northamptonshire largely coincides with the three districts comprising the Northampton sub-region, there are strong commuting flows southwards across regional boundaries towards Milton Keynes. Similarly, the identified Corby-Kettering-Wellingborough housing market area is also linked with the Milton Keynes/South Midlands Growth Area. The study comments that the coastal Lincolnshire housing market area, which runs along the region's coastal strip, exhibits more of a polycentric structure, being mostly rural in character with a settlement pattern based on villages and market towns and exhibiting issues relating to in-migration and second home ownership. It therefore is based on a series of more localised housing markets (e.g. Skegness, Mablethorpe, Boston) sharing similar characteristics but with little inter-migration between them (3.29-3.30). This area also has connections northwards along the coast into the Grimsby housing market area which lies in the region for Yorkshire and the Humber.

Figure 5:
Proposed East Midlands Sub-Regional Housing Markets

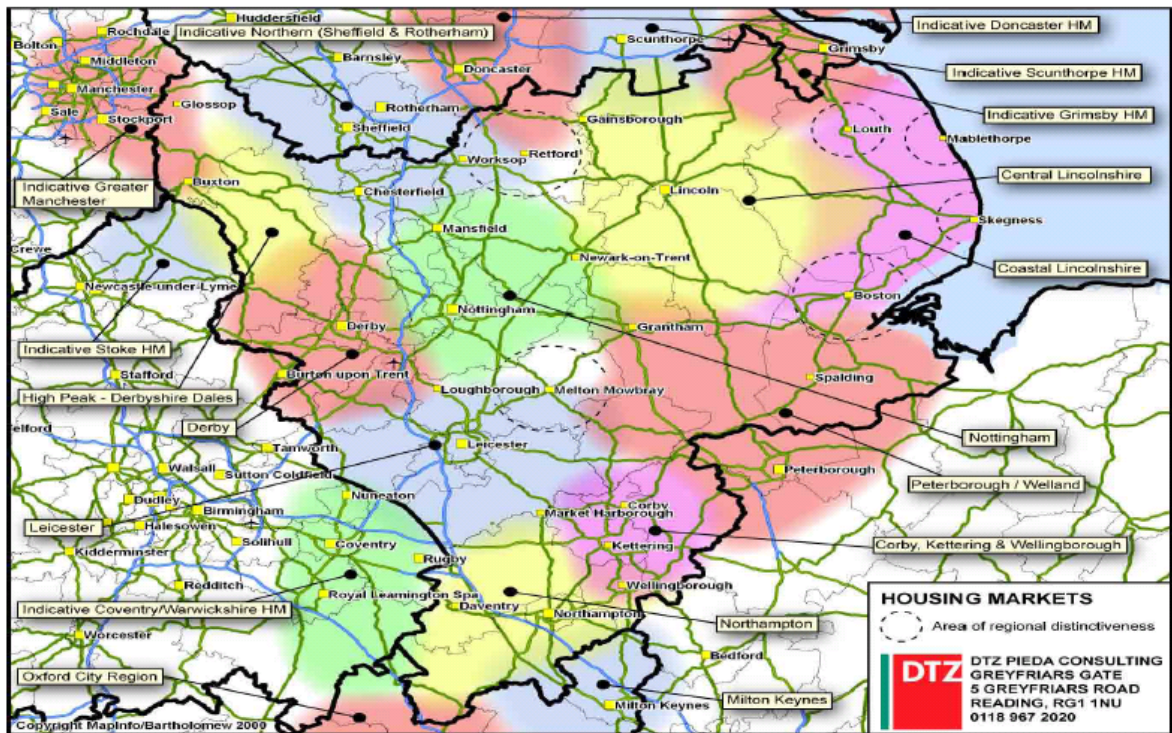
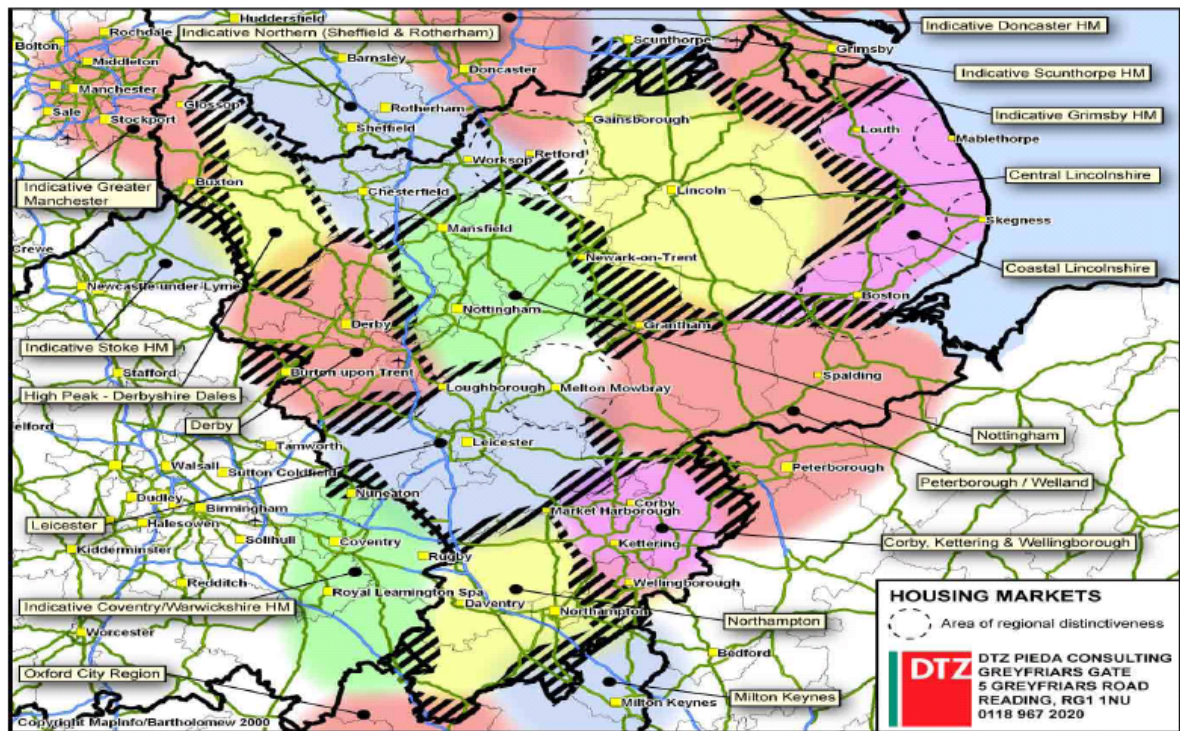


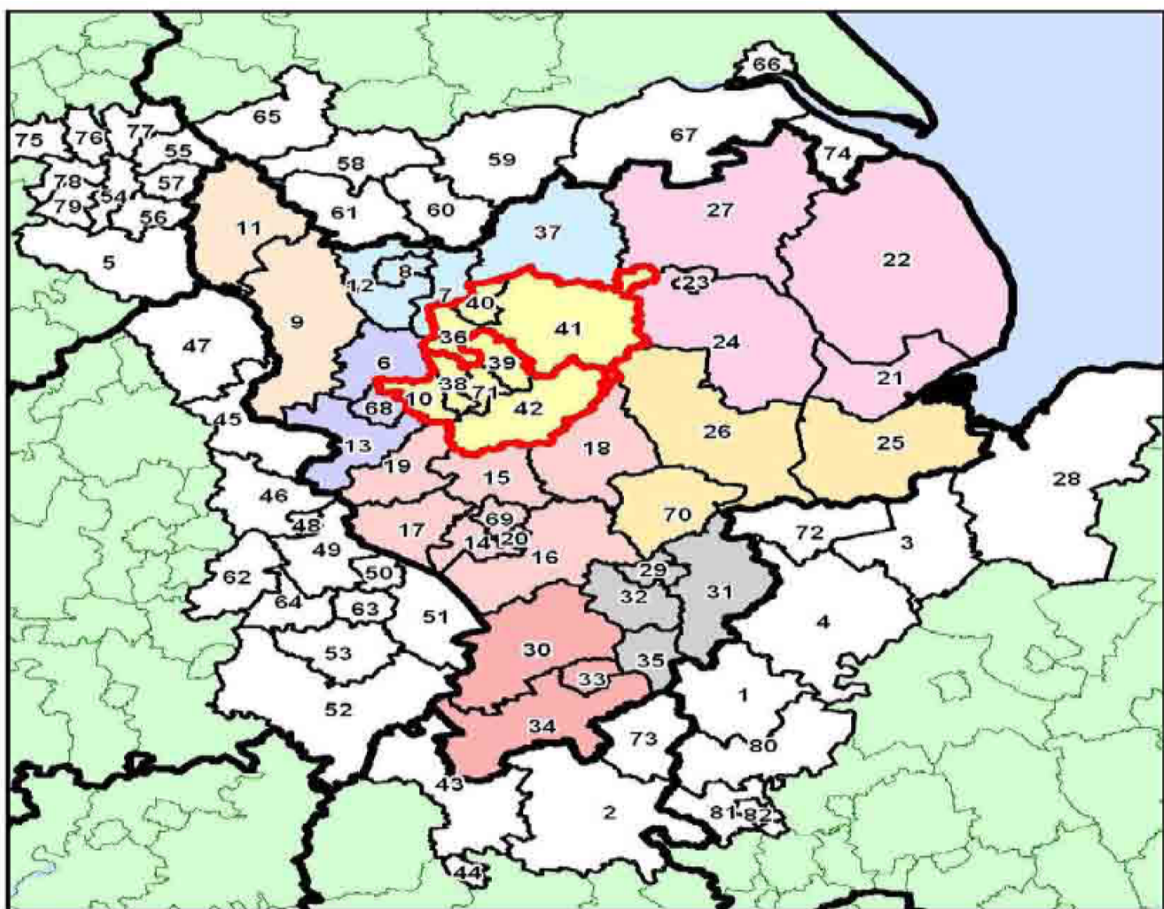
Figure 6:
Proposed Sub-Regional Housing Markets with shaded overlaps



The study also looked at cross-boundary issues and concluded that there were parts of five regions that surrounded the East Midlands that exerted a considerable influence on the spatial pattern of the region's housing markets, thus highlighting the need for effective cross-regional working and co-operation (DTZ Pineda, 2005: 3.47-3.51). As well as the links into Grimsby mentioned above, the strong links from the northern part of the East Midlands region into the travel to work and housing market areas of Rotherham and Sheffield were noted along with the links from the south eastern parts of the region into the Peterborough housing market area within the Eastern Region. Another area of considerable external influence relates to that of the Greater Manchester conurbation on the north western part of the region, adjacent to the identified High Peak – Derbyshire Dales sub-regional housing market and stretching from Glossop to Buxton. The Peak District National Park also lies within this part of the region, mostly within the High Peak – Derbyshire Dales housing market area but partly within the neighbouring Greater Manchester housing market area. By contrast, travel-to-work movements from High Peak and Derbyshire Dales are relatively low and the Sheffield/Rotherham markets therefore only marginally extend into the eastern fringes of the Peak District National Park (3.37). The report give no detailed consideration to the special circumstances of a designated National Park in terms of local housing issues or to any potential consideration that (because of its designated status) it might be considered a separate housing market area in its own right.

Having identified the eight housing market areas within the East Midlands and the two others (Sheffield/Rotherham and Peterborough) where the core of the housing market lies outside the region but still covers a significant geographical area within it, the study went on to consider the relationship between the identified housing market areas and future work on (strategic) housing market assessments. The consultants recommended the adoption of housing market assessment areas based around groupings of local authority districts. In the majority of cases, these related to single identified sub-market areas (paragraph 4.06). However, there were some cases which the study recommended should be treated as exceptions. These included a recommendation to undertake a single housing market assessment for the combined Central Lincolnshire and Coastal Lincolnshire sub-market areas (paragraph 4.07). In contrast, it was felt that a single assessment for the identified Nottingham housing market would be administratively cumbersome, involving eight separate local authorities, and it was therefore suggested that consideration be given to undertaking two assessments, covering the urban core and periphery respectively, albeit with a strong brief to examine how they inter-relate to each other (paragraph 4.10). Although ideally a single assessment would be prepared for all of the northern (Sheffield/Rotherham) housing market, it was acknowledged that the scale of issues involved and the added complexity of working across a regional boundary could make this difficult. It was therefore suggested that a housing market assessment be conducted for that part of area (incorporating four local authorities) that fell within the East Midlands region with an important component of the brief to explore the relationship with the Sheffield/Rotherham housing markets (paragraph 4.13). In contrast, it was suggested that a single assessment should be carried out for the identified sub-region that crossed the regional boundary into Peterborough, but that this would logically be led by the East of England Housing Board and Peterborough City Council (paragraph 4.14). The proposed set of housing market assessment areas is therefore shown by the different coloured areas in figure 7.

Figure 7:
Proposed Housing Market Assessment (housing market area) Groupings for the East Midlands



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Source: DTZ Peida, 2005:30)

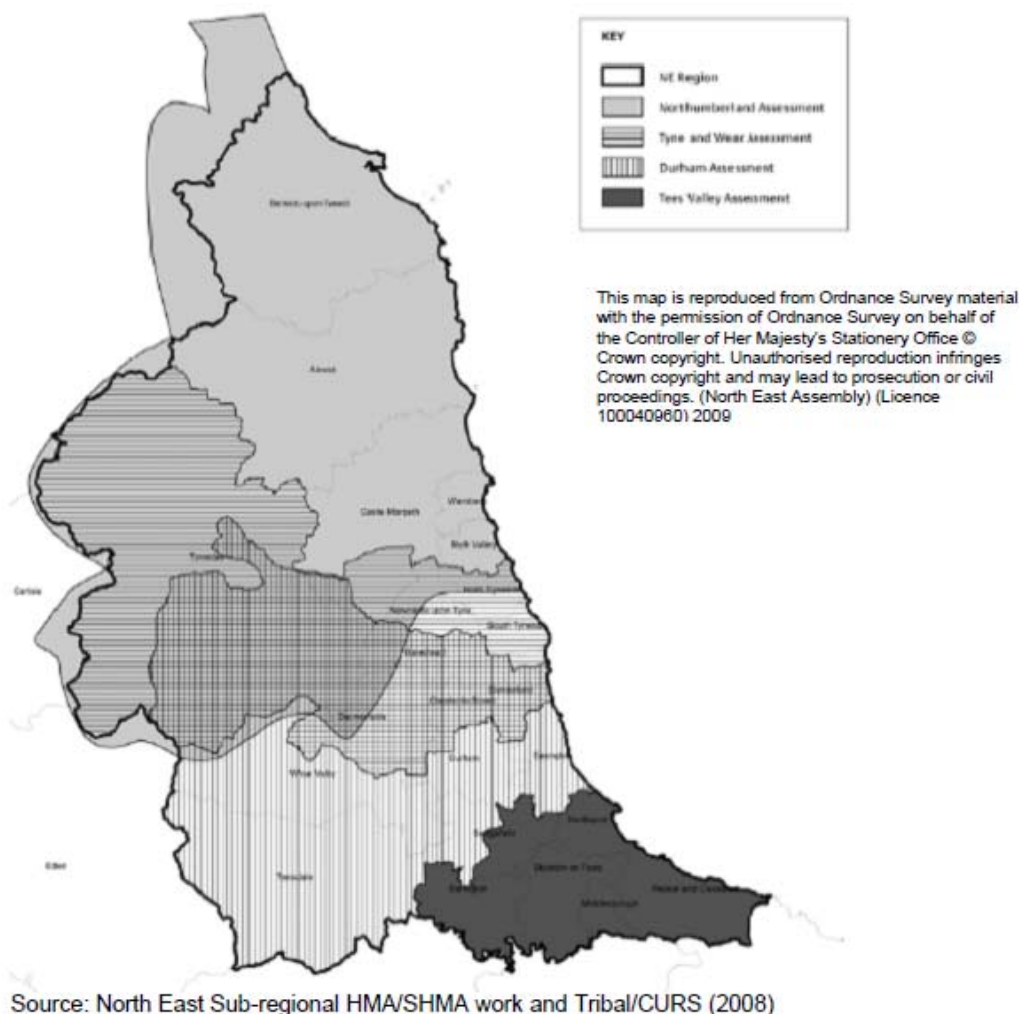
Thus, as was the case in several other regions, the identified sub-regional market areas, that exhibited a degree of in-precision and fuzzy overlapping boundaries (see figures 5 & 6 above) were therefore translated into areas based around local authority boundaries for subsequent housing market assessment purposes. This was consistent with Government guidance at the time (e.g. ODPM, 2004: 2.5) and there is no further discussion of the merits of this approach in the consultant's report.

North East

In the North East region, the North East Assembly (NEA) has been examining housing markets and market areas within the region for several years. This included an examination of work already carried out by some of the region's sub-regional housing partnerships that was commissioned from Tribal/Centre for Urban and Regional Studies (CURS) in 2008 (*Comparison of Housing Market Areas and Strategic Housing Market Assessments in the North East*, Tribal CURS, 2008). This revealed that different timeframes, datasets, methodologies and overlapping market area boundaries (see figure 8) evident in the existing housing market assessment

work carried out within the region made them incompatible with each other and thus incapable of being aggregated to form a consistent overall regional picture.

Figure 8:
Overlapping housing market areas based on existing housing market assessments in the North East



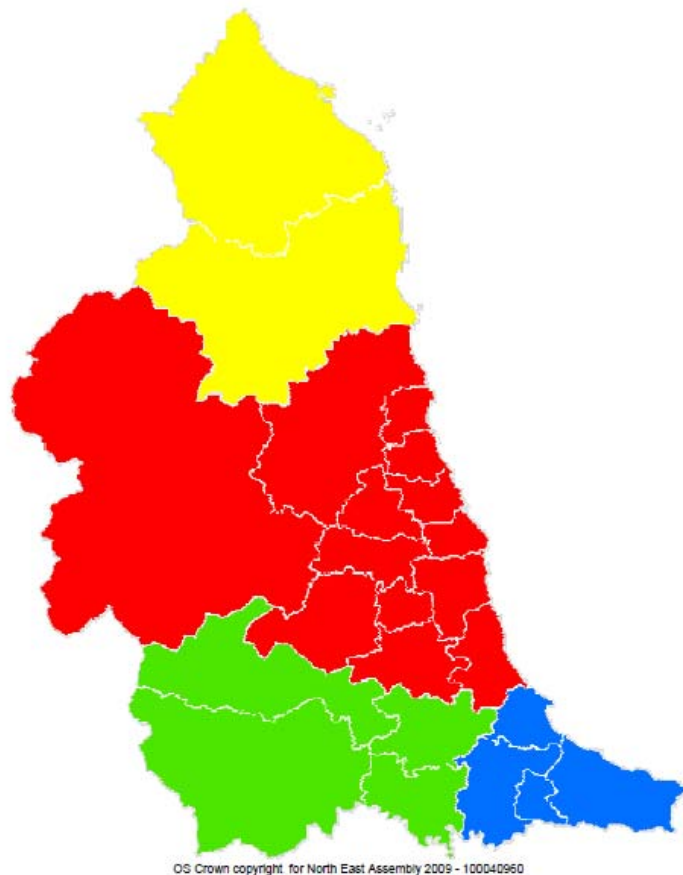
As a consequence, NEA undertook its own study into *Defining Strategic Housing Market Areas in North East England* (NEA, 2009) from a regional perspective. The study builds on the earlier work by Tribal/CURS and in respect of the previous housing assessments, taking a 'hybrid' approach to identifying sub-regional housing markets that considered functional and migration relationships (including earlier market areas work by CURDS at Newcastle University, 2001 based travel to work areas, and more recent NHSCR origin and destination data) as well as an evaluation of house price data carried out by researchers at Sheffield University (on a similar basis to that already undertaken by Sheffield University for the North West) and consideration of the implications of a retail catchment study undertaken by White Young Green (2006).

The earlier work by Tribal/CURS had 'hypothesised' that there were four such strategic housing market areas in the region: one stretching beyond the administrative boundaries of Tyne and Wear into parts of surrounding

Northumberland and County Durham; one stretching beyond the administrative boundaries of Tees Valley into parts of County Durham and North Yorkshire; and two much more rural based areas covering western County Durham and northern Northumberland respectively. The subsequent NEA study tested these potential housing market areas using the range of data and analysis mentioned above and informed by CLG's Advice Note (2007a). This work subsequently confirmed the identity of four strategic housing market areas in North East England (figure 9), although the detailed analysis of migration, travel to work and other data did suggest slight variations to the areas initially hypothesised by Tribal/CURS in relation to which housing market areas the districts of Sedgfield and Darlington might be associated with. The analysis of house price data did reveal some differences in sub-regional house prices across the region, generally picking out a number of distinctive sub-regional areas including a northern rural fringe; the Tyne and Wear conurbation; County Durham; Tees Valley and Teesdale with more localised sub areas around Blyth Valley, Darlington and parts of Northumberland (including parts of the Northumberland National Park). The pattern of house prices generally supported the designation of a few, large housing market areas and confirmed a clear difference between the two conurbations of Tyne and Wear and the Tees Valley (NEA, 2007: 4.53).

Additionally, the extent of cross-regional relationships were examined and highlighted the links the rural west of the region with market areas in the North West region; Berwick's relationship with the Scottish Borders (but not strongly with Edinburgh); and the Tees Valley's (including Darlington) strong relationship with adjacent parts of North Yorkshire (NEA, 2009: 3.10). The overall conclusion was that, although locally strong in places, the extent of these relationships did not represent large geographical segments or population concentrations within the North East and that, therefore, drawing housing market area boundaries using districts within the North East (whilst recognising the effects of such cross-boundary market activity) could be justified (ibid, 3.11).

Figure 9:
Four Proposed sub-regional housing market areas in the North East:



(Source: NEA, 2009)

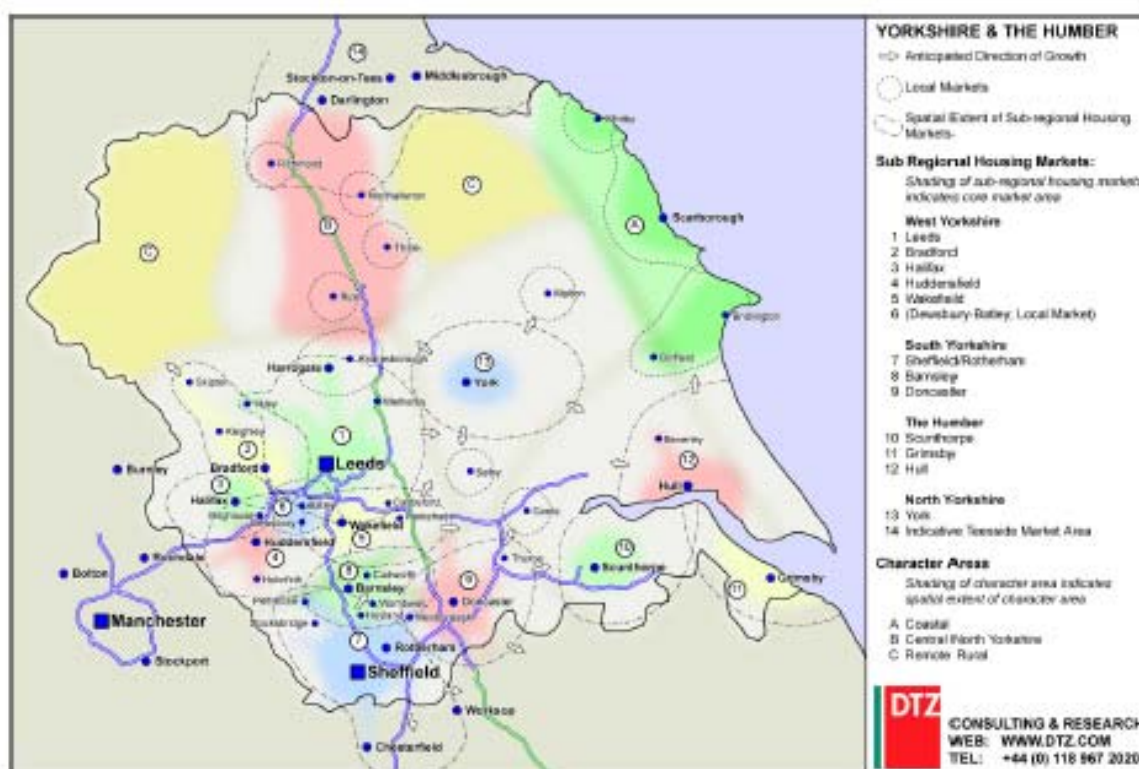
As was the case with the East Midlands, the resulting strategic housing market areas in the North East were constructed to best fit with existing local authority boundaries at the time, although it is interesting to note that more recent local authority reorganisation has resulted in the abolition of the smaller districts of the shire areas of Northumberland and County Durham and the creation of two new unitary authorities instead. Thus the identified housing market areas do now split the current administrative boundaries of these two unitary authorities as well as incorporating adjacent areas of Tyne and Wear and the Tees Valley. Three of the four areas thus cover more than one local authority (the exception being the North Northumberland area which covers part of the new unitary authority of Northumberland), necessitating joint working to prepare strategic housing market assessments for the respective housing market areas and, in the case of County Durham and Northumberland, the need for those authorities to participate in more than one strategic housing market assessment. The Northumberland National Park boundary straddles the strategic housing market areas for North Northumberland and Southern Northumberland/Tyne & Wear/Northern County Durham, although the report makes no real mention of the Park or any specific issues relating to it.

Yorkshire and the Humber

The Yorkshire and Humber Assembly originally commissioned DTZ in February 2006 to identify the pattern of sub-regional housing markets across the region. The methodology employed took account of a range of information including house prices and the distribution of employment patterns and changes over time, but primarily focussed on household and travel to work movements in the region (DTZ, 2006: 2). As in other regions, consultations were also carried out with a range of stakeholders before the report *Mapping Housing Markets in the Yorkshire and the Humber Region* (DTZ, 2006) was published. The report acknowledged that it was possible to identify markets that exist at three different spatial scales: two large metropolitan markets associated with West Yorkshire and South Yorkshire; a series of sub-regional markets based around the major urban centres in the region including markets that extend out of the metropolitan centres into adjacent rural areas and more freestanding cities and towns in North Yorkshire and the Humber; and local markets, within sub-regional markets, based on small towns or neighbourhoods that have similar characteristics but are not highly integrated (DTZ, 2006: 15). As with other studies undertaken by DTZ in other regions, the latter areas were located in the more rural parts of the region - central North Yorkshire comprising a range of market towns in the A1 Corridor between York and the Tees Valley; a coastal character zone stretching from Whitby to Bridlington; and a remote rural character zone associated with the Yorkshire Dales and North York Moors National Parks.

All these identified sub-regional and local markets are shown in figure 10. As can be seen, the boundaries of these various identified markets were deliberately left as 'fuzzy' or diagrammatic in nature. The figure also identifies a number of potential cross boundary and cross regional issues by illustrating with an arrow those markets which were felt to have levels of interaction with each other, including links beyond the regional boundaries such as southwards into the East Midlands in the case of the Sheffield/Rotherham sub-regional housing market whilst the northernmost parts of the region (to the north of Northallerton and Richmond) are associated with a neighbouring 'indicative' housing market area of Tees Valley whose main centres lie in the North East of England and thus outside Yorkshire and the Humber. In total, the DTZ study thus identifies 14 sub-regional housing markets (including that of Tees Valley) and three character areas (figure 10).

Figure 10:
Proposed Sub-regional Housing Markets in Yorkshire and Humber

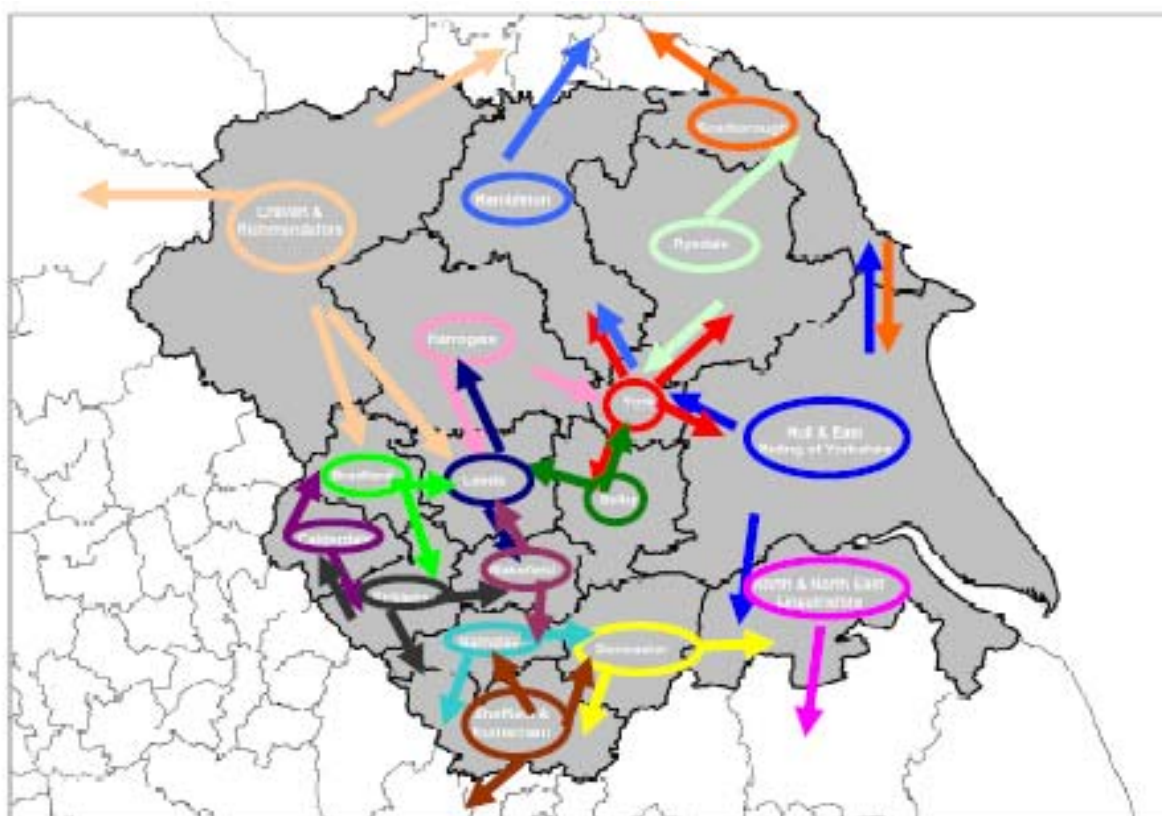


Following on from the DTZ study (DTZ, 2006), further work was undertaken by a consortium comprising ECOTEC, Nevin Leather Associates (NLA) and Sheffield University in 2007 to further develop a set of strategic housing market areas in the region. The results are presented in the *Yorkshire and Humber Strategic Housing Market Assessment (Phase One Draft Report)* (ECOTEC et al, 2007) and associated *Yorkshire and Humber Strategic Housing Market Assessment Summary Report* (ECOTEC et al, 2008). The boundaries of these revised sub-regional housing market areas are mapped onto local authority (or groups of local authority) boundaries. The rationale for this is summarised in the ECOTEC et al. report (2007: v):

“...arguably, it is impossible to derive precise boundaries for housing markets.... Therefore markets tend to be described by the generality of movement or a ‘fuzzy’ set of boundaries. However there is a practical dilemma in how to take such boundaries forward operationally for the purposes of strategic market assessment and other research, political and administrative processes... The definition of Housing Market Areas also requires a consideration of practical and policy as well as technical issues. Housing markets do not operate on administrative or clearly defined boundaries. However in order for them to be useful in terms of the assembly of evidence and development and delivery of policy it is necessary to identify housing market areas that can be used for this purpose...”

The report also makes direct reference (ECOTEC et al, 2007: 9) to the advice (quoted earlier) in the CLG Advice Note (CLG, 2007a: 9) that suggests a pragmatic approach that groups together local authorities as an approximation for sub-regional housing market areas (ECOTEC et al, 2007: 9) and concludes that (ibid, vi and 63), “... our recommendation is that individual or agglomerations of local authorities provide a pragmatic approach to the definition of housing market areas ...”. Based on this approach, 17 housing market areas for Yorkshire and the Humber were identified (figure 11).

Figure 11:
Housing Market Areas and links to wider reference areas in Yorkshire and the Humber



(Source: ECOTEC et al, 2008)

However, the study also acknowledges that “... it is important that SHMAs are not restricted to markets operating within the district boundary. The work to examine the extent of housing markets needs to be considered for each SHMA in the context of the markets which have been identified as operating in the region and the places where they overlap or there are strong influences from adjacent areas” (ibid, 63). It therefore recommends that it will be essential to consider the operation of different markets both within and adjacent to the local authorities when strategic housing market assessments are undertaken. Where clear connections between such areas (including cross regional connections) could be identified, they were set out in a table included in the annex to the detailed report (ECOTEC, 2007) and were also illustrated diagrammatically (see figure 11) in the associated summary report (ECOTEC et al, 2008). More detailed, individual strategic housing market

assessment reports have also been prepared for each of the 17 identified strategic housing market areas in the region.

The more rural parts of the region and its two National Parks (Yorkshire Dales and Yorkshire Moors) are almost entirely concentrated in the North Yorkshire part of the region which also includes the three character areas originally identified by DTZ (DTZ, 2006). In this context, the report notes (ECOTEC et al, 2007: 16) that some concern had been expressed by stakeholders in North Yorkshire that the identified housing market areas are not the most appropriate or practical for dealing with the issues faced by the more rural areas of the region. This was also reflected in a review of local housing need studies that typically focused on affordability issues and distinguished a number of relatively small areas within each district. This was not considered surprising by the consultants since those working in the rural economy were likely to relate to much smaller markets and affordable housing needs are more likely to be relevant at such a smaller area level. However, it does again highlight the perceived difficulties in addressing local needs in more rural areas through the medium of, generally larger, sub-regional housing market areas. None of the reports make any significant mention of the particular issues of National Parks, pockets of which cross regional boundaries into the North East (Tees Valley) and particularly the North West (Cumbria) and are split into several identified sub-regional housing markets, albeit mainly concentrated in the sub-regional market areas of Ryedale, Scarborough and Craven & Richmondshire.

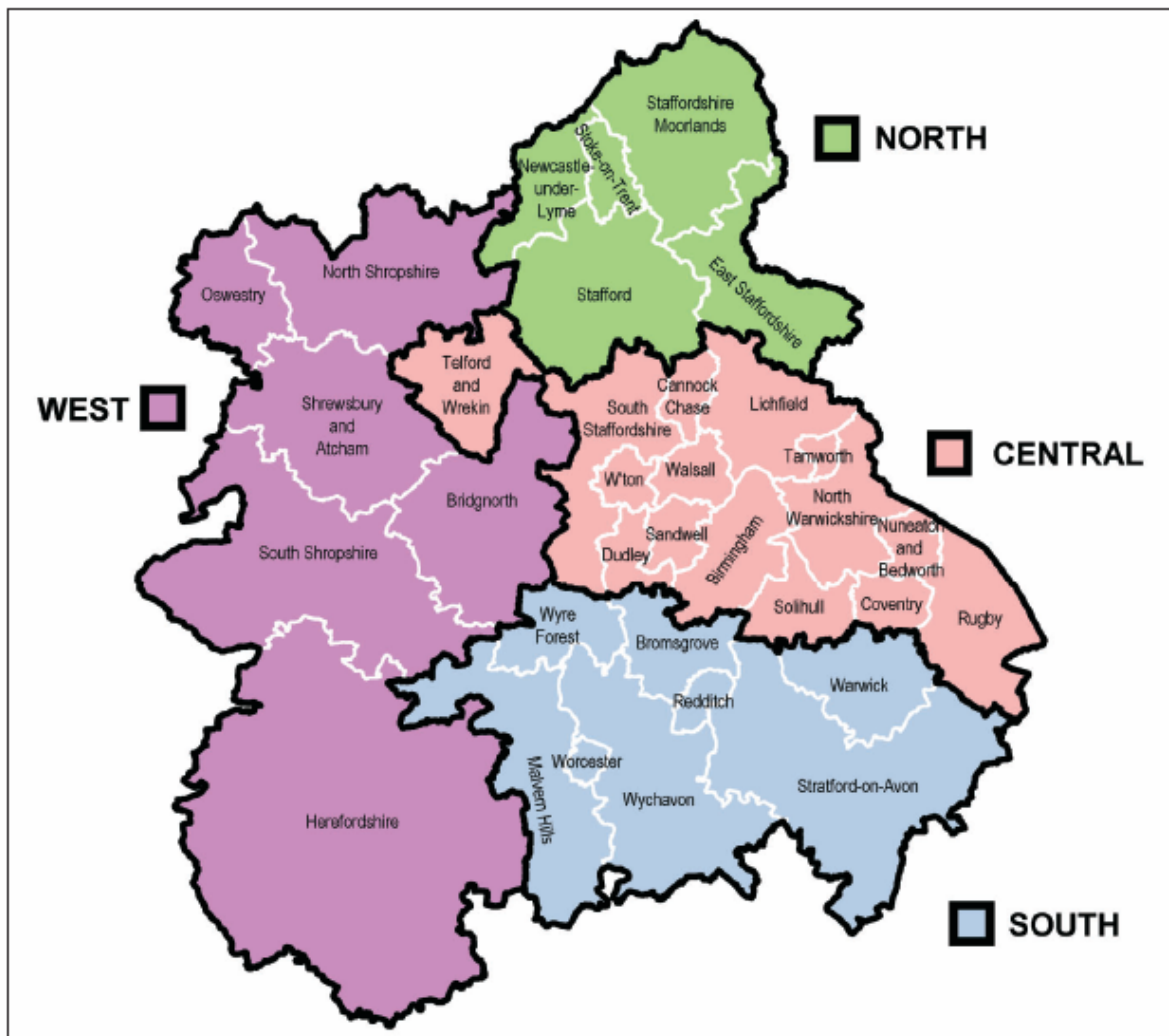
West Midlands

Work on the identification of sub-regional housing markets in the West Midlands region preceded later guidance by CLG and formed the basis of the *West Midlands Regional Housing Strategy (RHS)* published in 2005 (West Midlands Regional Assembly, 2005). The initial research was undertaken by the University of Sheffield and involved an analysis of house price data alongside evidence of functional relationships demonstrated through travel-to-work and other interactions. A wide range of other information, including census migration data, was also used to inform the work and the interim findings were subjected to consultation with stakeholders (WMRA, 2005: 3.3-3.6).

In line with earlier government guidance at the time (e.g. DTZ Pleda 2004), the RHS was required to be based upon an understanding of sub-regional housing markets and to define these without regard to administrative boundaries. However, as noted in a recent draft set of Guidance Notes on the Preparation and Use of Sub-Regional Housing Strategies in the West Midlands (WMRA, 2009: 23-24), in the event ('and by coincidence') housing market area boundaries "*...fell surprisingly close to Regional and District Housing Authority Boundaries, except in a few cases where compromise was possible through negotiation with the particular authorities, by including a District wholly within one HMA without prejudicing the integrity of the empirical basis of the major divisions the work identified...*". Thus, the RHS (WMRA, 2005: 3.15) notes that "*... for pragmatic reasons and for the development of policy, the consultation process suggested the importance of maintaining the integrity of local authority boundaries whilst acknowledging that strategic housing markets do not stop at these boundaries*" and, consequently, none of the four housing market

area boundaries in the region identified in the regional housing strategy (2005) intersect local authority boundaries (figure 12) but instead all of the region's local authorities have been fitted within one of four identified housing market areas (see figure 12) of the Central housing market area; West housing market area; South housing market area and North housing market area, although two shire Counties (Warwickshire and Staffordshire), which at the time were also strategic planning authorities, were split between separately identified housing market area boundaries. The recent draft guidance (WMRA, 2009) thus notes that the approach adopted at the time the 2005 regional housing strategy was drawn up actually reflects the more recent CLG Advice (CLG, 2007a: 9) on the use of a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing markets.

Figure 12:
West Midlands Sub-Regional Housing Market Areas



(Source: WMRA, 2005: figure 3.1d)

Despite this general fit to local authority district boundaries, there were several sub-regional housing market areas where cross boundary issues and interactions were, nevertheless, also identified as being of particular significance: the similarity of housing market conditions between south Solihull (Central housing market area) and the South housing market area; the relationship between the conurbation (Central housing market area) and Bromsgrove and Redditch in the South housing market area; the interface between Bridgenorth (West housing market area) and Telford and South Staffordshire (Central housing market area); the western part of Malvern Hills (South housing market area) and the Herefordshire in the West housing market area; and Telford's (Central housing market area) interface with the West housing market area. More generally, the recent draft guidance (WMRA, 2009) highlights a plethora of recent central government advice on the importance of local authorities working together and forming appropriate housing market area partnerships to tackle housing issues, including such statements in the *Housing Green Paper, Homes for the Future* (CLG, 2007d) and the *Sub-National Review* (CLG, 2007e) and associated *Government Response* (CLG, 2008).

Although predominantly thought of as one of the most urbanised regions in England, there are nevertheless significant parts of the region that are rural in character, including parts of the Peak District National Park which crosses the regional border with the East Midlands into Staffordshire as well as the remoter rural areas of Shropshire and Herefordshire. Those parts of the Peak District National Park within the region fall within the north eastern part of the North housing market area, although little or no specific mention is made in the regional housing strategy of the National Park. The regional housing strategy does, however, highlight the very different housing issues and challenges faced in the West housing market area compared with the other, more urbanised, housing market area as a result of its low population densities and remote rural character. The severe resource constraints and low capacities of the smaller districts of Herefordshire and Shropshire are also noted and they are therefore encouraged to work together, thus avoiding duplication of effort, in preparing a single housing strategy for the area (NWRA, 2005: 3.118).

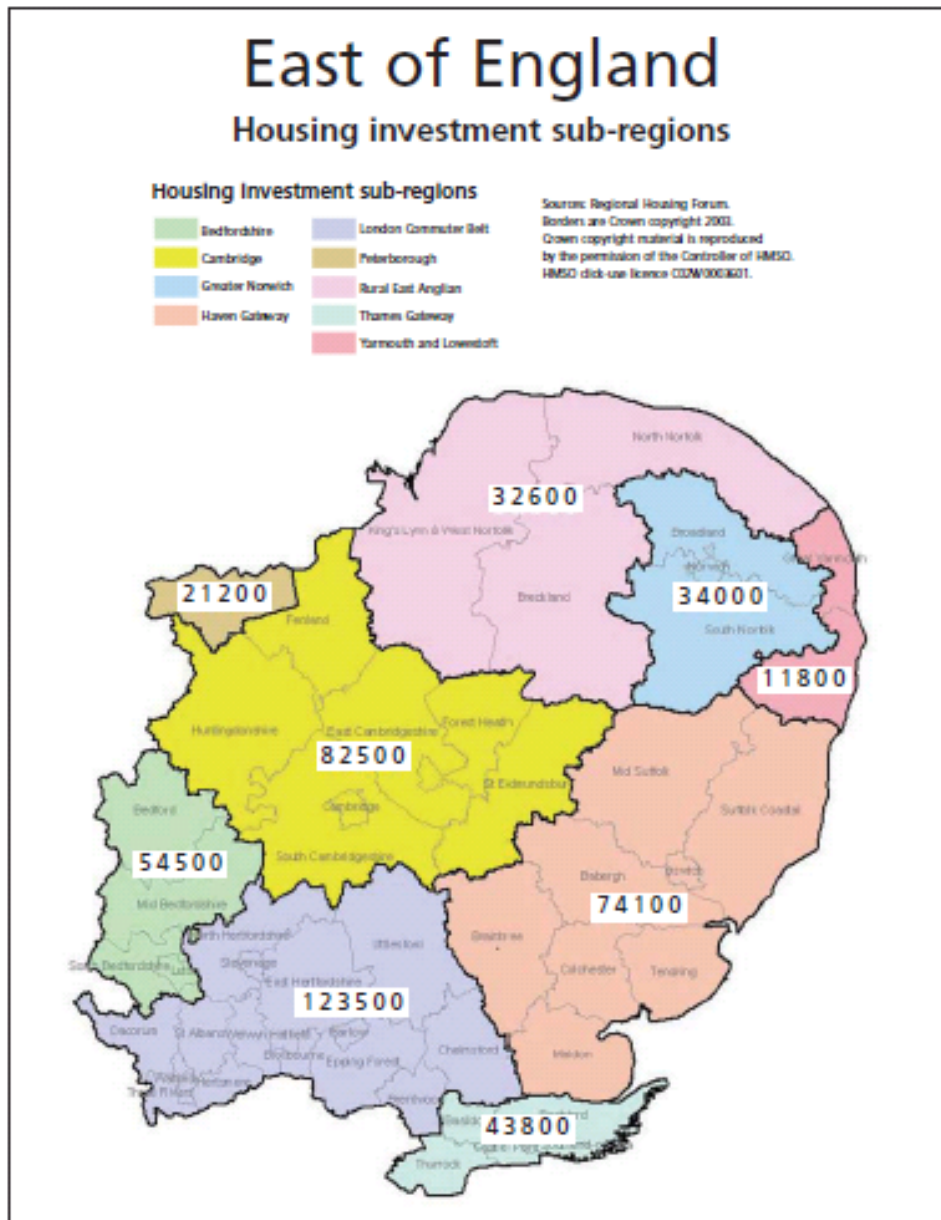
East of England

Nine housing sub-regions have been established in the East of England to better reflect the region's differing housing markets (East of England Regional Assembly, 2005: 4.31). However, it appears that the identification of these sub-regions is actually linked to an earlier, and broader, consideration of the identification of economic sub-regions within the East of England region rather than any specific research on housing markets in particular. Research, originally carried out by SQW Ltd in association with Land Use Consultants in 2002, was commissioned by the then East of England Development Agency (EEDA) and the East of England Local Government Conference (EELGA) as part of the preparation of regional planning guidance for the East of England. The remit for this work included a consideration of "... *the nature and extent of coherent sub-regions within the East of England, defined in terms of their potential for sustainable economic development...*" (SQW and LUC, 2002: 1). This embraced a wide range of considerations including economic futures, environmental characteristics, the influence of London, the geography of deprivation and the geography of (economic) clusters. The resulting

typology identified eight 'type a' sub-regions, defined in terms of specific economic drivers; three 'type b' policy areas, defined in terms of their distinctive inter-relationships between the environment and the economy; and a number of additional 'type c' sub-regions, based around corridors and linkages and including inter-regional links. Whilst the latter were illustrated in terms of linear relationships between main economic centres, the 'type a & b' sub-regions were identified (on the basis of 'fuzzy' boundaries) in the consultants' report (SQW & LUC, 2002: A3.6/figure A3.1).

Subsequently, the approximate geography of these generally identified economic sub-regions were used as the basis of policy development within the region's various planning, housing and economic development strategies but, in doing so, were mapped onto local authority boundaries. The resulting sub-regional geography is set out (see figure 13) in the region's revised *Regional Housing Strategy for the East of England: 2005-2010* (East of England Regional Assembly, 2005). Subsequently, a number of sub-regional strategy and investment plans have been prepared for individual sub-regions in tandem with the overall *Regional Housing Strategy* (EERA, 2005), including a *Housing Strategy for the London Commuter Belt Sub-Region 2005-2008* and work by Cambridge University on an *Essex and Hertfordshire Housing Market Study* (Department of Land Economy, University of Cambridge, 2002). Parts of the Broads Authority, established in 1989 with equivalent status to the National Parks, lie within several different sub-regions (Haven Gateway, Yarmouth and Lowestoft, Greater Norwich and Rural East Anglian) within Norfolk and Suffolk.

Figure 13:
East of England Sub Regions



(Source: EERA, 2005: 4.32 – numbers show planned new housing supply figures to 2021)

London

Having regard to PPS3 (CLG, 2006) and the CLG Advice Note (CLG, 2007a) on identifying sub-regional housing market areas, the Government Office for London (GOL), the Greater London Authority and the London Councils agreed in a joint statement in March 2008 that London (as a whole) represents an appropriate spatial level of analysis for understanding housing markets and enabling a co-ordinated approach to evidence base work and policy-making across the region (Opinion Research Services, 2009: 1.10). The Greater London strategic housing market assessment was therefore commissioned with reference to the administrative boundaries of the region. Subsequent work by Opinion Research Services for the

Greater London Authority, as set out in the 2008 *London Strategic Housing Market Assessment* (Greater London Authority, 2009) and the associated *Greater London Strategic Housing Market Assessment 2008: Report of Study Findings* (Opinion Research Services, 2009) therefore covers the whole London region in one assessment. However, it is considered in the context of London's role and position in terms of national housing markets and issues (ibid, 1.13), with London obviously exerting considerable influence on neighbouring housing markets across the neighbouring regions of the South East and East of England and beyond. It is also acknowledged that the region-wide strategic housing market assessment is unlikely to provide the necessary focus on local issues that may be required for developing housing policies in individual London Boroughs, thus necessitating additional housing market areas at a sub-regional level. However, no attempt is made in this report to identify any sub-regional housing market areas or to indicate whether more localised housing market areas are expected to be prepared by each London borough separately or whether there might be joint working in respect of groupings of boroughs.

Main findings and reflections

This brief review of the identification, and subsequent use, of identified sub-regional housing market areas in each of the English regions (outside the North West case study area) reveals a number of common issues:

- Most regions have engaged in work to identify sub-regional housing market areas from a regional perspective. However, this often does not start from a blank page, but is influenced by previous work on housing market assessments that has already been undertaken at the local level.
- The methodological approaches adopted to identify sub-regional housing market areas at the regional level have generally adopted a hybrid approach, reflecting the latest government Advice Note (CLG, 2007a), with an emphasis on analysis related to migration and travel to work areas. Some regions (e.g. North East, North West and West Midlands) have also placed emphasis on analyses of house price data and all those reviewed to date have supplemented technical analysis with consultations with stakeholders.
- The adoption of relatively similar methodologies is not surprising since the same consultants (DTZ Peda, ECOTEC; Nevin/Leather) have often been involved in studies in different regions.
- Where existing work on housing market areas has preceded the regional analysis, the methodologies and analyses employed have generally been inconsistent, sometimes involving overlapping boundaries, and are not suitable for aggregation to provide a robust regional overview (this necessitating new regionally based analysis).
- Although technical considerations have been used to generate housing market areas, these have generally either been based around local authority

boundaries from the outset (e.g. North East) or aligned with such boundaries subsequently for more localised strategic housing market assessment purposes (e.g. South East, South West, Yorkshire & the Humber).

- Although there are clear disadvantages in ignoring evidence that housing market areas often cut across existing local authority boundaries, unless the resulting housing market areas are obviously absurd, there are practical benefits in aligning housing market areas to (groups of) local authorities in terms of accountability, delivery, data availability, and spatial planning policy preparation and the ease of establishing appropriate partnership working.
- Many housing market areas cover more than one local authority, necessitating the creation of effective joint working and partnerships to adequately address shared housing market issues. However, occasionally (e.g. along parts of the south coast of England) political or other issues appear to have prevented strategic housing market assessments of areas that clearly form a single sub-regional housing market area.
- In some cases, the nature of sub-regional housing markets does not easily fit to local authority boundaries and this has been exacerbated in some places where larger unitary authorities have replaced a greater number of smaller districts (such as in the North East). In such cases, local authorities will need to be involved in more than one strategic housing market assessment, each of which only covers part of their administrative area.
- Cross regional issues occur to a greater or lesser extent in all regions and necessitates inter-regional co-operation and partnership at the regional and local authority scales.
- Strategic housing market assessments do not generally appear to provide a fine-grained analysis of the issues faced by the more rural parts of the regions, with issues relating to the more rural parts of larger strategic housing market areas often being obscured by the issues and influence of the more urbanised parts of their shared housing market areas.
- The particular characteristics and issues relating to National Parks in planning policy terms are not generally reflected in the identification and assessment of sub-regional housing markets and different parts of individual National Parks have been split between a number of separate housing market areas, sometimes also across regional boundaries.

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ISBN: 978 1 4098 2651 4