Communities
and Local Government

Recommended housing market area boundaries:
implications for spatial planning
Geography of housing market areas in England – paper C

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Introduction

This stage of the research focuses on assessing the merits and limitations of the three recommended sets of housing market area geography with respect to planning, policy setting, delivery and monitoring.

The three sets of recommended housing market area geographies are:

(1) *framework housing market areas (75 per cent)*: based on the commuting self-containment threshold of 75 per cent; within which the local housing market areas are derived on the basis of a migration threshold of 55 per cent

(2) *framework housing market areas (77.5 per cent)*: based on the commuting self-containment threshold of 77.5 per cent; within which the local housing market areas are derived on the basis of:

(a) 55 per cent migration threshold and
(b) 50 per cent migration threshold

(3) framework housing market areas (72.5 per cent): based on a combination of migration (55 per cent) and commuting (72.5 per cent) self-containment thresholds and there is no local housing market areas derived under these areas

Due to the different commuting self-containment thresholds, framework housing market areas (75 per cent) produces smaller housing market areas (a total of 85) than framework housing market areas (77.5 per cent) (a total of 75) and results in a larger number of framework housing market areas across England. However, due to the use of a different derivation methodology, the third set of framework housing market areas produced by a combination of migration (55 per cent) and commuting (72.5 per cent) self-containment thresholds are smaller in size than the other two sets and results in a total of 99 framework housing market areas.

Within each of the first two sets of framework housing market area geography, there is a set of more localised housing market areas known as local housing market areas. In addition, for each of the three sets of framework boundaries, another set of boundaries based on the best-fit of local authority district boundaries are produced. This means that there are a total of nine sets of boundary to be assessed.

The appraisal was based on GIS analysis to calibrate the relationships between different administrative geographies and planning policy geographies (e.g. existing strategic housing market assessment areas, growth areas and growth points, national parks and green belt). The four sets of recommended housing market area geography (including framework, local and best-fit) are compared and contrasted to highlight their similarities and differences and how these are related to different types of planning policy application.

The appraisal focuses on discussing:

- fitting with existing administrative boundaries: Government office regions and local authority boundaries
- suitability for strategic planning and local planning; and
- monitoring of housing markets and spatial planning policies

Part 1
Fitting with existing administrative boundaries

The analysis focuses on examining how the two sets of recommended housing market area geographies fit with the existing administrative boundaries of regions and local authority districts.

Government office regions

In order to ascertain to which extent different sets of recommended housing market area boundaries cut across existing regional boundaries, the analysis focuses on examining the framework housing market area geographies at 75 per cent, 77.5 per cent and 72.5 per cent commuting thresholds as well as their respective best-fit local authority geographies.

As expected, the best-fit geographies for 75 per cent (Figure 2), 77.5 per cent (Figure 4) and 72.5 per cent (Figure 6) commuting thresholds all produce cleaner and neater sets of boundary when compared to the pure versions (Figures 1, 3 and 5 respectively) in terms of cutting-across regional boundaries. Without best-fitting to local authority boundaries, there are about twice more cross-regional border issues.

Indeed, the cross-regional boundaries produced by best-fit framework housing market areas for commuting thresholds at 75 per cent and 77.5 per cent are more or less the same, which signifies that these are genuine and important cross-regional framework housing market areas and should be taken into account seriously in spatial planning terms. The only difference between Figure 2 and Figure 4 is that the latter contains one small cross-regional border cut between Amersham (in the South East) and the London housing market area. The same cross-regional issues are produced by the best-fit framework housing market areas for both 75 per cent and 77.5 per cent commuting thresholds:

- the Manchester housing market area stretching into High Peak: North West & East Midlands
- the Chester housing market area stretching into Flintshire: North West & Wales
- the Stoke-on-Trent housing market area stretching into Crewe and Nantwich: West Midlands & North West
- the Sheffield housing market area stretching into Workshop and Chesterfield: Yorkshire and Humber and East Midlands
- the Derby housing market area stretching into Burton-on-Trent: East Midlands & West Midlands
- the housing market area covers areas around Rutland and Peterborough: Eastern Region & East Midlands
- the Milton Keynes housing market area covers the area around Bedfordshire: South East & Eastern Region and

- the extension of the London housing market area with the wider area in the South East and the Eastern Region: London, South East and Eastern Region

Since different methodology was used, the best-fit framework housing market areas (72.5 per cent) have some similar cross-regional issues (see Figure 6) as the other two sets:

- the Manchester housing market area stretching into High Peak: North West & East Midlands
- the Stoke-on-Trent housing market area stretching into Crewe and Nantwich: West Midlands & North West
- the housing market area covers areas around Rutland and Peterborough: Eastern Region & East Midlands
- the extension of the London housing market area with the wider area in the South East and Eastern Region: London, South East and Eastern Region

It is interesting to note that the 72.5 per cent threshold boundaries bear one common characteristic with that produced by the 77.5 per cent threshold (see Figure 4): they both have one small cross-regional border cut between Amersham (in the South East) and the London housing market area. However, the 72.5 per cent thresholds are different from the other in term of the having a large single Cleveland and Hambleton housing market area which cuts across the North East and Yorkshire & the Humber.

When examining the pure version of the framework housing market areas (Figures 1 and 3), it is clear that while they share the same cross-border issues, the one with 75 per cent commuting threshold produces more cross-border issues which is due to the fact that there is a greater number of smaller housing market areas. When the two figures are compared, it is clear that there are more cross-border matters between the southern part of the North East and the northern part of Yorkshire and the Humber and also along the Welsh border in Figure 1.

When comparing the pure version of the framework housing market areas (72.5 per cent) (Figure 5) with the other two sets of boundaries, it is clear that there are more cross-border issues, which is partly related to the fact that there are a larger number of smaller sized framework housing market areas.

Local authority boundaries

Since local authority districts are the delivery units of planning policy and practice, it is important to examine how different sets of recommended housing market area geography fit with the existing administrative boundaries of local authorities in terms of:

1. best-fit framework housing market areas for all three commuting thresholds with respect to local authority administrative boundaries and

2. local housing market areas derived from the first two sets of framework housing market areas with respect to local authority boundaries

BEST-FIT FRAMEWORK HOUSING MARKET AREAS

The attention here first focuses on comparing the best-fit framework housing market areas (75 per cent) and (77.5 per cent) in Figure 7. It is clear that the two sets of boundary are very similar as they often merge into one line. However, there are a number of major differences between the two sets of best-fit geography:

- West of Kent joins the London housing market area at 77.5 per cent commuting threshold rather than being a separate housing market area under the 75 per cent threshold; and the London housing market area at 77.5 per cent threshold covers Chilten but missing Surrey Heath when comparing with that of 75 per cent threshold.
- Wear Valley, Sedgefield, Darlington and Teesdale form a separate housing market area at 75 per cent threshold, but they are part of the wider housing market area including Northumberland, Tyne-and-Wear and the rest of County Durham at 77.5 per cent threshold.
- Blackpool, Wyre and Fylde are one housing market area at 75 per cent threshold, but they merge with Preston, Chorley and South Ribble as one housing market area at 77.5 per cent threshold.
- Ribble Valley, Blackburn with Darwen, Hyndburn and Rossendale – take Burnley and Pendle at 75 per cent threshold but lose Rossendale to the Manchester housing market area at 77.5 per cent threshold.
- Craven, Bradford, Calderdale are in one housing market area while Kirklees joins Harrogate, Leeds, Wakefield, Barnsley in another housing market area at 77.5 per cent threshold; however, Calderdale and Kirklees form a separate housing market area at 75 per cent threshold.
- South Staffordshire, Cannock Chase, Wolverhampton, Lichfield, Walsall form a separate housing market area at 75 per cent threshold, but they are part of the wider housing market area including the West Midlands conurbation and Stratford-on-Avon at 77.5 per cent threshold.
- South Shropshire is a separate housing market area at 75 per cent threshold, but merged with Herefordshire at 77.5 per cent threshold.
- Tewkesbury and Cheltenham is a separate housing market area at 75 per cent, but merged with Gloucester, Forest of Dean and Stroud as one housing market area at 77.5 per cent.
- South Somerset and North Dorset is one housing market area at 75 per cent, but North Dorset joins East Dorset, Poole, Bournemouth, Christchurch and Purbeck as one housing market area at 77.5 per cent threshold.
- Torridge and North Devon are two separate housing market areas at 75 per cent threshold, but they are one housing market area at 77.5 per cent.

- Peterborough is with Rutland and South Kesteven as one housing market area at 75 per cent threshold, but Peterborough joins Fenland to form a separate housing market area at 77.5 per cent threshold.

It is clear that the best-fit geographies of framework housing market areas (77.5 per cent) produces larger housing market areas and a smaller number of them; in particular, a bigger London housing market area including half of Kent, a mega housing market area in the North East, a very large housing market area covering the West Midlands conurbation and Stratford-on-Avon, as well as merging Lancashire into two big housing market areas.

In addition, comparisons are made between the best-fit framework housing market areas (72.5 per cent) and those at 75 per cent (in Figure 8) and 77.5 per cent (in Figure 9) thresholds. It is clear that the situations are very similar, though slightly more cross-cuttings are found between 72.5 per cent and 77.5 per cent overlay in Figure 9.

LOCAL HOUSING MARKET AREAS
The analysis then turns to examine the fitting between the local housing market areas nested below the two sets of framework housing market areas: 55 per cent migration threshold under 75 per cent framework housing market areas in Figure 10; 55 per cent migration threshold in Figure 11 and 50 per cent migration threshold in Figure 12 under 77.5 per cent framework housing market areas. It is clear that there are many cross-cutting between the local housing market areas and the local authority administrative boundaries in Figures 10 to 12 and there is no clear evidence to suggest that one set of boundaries are neater than the other.

The two sets of local housing market areas based on 55 per cent migration threshold are compared in Figure 13 and it shows that the two sets of boundary do coincide with each other in most areas, with the exception of those areas that with a clear red line. The differences between the two sets of local housing market area tend to be found in large urban areas. The local housing market areas produced under framework housing market areas (77.5 per cent) tend to be larger lower tier areas for the London framework housing market area, but smaller lower tier areas in some parts of the North East, North West and the West Midlands/Welsh border.

Figure 14 compares the two sets of local housing market areas with different migration thresholds of 50 per cent and 55 per cent under the framework housing market areas (77.5 per cent). It is clear from the map that most local housing market areas are very similar under both thresholds, though in large urban areas such as London and Tyne and Wear, the 50 per cent threshold clearly produces smaller and a larger number of local housing market areas.

In summary, there is no clear preference between the lower tier geographies as the large majority of them are very similar and the differences tend to be found in the large conurbations. However, the lower tier geographies genuinely reflect the local housing behaviour of residents. The cross-cutting of

local housing market areas and local authority boundaries will be very useful for local policy monitoring and for informing planning application decisions, especially when major residential development schemes are submitted to one local authority but within a wider framework housing market area that will bear implications to the neighbouring local authorities.
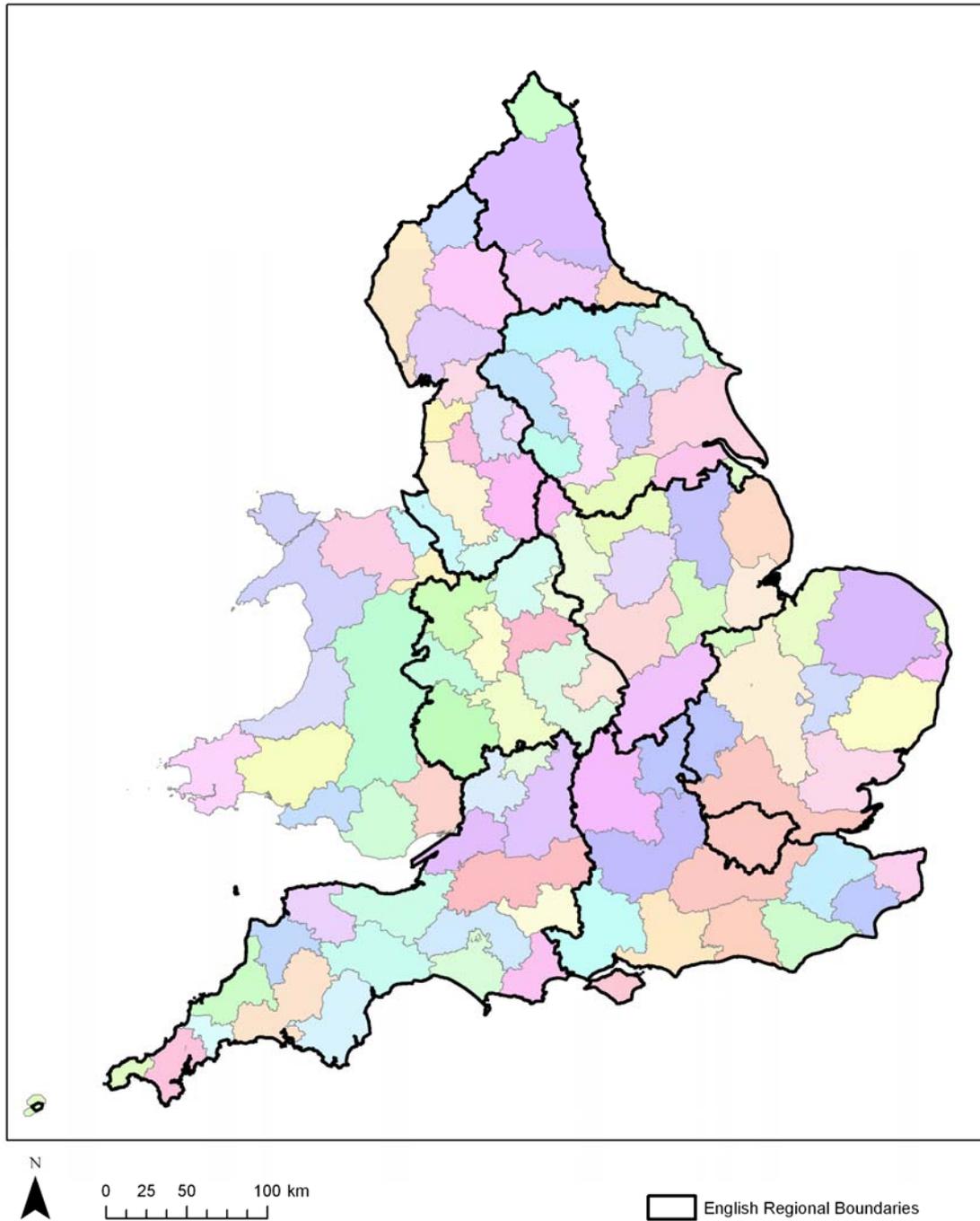
Figure 1 Regional boundaries and framework housing market areas (75 per cent)
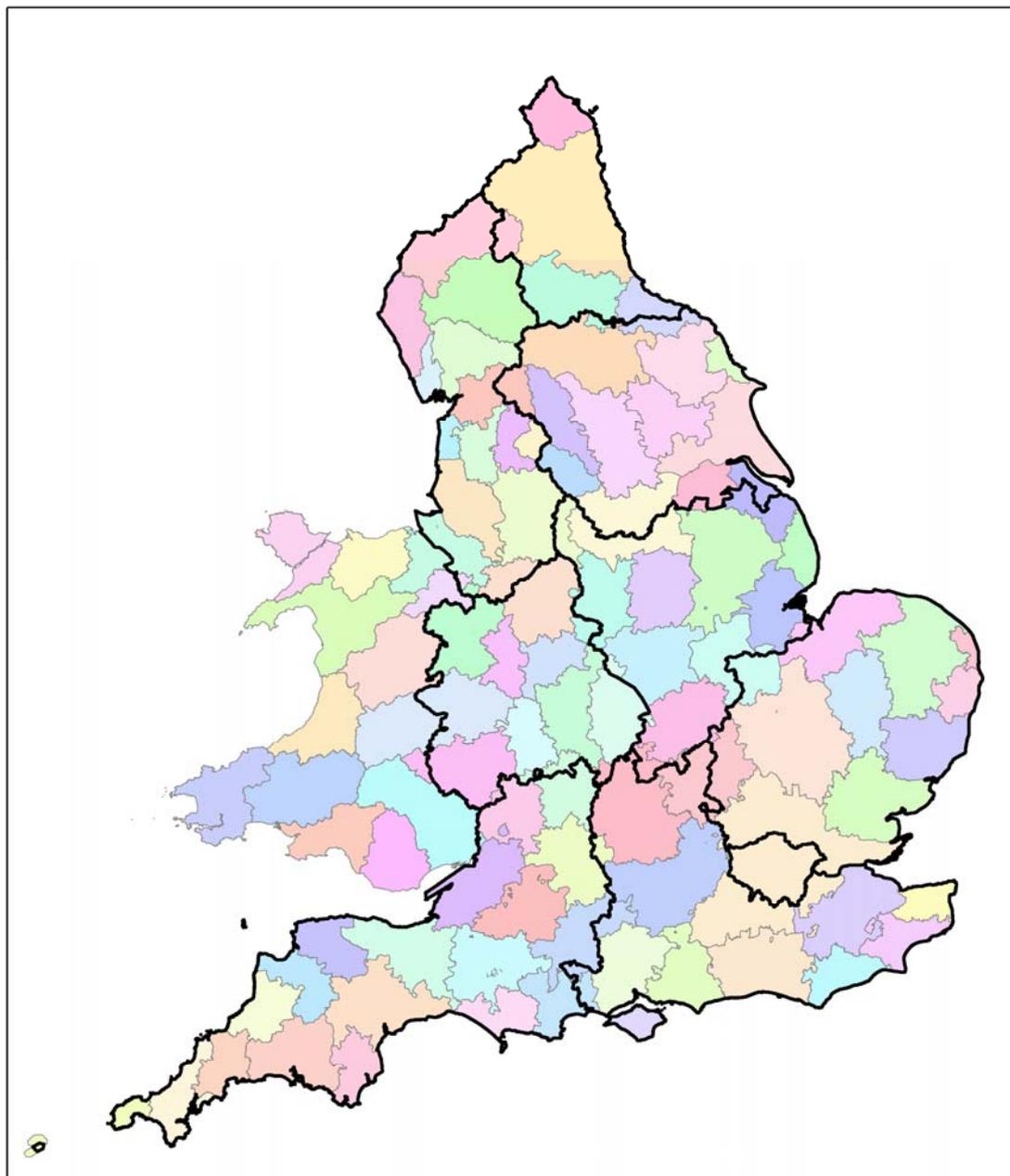
Figure 2 Regional boundaries and best-fit framework housing market areas (75 per cent)

N

0   25   50   100 km

English Regional Boundaries

Figure 3 Regional boundaries and framework housing market areas (77.5 per cent)

N

0   25   50   100 km
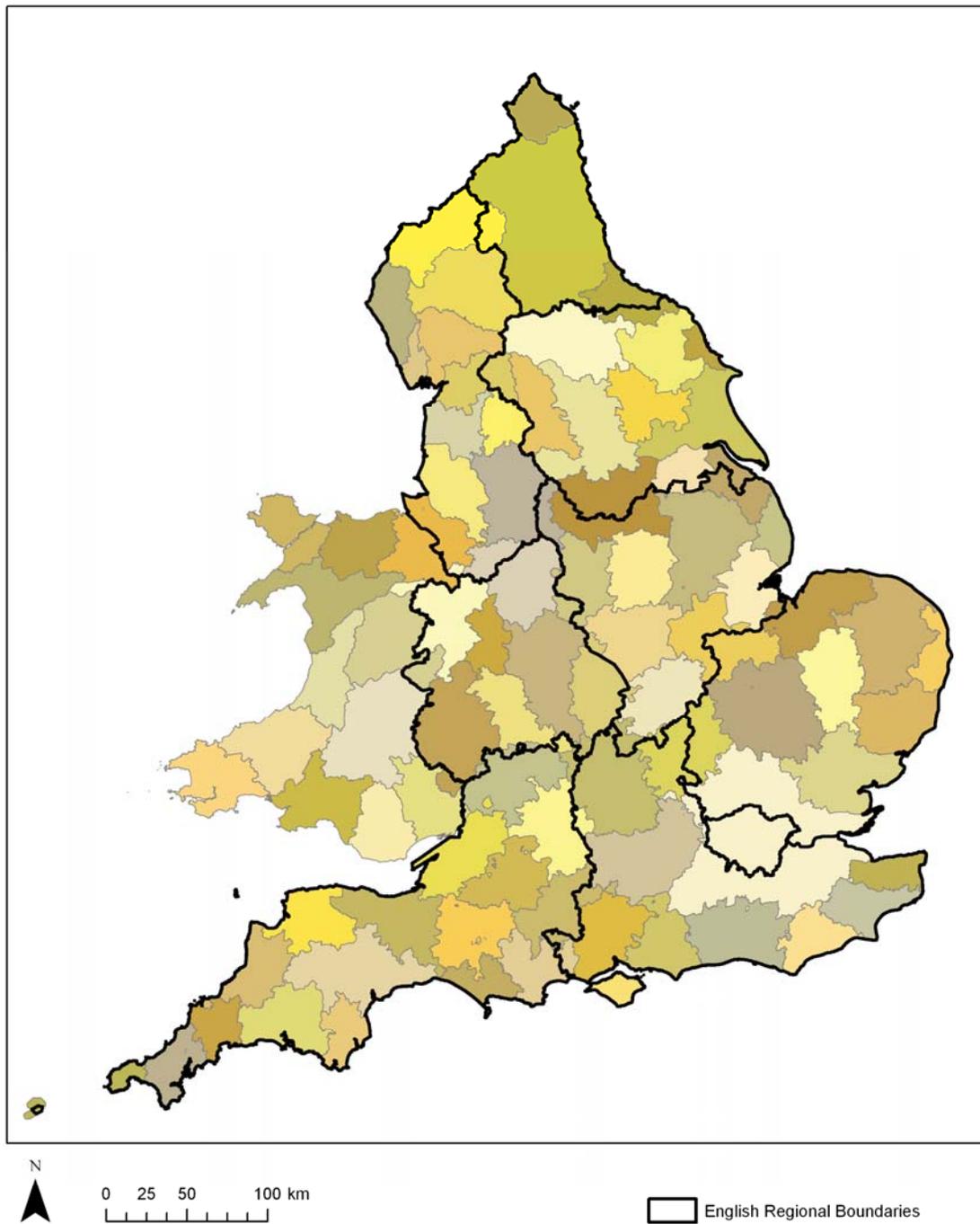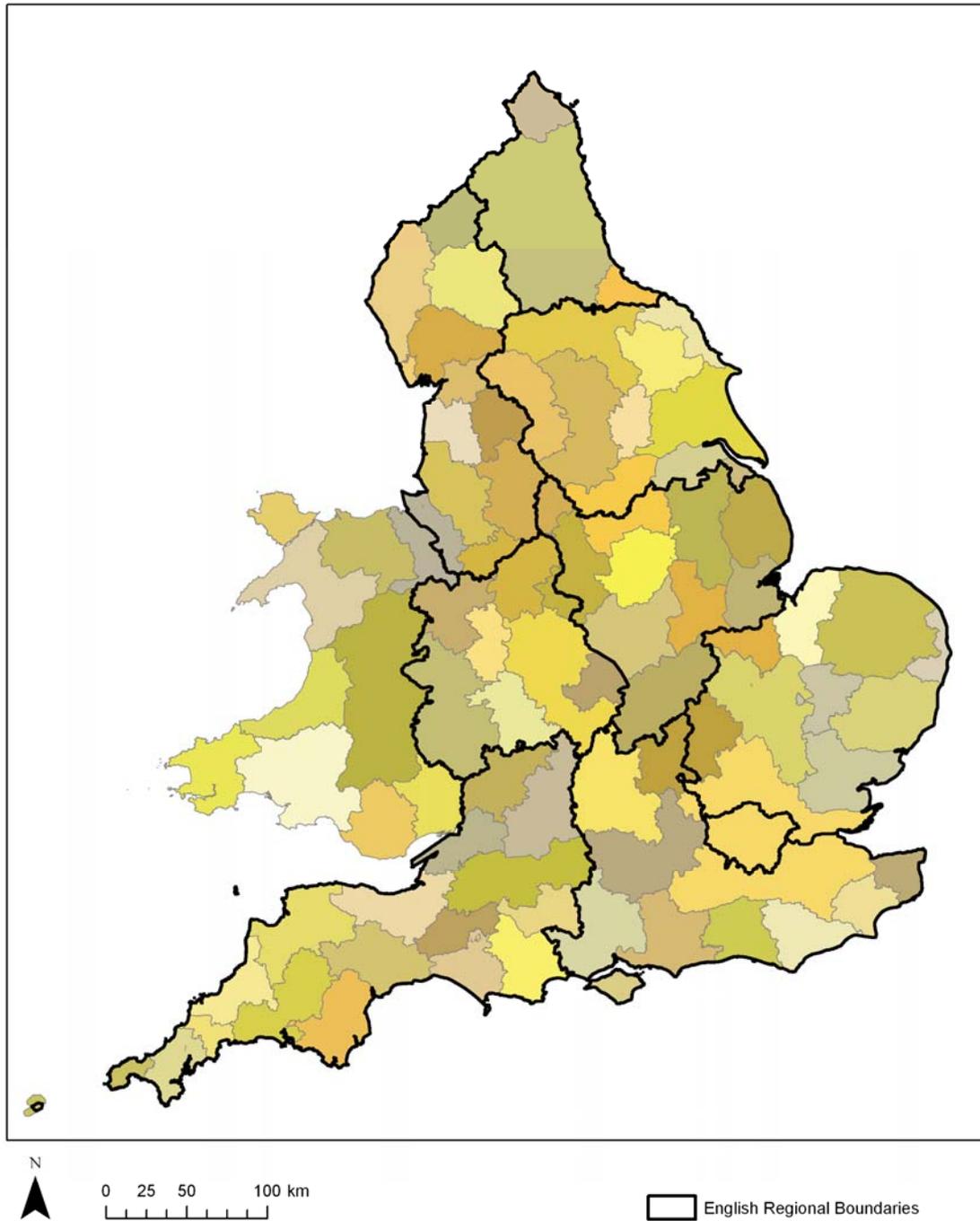
English Regional Boundaries

Figure 4 Regional boundaries and best-fit framework housing market areas (77.5 per cent)

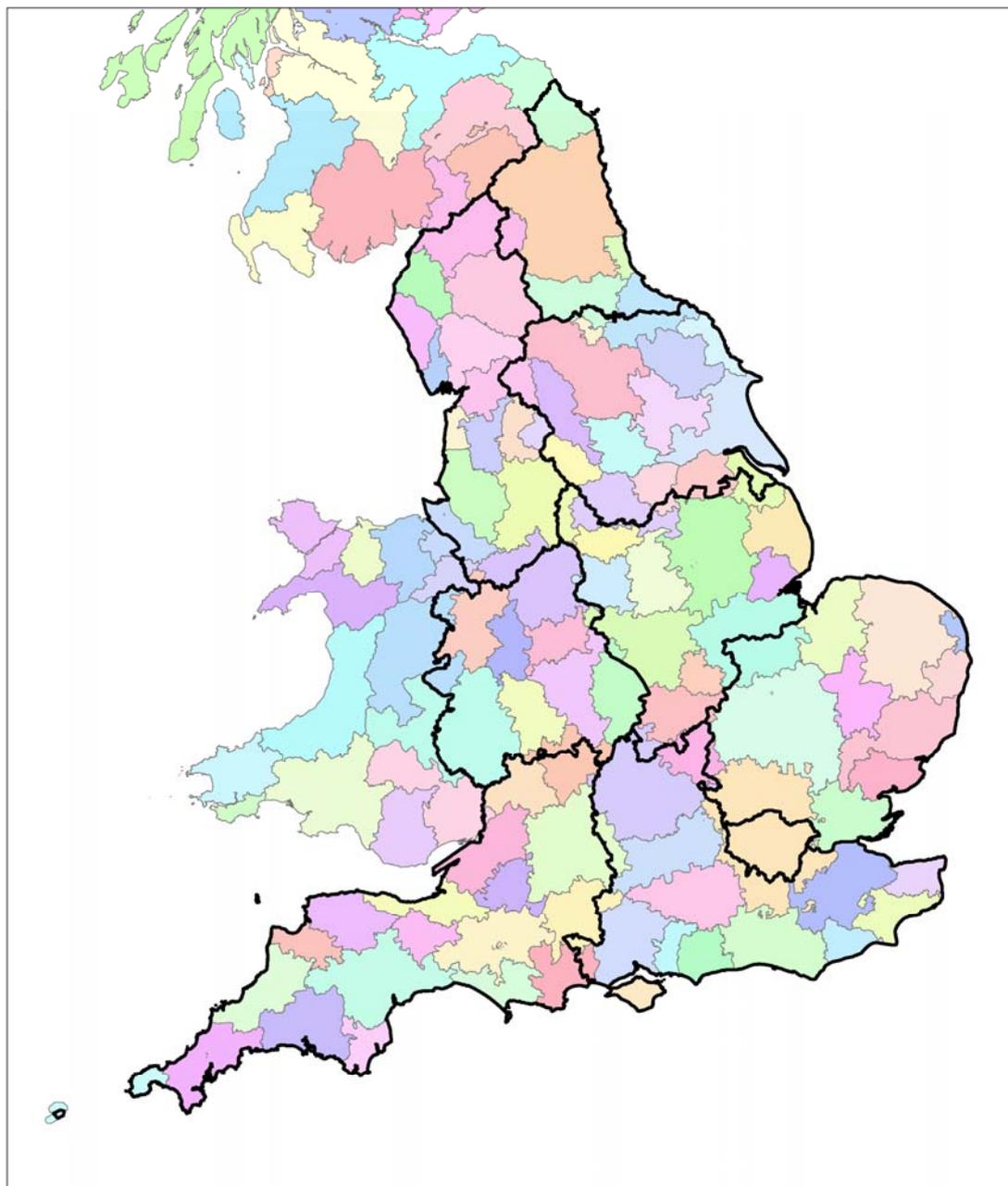**Figure 5 Regional boundaries and framework housing market areas (72.5 per cent)**
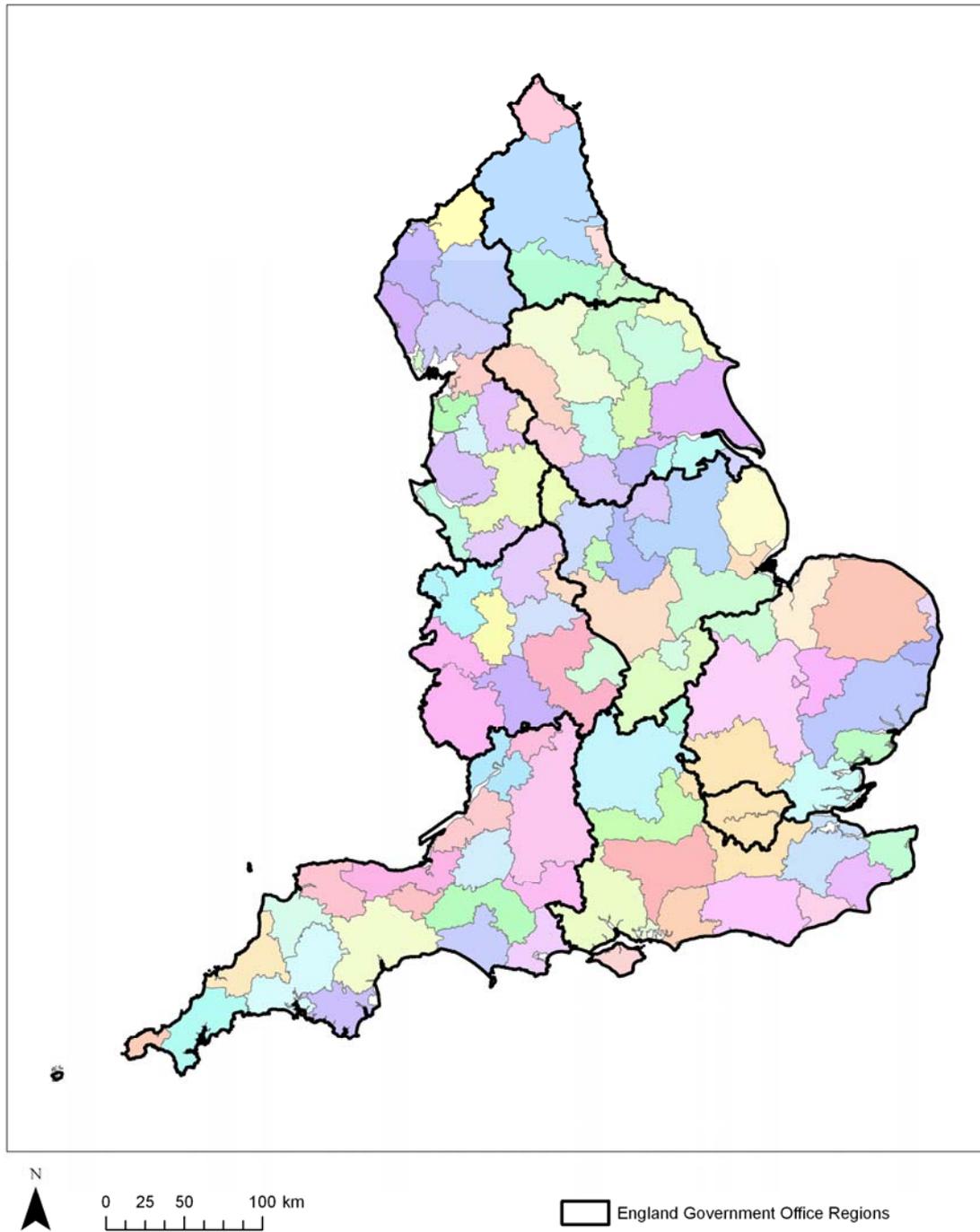

N

0 25 50   100 km

☐ England Government Office Regions

Figure 6 Regional boundaries and best-fit framework housing market areas (72.5 per cent)

N

0   25   50   100 km

England Government Office Regions

Figure 7 Local authority districts and best-fit framework housing market areas (75 per cent and 77.5 per cent)

Best-fit Framework HMAs (75%)
Best-fit Framework HMAs (77.5%)

Figure 8 Local authority districts and best-fit framework housing market areas (72.5 per cent and 75 per cent)

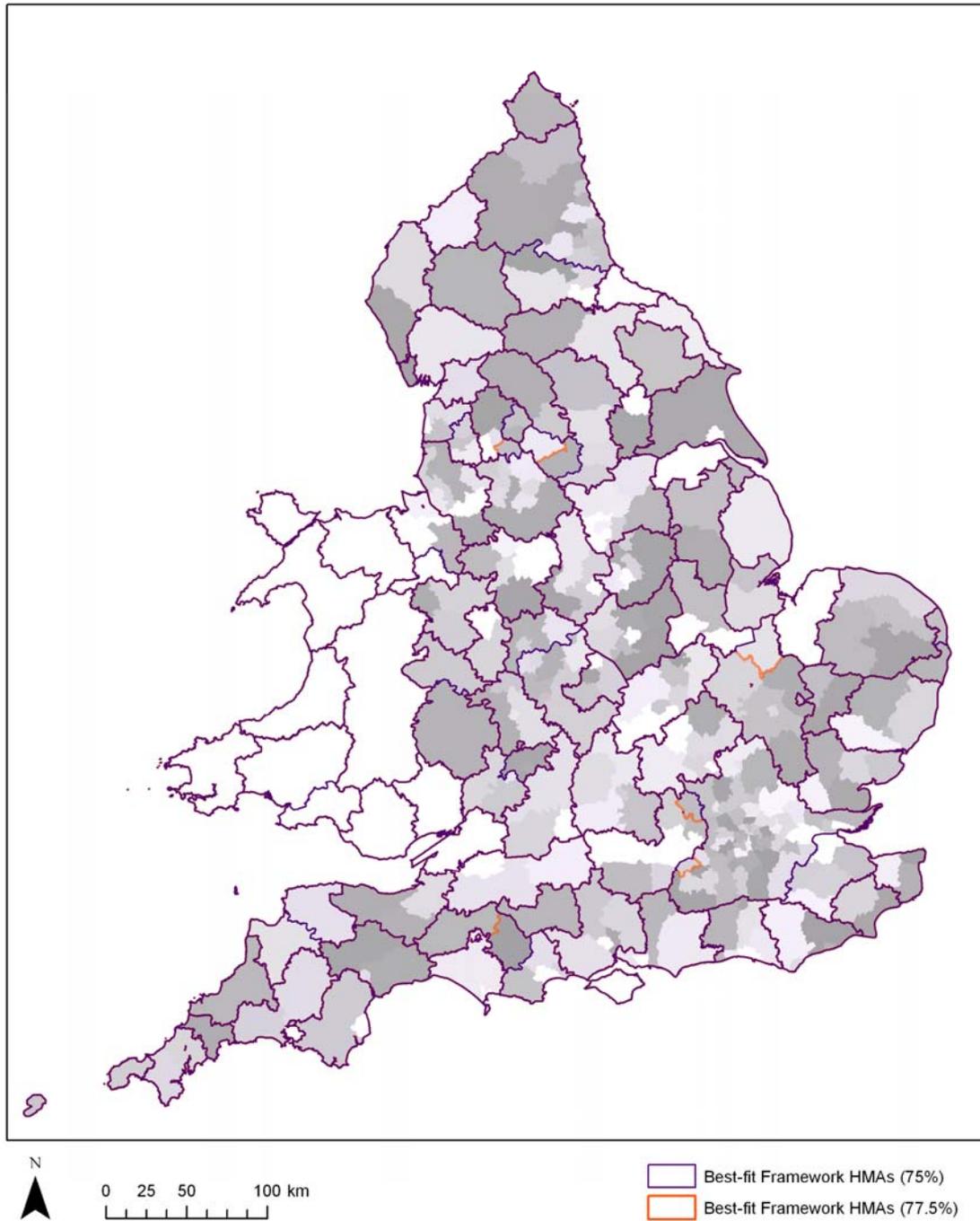

Framework HMAs (72.5) - best fit
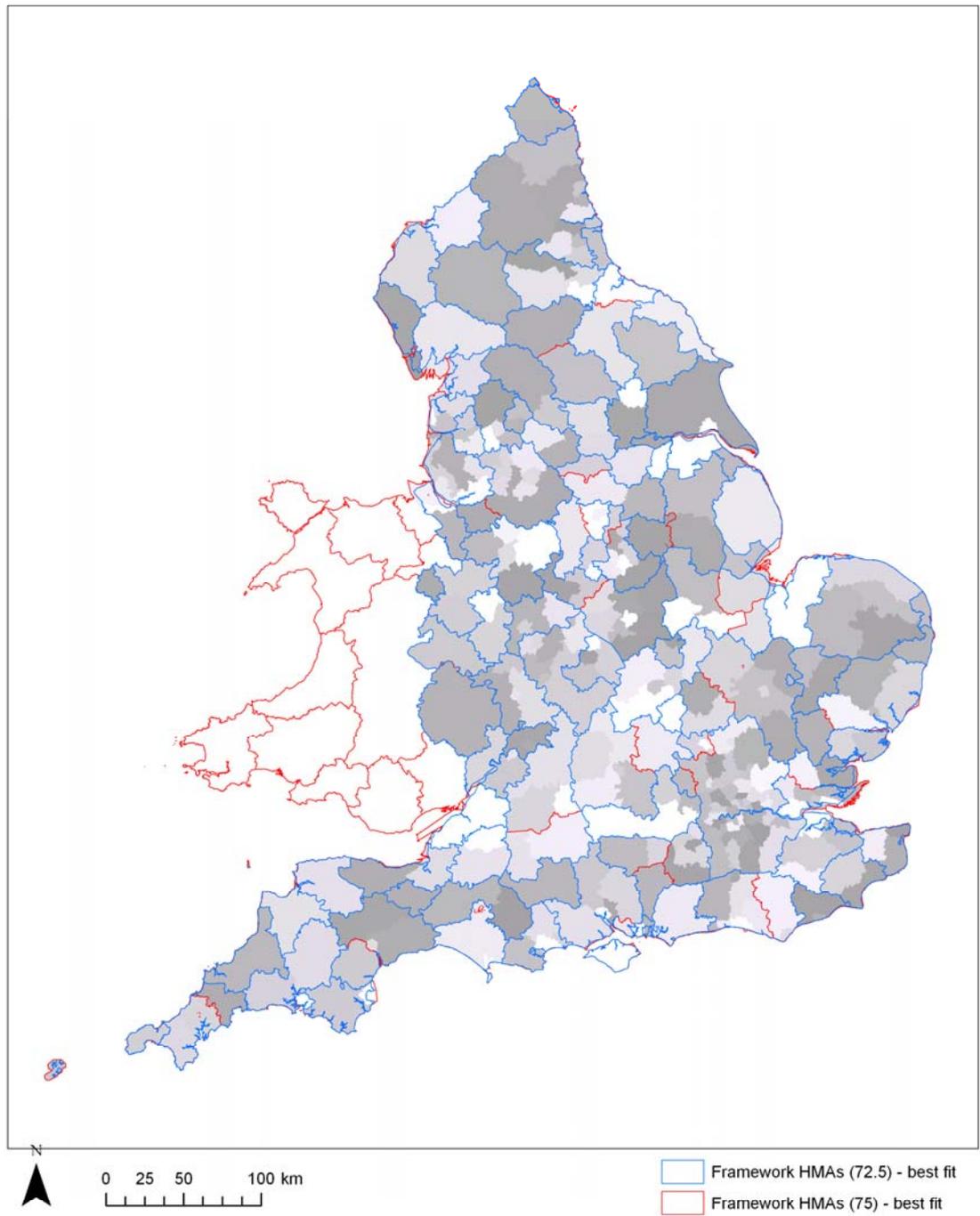Framework HMAs (75) - best fit

Figure 9 Local authority districts and best-fit framework housing market areas (72.5 per cent and 77.5 per cent)

Figure 10 Local housing market areas (55 per cent migration threshold under framework housing market areas 75 per cent) with local authority boundaries

N

0   25   50   100 km

☐ Local HMAs (55%) under Framework HMAs (75%)

Figure 11 Local housing market areas (55 per cent migration threshold under framework housing market areas 77.5 per cent) with local authority boundaries

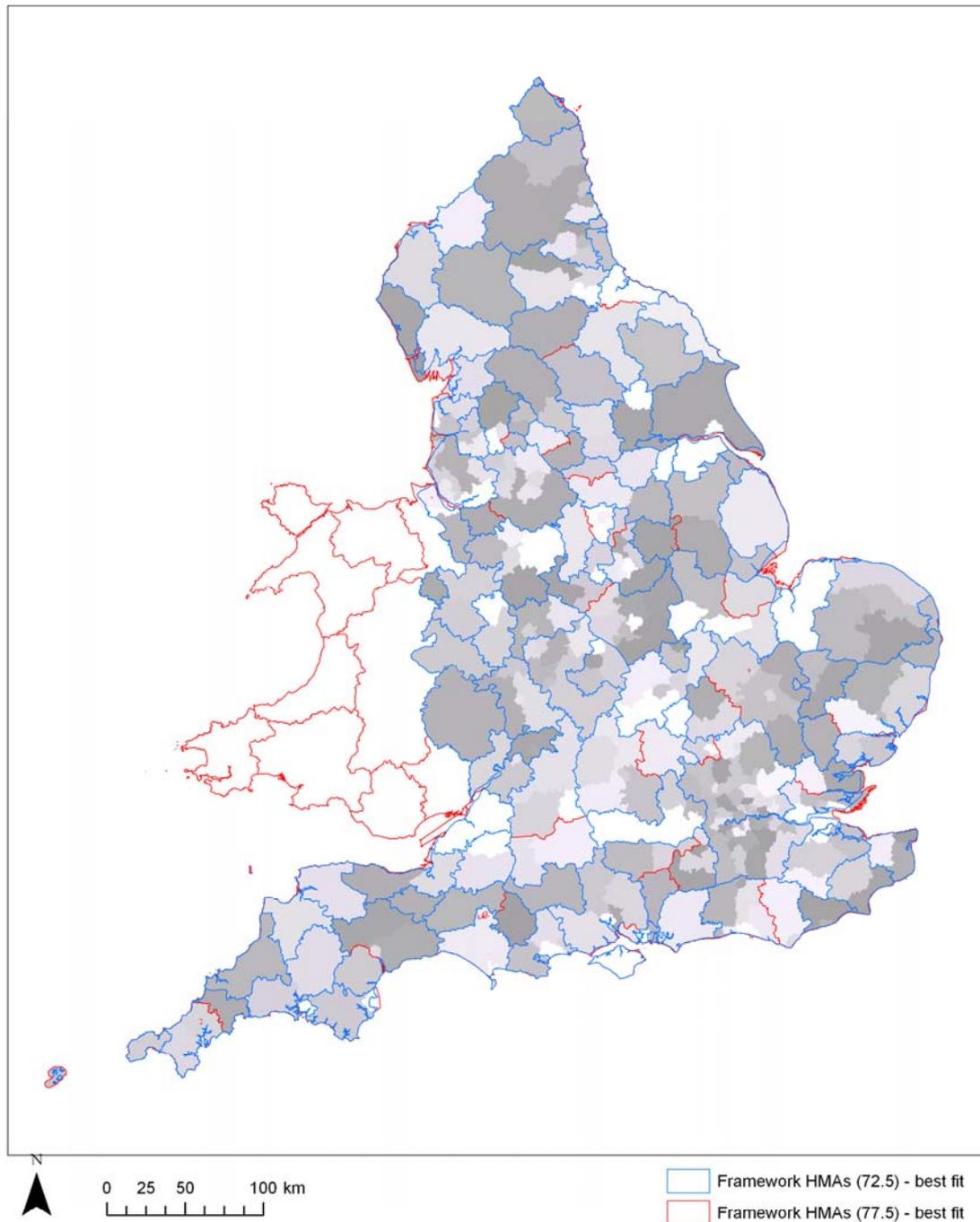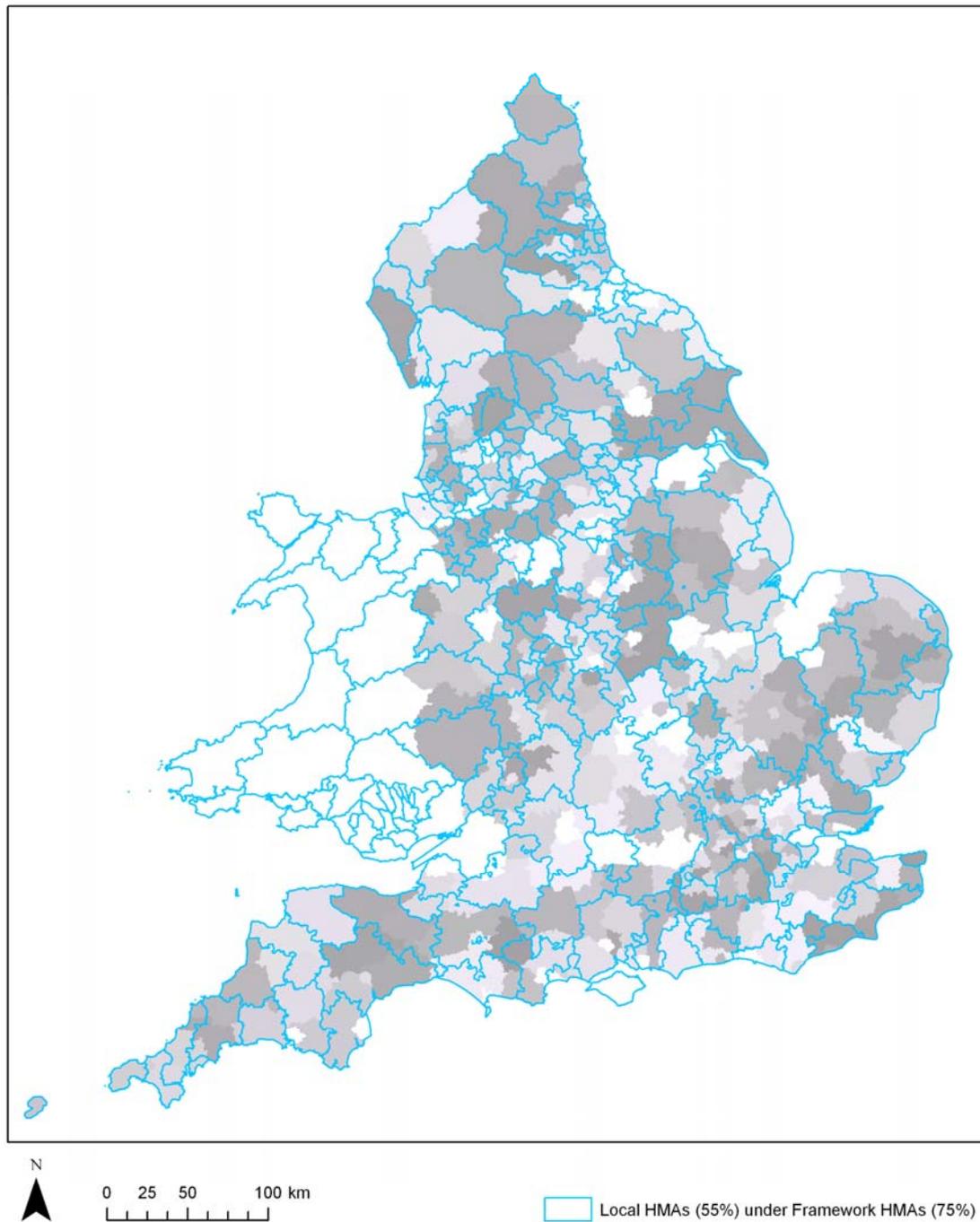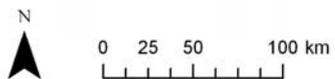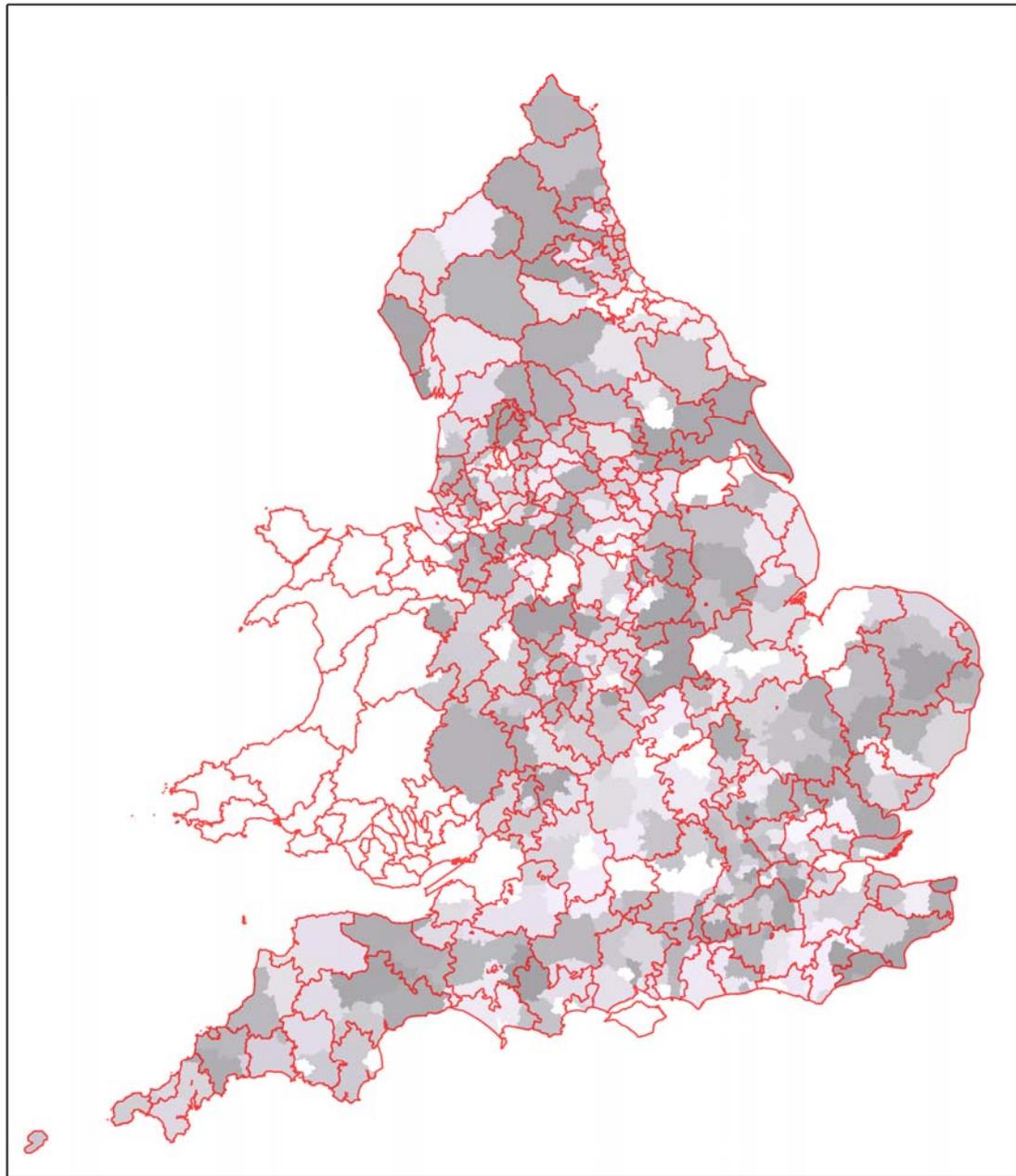Local HMAs (55%) under Framework HMAs (77.5%)

Figure 12 Local housing market areas (50 per cent migration threshold under framework housing market areas 77.5 per cent) with local authority boundaries

N

0 25 50   100 km

Local HMAs (50%) under Framework HMAs (77.5%)

Figure 13 Local housing market areas at 55 per cent migration threshold under 75 per cent and 77.5 per cent framework housing market areas and local authority boundaries

N

0 25 50   100 km

☐ Local HMAs (55%) under Framework HMAs (75%)
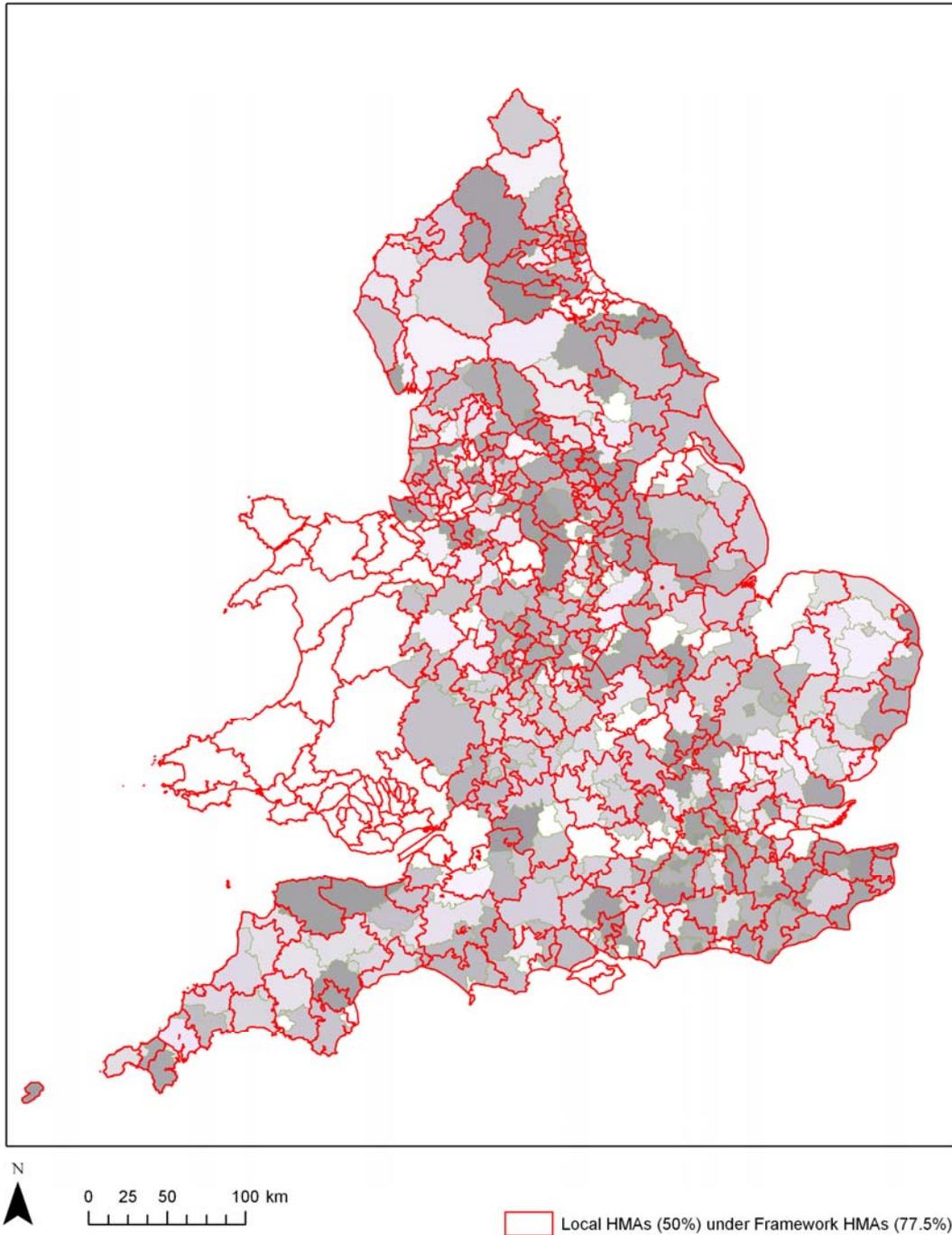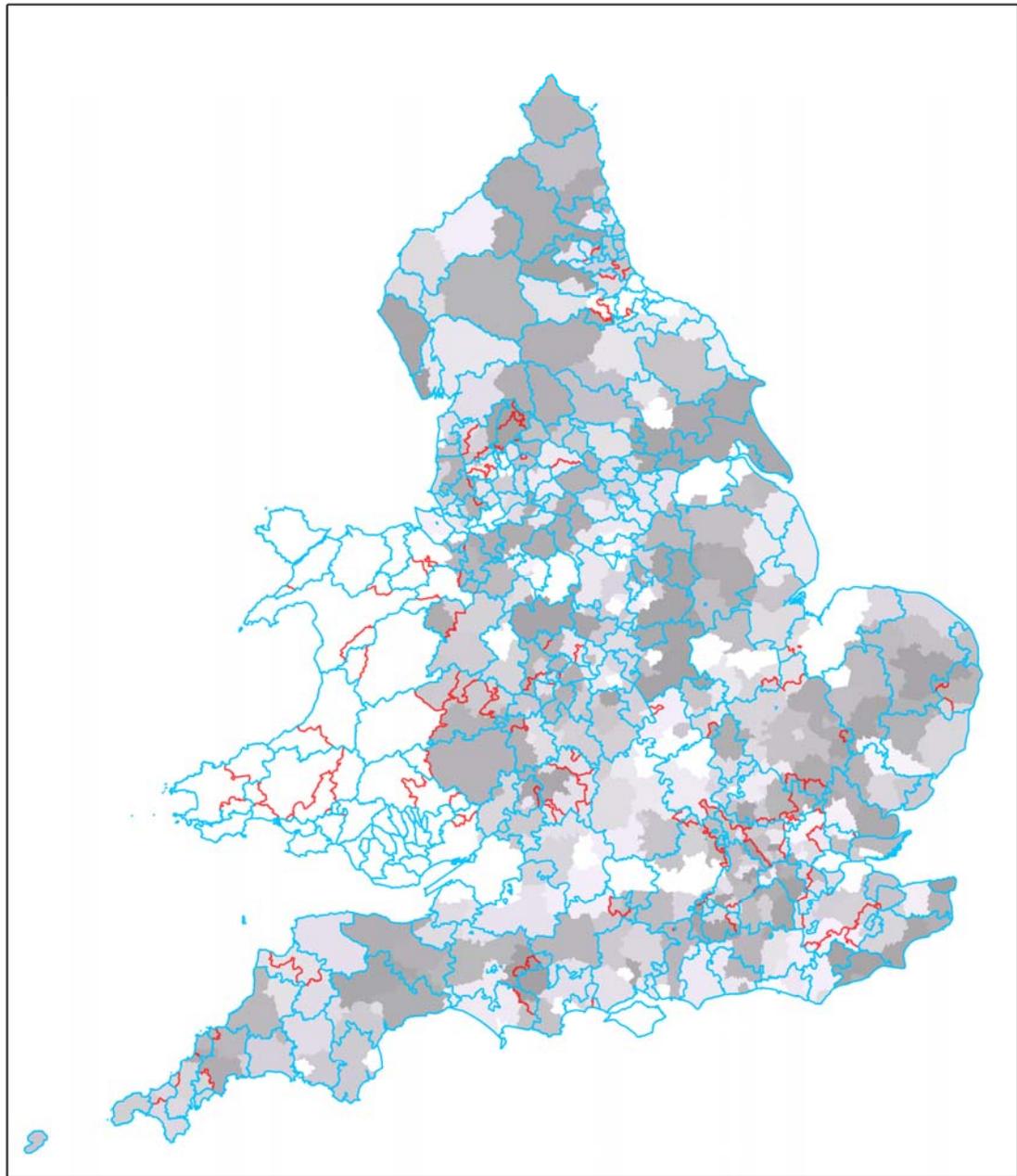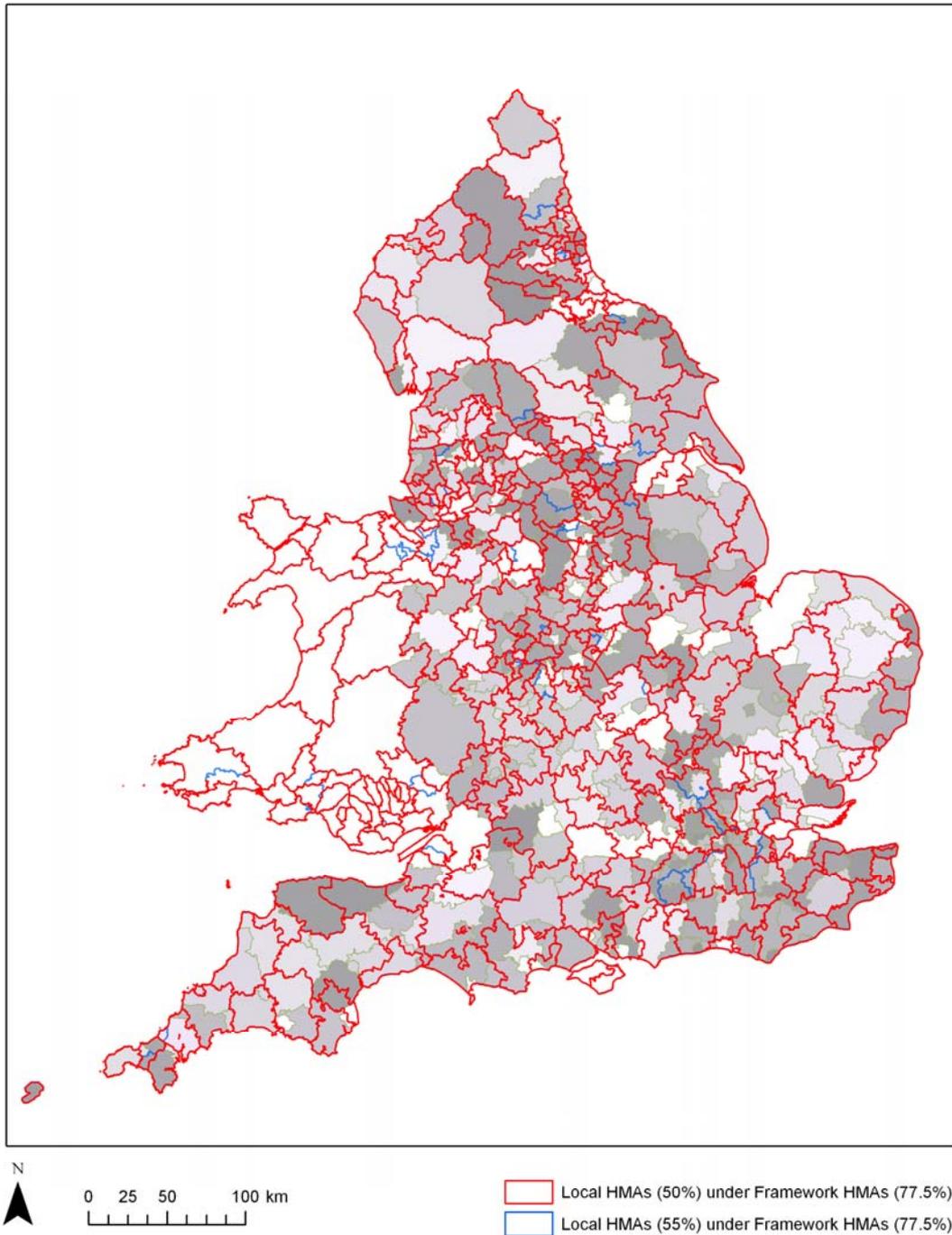☐ Local HMAs (55%) under Framework HMAs (77.5%)

Figure 14 Local housing market areas at 50 per cent and 55 per cent migration threshold under 77.5 per cent framework housing market areas and local authority boundaries

N

0 25 50 100 km

Local HMAs (50%) under Framework HMAs (77.5%)
Local HMAs (55%) under Framework HMAs (77.5%)

Part 2
Suitability for strategic planning and local planning

In order to assess the suitability of the recommended housing market area geographies to inform strategic planning issues in relation to housing delivery, the relationship between the recommended housing market areas and the following policy areas are analysed:

- travel-to-work areas
- strategic housing market assessments
- National Parks and Green Belt; and
- Growth Areas and Growth Points.

Travel-to-work areas

The main functional boundaries that are closely related to planning for housing are the Office of National Statistics (ONS) travel-to-work areas. Figures 15, 16 and 17 illustrate the relationship between travel-to-work areas and the recommended framework housing market area geographies. Since both travel-to-work areas and the framework housing market area geographies are based on ward commuting data as the building block, the comparisons here are based on the pure version of framework housing market areas.

When comparing Figures 15 and 16, it is clear that the patterns are very similar. Both sets of boundaries reveal significant cross-cutting of different travel-to-work areas. Since framework housing market areas (77.5 per cent) has fewer but larger housing market areas, this set of housing market areas tends to exhibit broader groupings of travel-to-work areas. In comparison, the housing market areas produced by framework housing market areas (75 per cent) tend to be groupings of a smaller number of travel-to-work areas.

With a different derivation methodology, there are more framework housing market areas produced at the commuting threshold of 72.5 per cent (see Figure 17). When compared to Figure 16 (77.5 per cent commuting threshold), Figure 17 tends to cut up the travel-to-work areas more. However, in comparison with the 75 per cent threshold (Figure 15), the broad patterns are fairly similar - largely based on the grouping of a smaller number of travel-to-work areas and in many cases, they just contain one travel-to-work area. The main difference between Figures 15 and 17 is found in the groupings of travel-to-work areas in London and the South East.

Strategic housing market areas

The current set of strategic housing market areas, devised by the local authorities, has been based on a mix of methodologies and partnership working relationships. They could be seen as a hybrid of technical and policy

areas. These areas have been used to inform housing policy monitoring and partnership working across all English regions. Due to the pragmatic nature of the strategic housing market areas, they tend to follow local authority district boundaries and thus, when examining them with the pure versions of framework housing market areas (see Figures 18 and 19) built from the wards, there are significant cross-cutting issues.

It is thus more useful for the assessment to focus on comparing strategic housing market areas with the best-fit versions of the framework housing market areas (Figures 20, 21 and 22). It is clear from both Figures 20 and 21 that the recommended housing market area geographies tend to be larger units than the existing strategic housing market areas by regrouping the strategic housing market assessments into larger and more strategic areas. However, it is interesting to note that the best-fit framework housing market areas (72.5 per cent) tend to group up existing strategic housing market areas as well as splitting them up (see Figure 22) when compared to the others (see Figures 24 and 25).

When putting the 75 per cent and 77.5 per cent threshold best-fit housing market area boundaries together with strategic housing market areas (in Figure 23), it is clear that framework housing market area (75 per cent) creates more cross-cutting issues with the existing set of strategic housing market areas, in particular, around the West Midlands areas and the strategic housing market areas along the Welsh border. Similar comparisons are made between the boundaries at 72.5 per cent with the other two sets in Figures 24 and 25. Again, the figures highlight areas where the boundaries are different.

National Parks and Green Belt

With regard to the relationship between the two sets of recommended housing market area geography and the National Parks and Green Belt, Figures 26, 27 and 28 shows the best-fit boundaries framework housing market areas at different thresholds (75 per cent, 77.5 per cent and 72.5 per cent).

When comparing Figures 26 (75 per cent) and 27 (77.5 per cent), there are hardly any differences between how the boundaries intersect with the green belt (note: we do not have the latest revision of green belt boundaries which was published in early May) and the National Parks. The only notable difference is found in Figure 27 in that the larger London housing market area produced by the 77.5 per cent commuting threshold means that the housing market area goes beyond the greet belt to include Kent; whereas in Figure 26 with the smaller London housing market area (at 75 per cent threshold), the London housing market area is tightly enclosed by the green belt.

The patterns become more fragmented in Figure 28 when the commuting threshold is at 72.5 per cent. The London housing market area produced under this threshold no longer contain the ring of the green belt and a significant area of the London greenbelt now overflows to other housing market areas in the South East and the Eastern Region. The implications to

greenbelt elsewhere in England the National Parks at 72.5 per cent commuting thresholds are not significantly different from Figures 26 and 27 at higher thresholds.

Growth Areas and Growth Points

The recommended best-fit housing market area boundaries are overlaid on the Growth Areas and Growth Points in Figures 29, 30 and 31 for the respective commuting thresholds of 75 per cent, 77.5 per cent and 72.5 per cent.

It is clear that the housing market areas produced at thresholds 75 per cent and 77.5 per cent (see Figures 29 and 30) provide a more strategic housing market area for the Milton Keynes and South Midlands Growth Areas than the existing strategic housing market assessments (see Figure 32). In addition, the Dacorum, St. Albans and Welwyn Hatfield Growth Area is in a separate strategic housing market area from the strategic housing market area of London-Stansted-Cambridge-Peterborough Growth Area. However, under the housing market area geographies of both 75 per cent and 77.5 per cent thresholds, the Dacorum, St. Albans and Welwyn Hatfield Growth Area is in the same London housing market area as the London-Stansted-Cambridge-Peterborough Growth Area.

With regard to the London-Stansted-Cambridge-Peterborough Growth Area, currently covered by six strategic housing market areas, still involves five housing market areas for both 75 per cent and 77.5 per cent thresholds. The Thames Gateway is currently covered by five strategic housing market areas, but it is covered by two housing market areas at 75 per cent commuting threshold and totally covered by the London housing market area at 77.5 per cent commuting threshold.

However, the housing market areas produced at threshold 72.5 per cent (see Figure 31) tend to create smaller housing market areas and result in greater fragmentation by splitting the growth areas into different housing market areas when comparing with the situation in Figures 29 and 30. It is, however, important to note that this set of boundaries at 72.5 per cent do not have much comparative advantage over the existing strategic housing market areas in terms of the number of areas involved.

Figure 15 Travel-to-work areas and framework housing market areas (75 per cent)
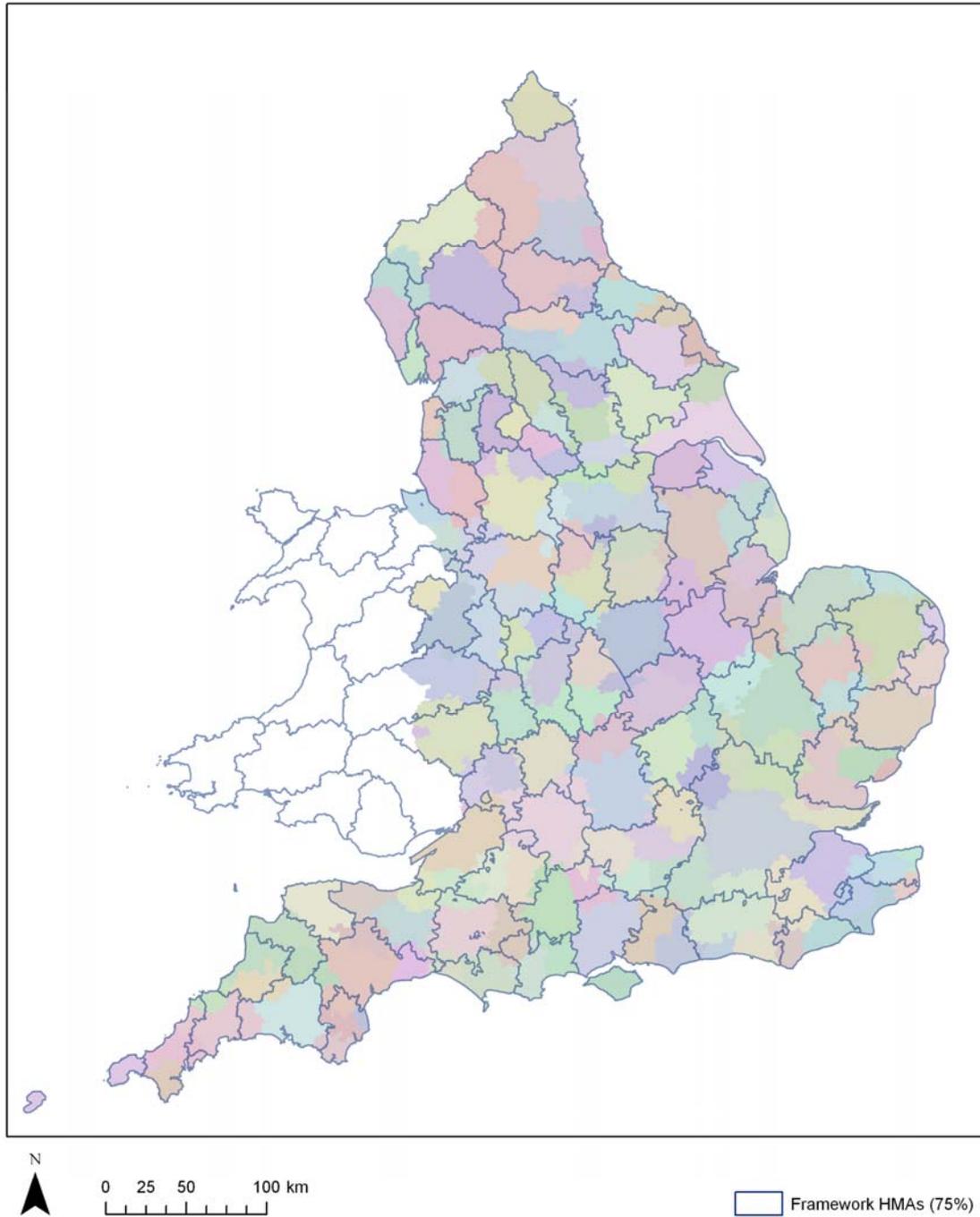
Figure 16 Travel-to-work areas and framework housing market areas (77.5 per cent)
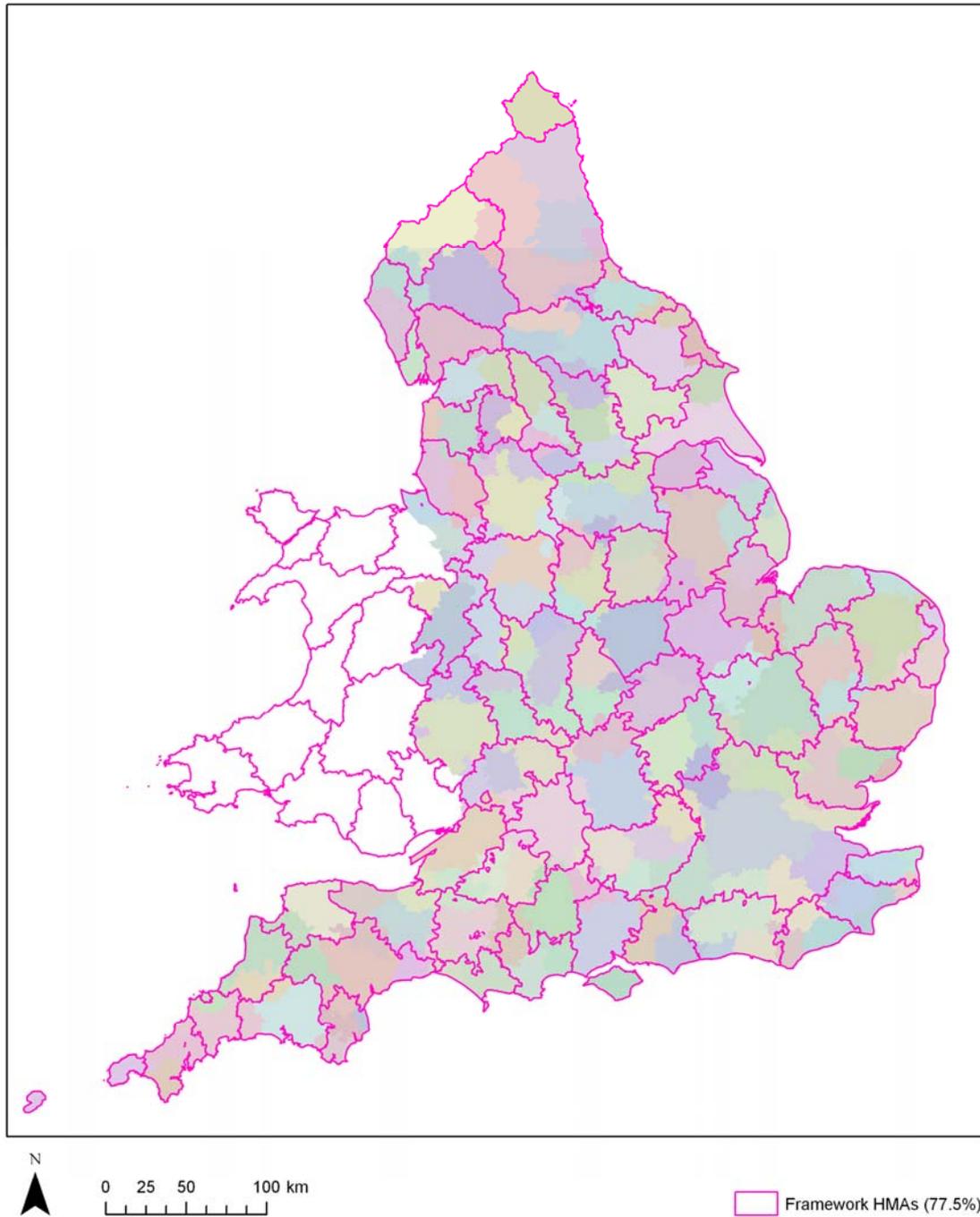

0   25   50   100 km

Framework HMAs (77.5%)

Figure 17 Travel-to-work areas and framework housing market areas (72.5 per cent)

Figure 18 Strategic housing market assessments and framework housing market areas (75 per cent and 77.5 per cent)

N

0   25   50   100 km

☐ Framework HMAs (75%)
☐ Framework HMAs (77.5%)
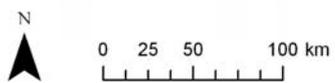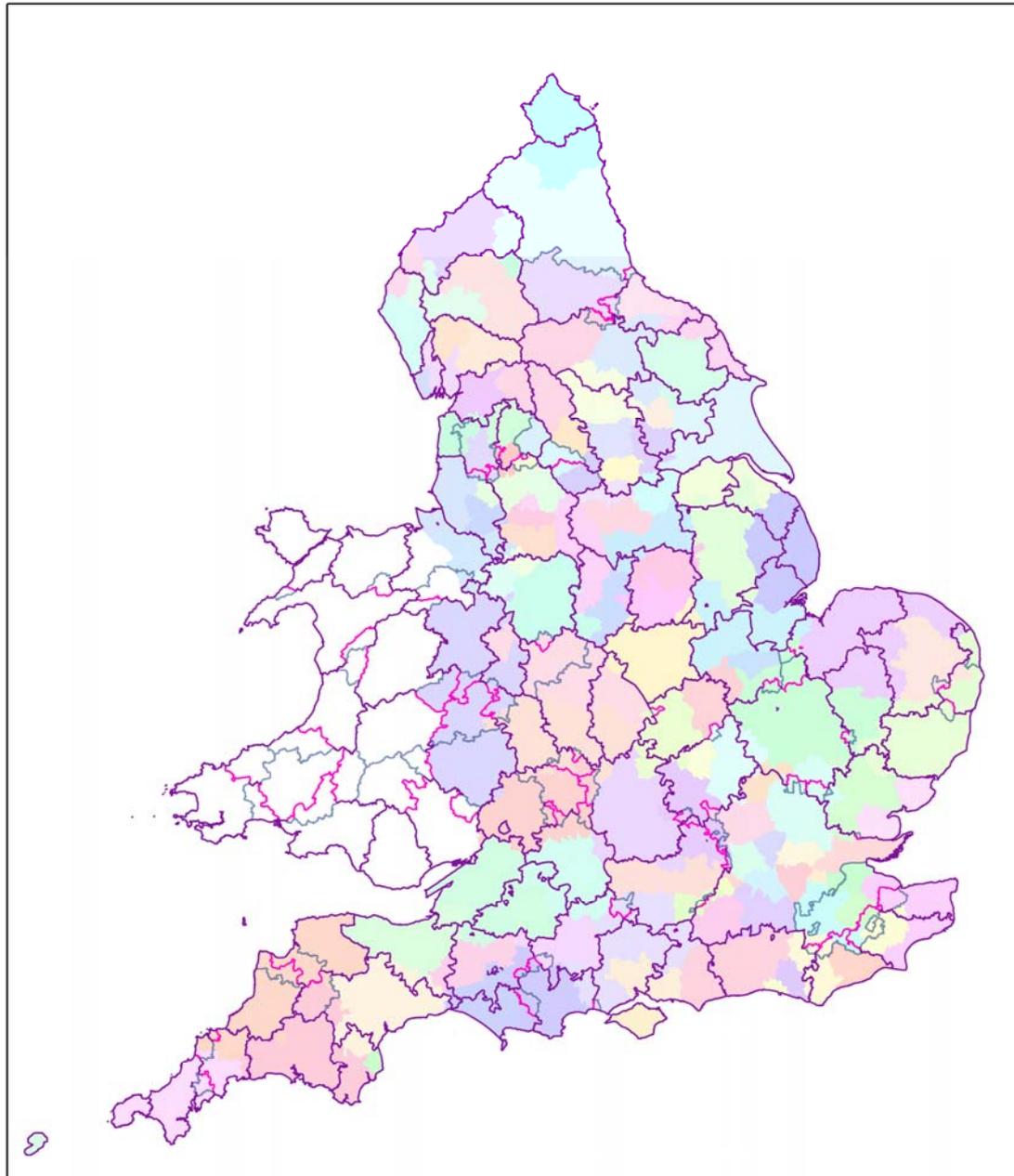
**Figure 19 Strategic housing market assessments and framework
housing market areas (72.5 per cent)**
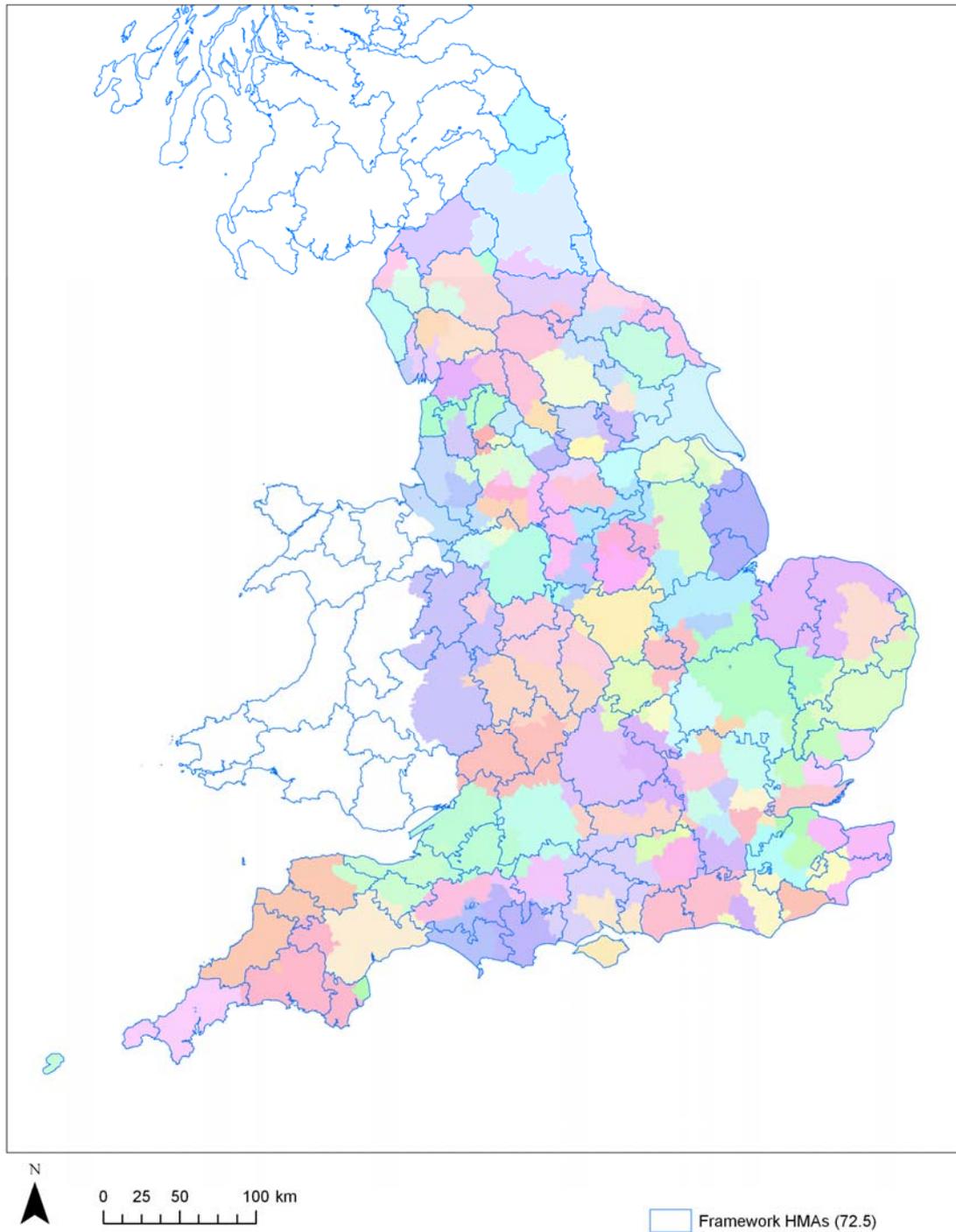
Figure 20 Strategic housing market assessments and best-fit framework housing market areas (75 per cent)

0   25   50   100 km

Best-fit Framework HMAs (75%)
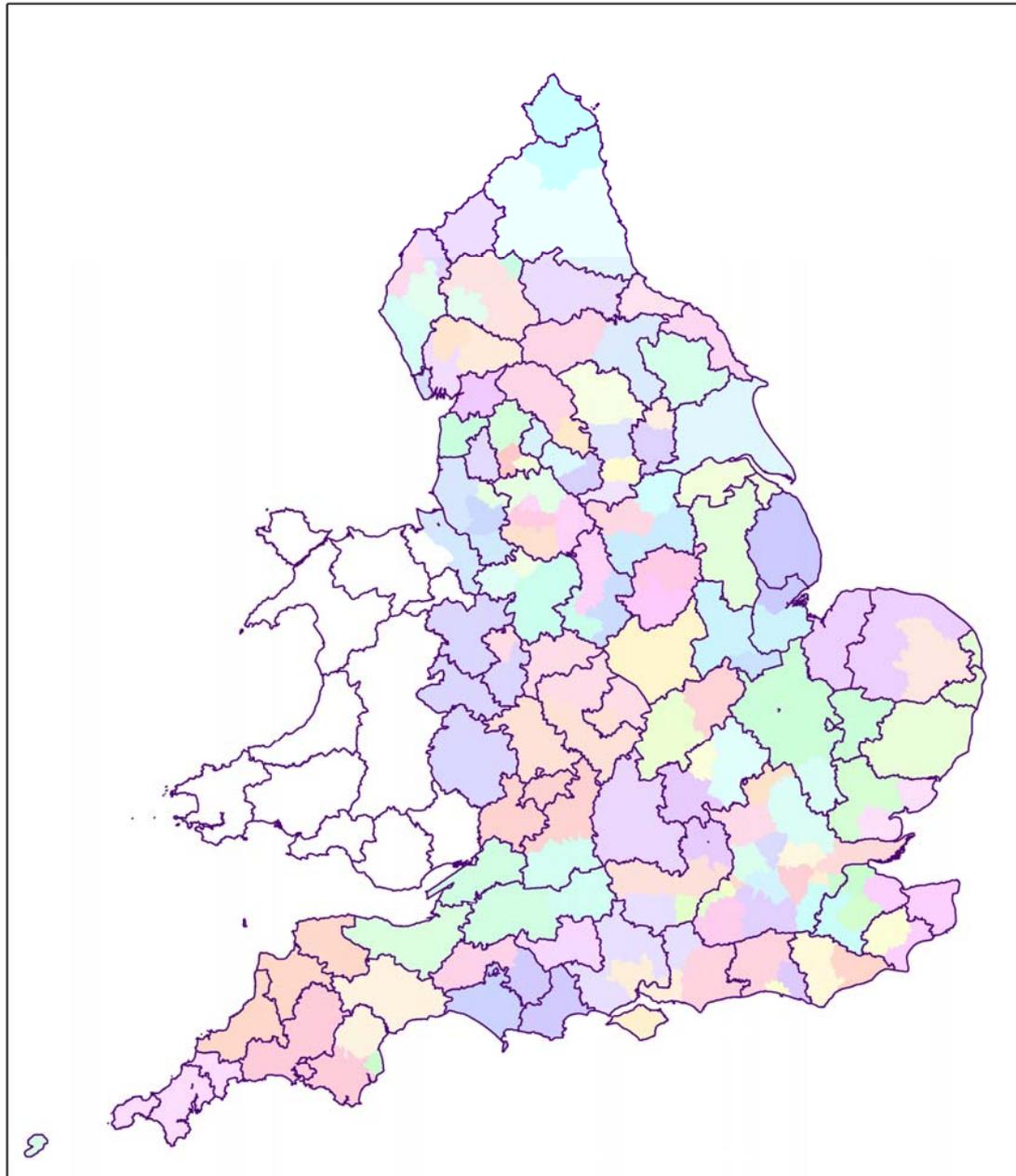
Figure 21 Strategic housing market assessments and best-fit framework housing market areas (77.5 per cent)
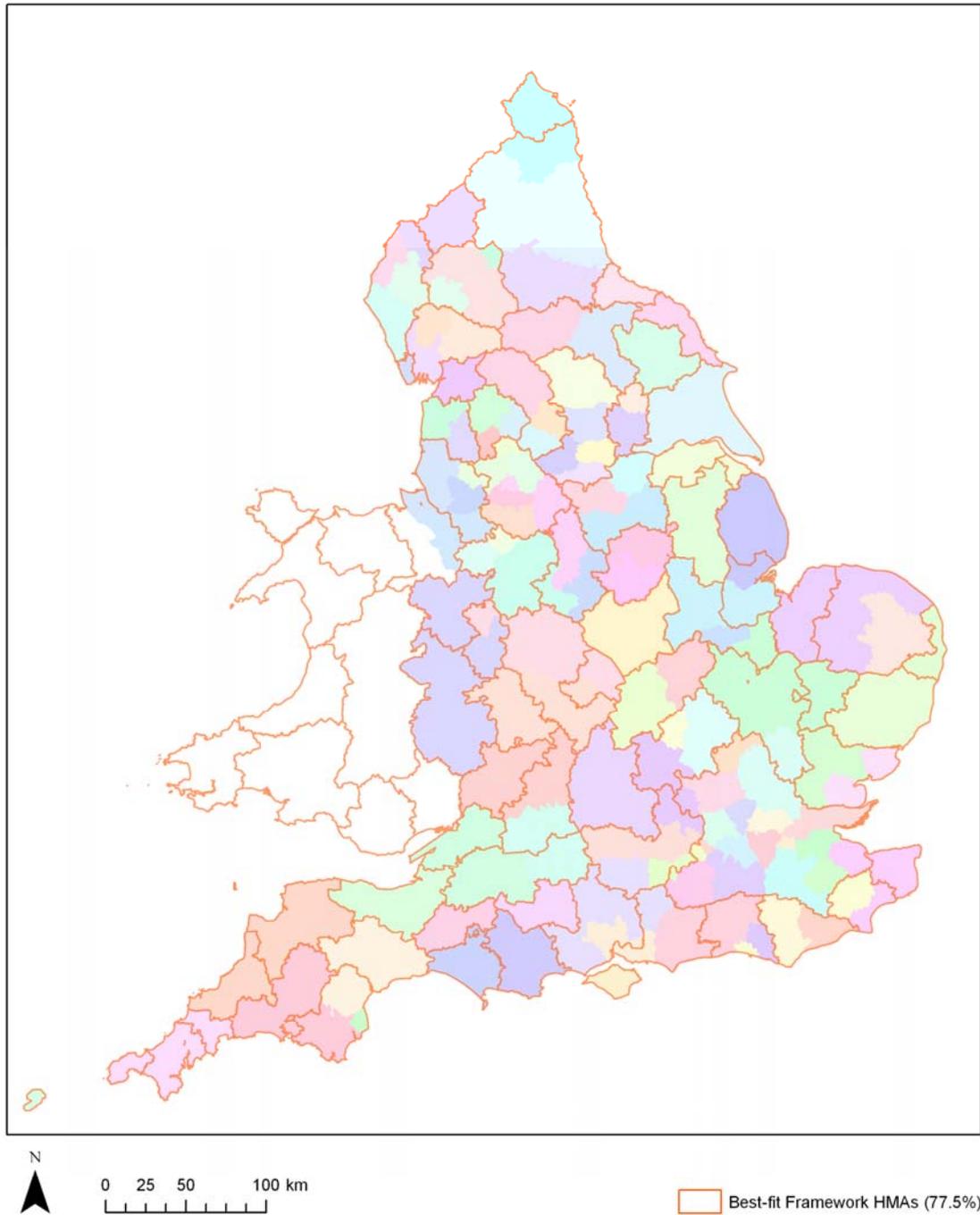
Figure 22 Strategic housing market assessments and best-fit framework housing market areas (72.5 per cent)

N

0   25   50   100 km

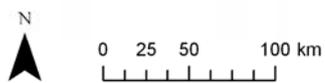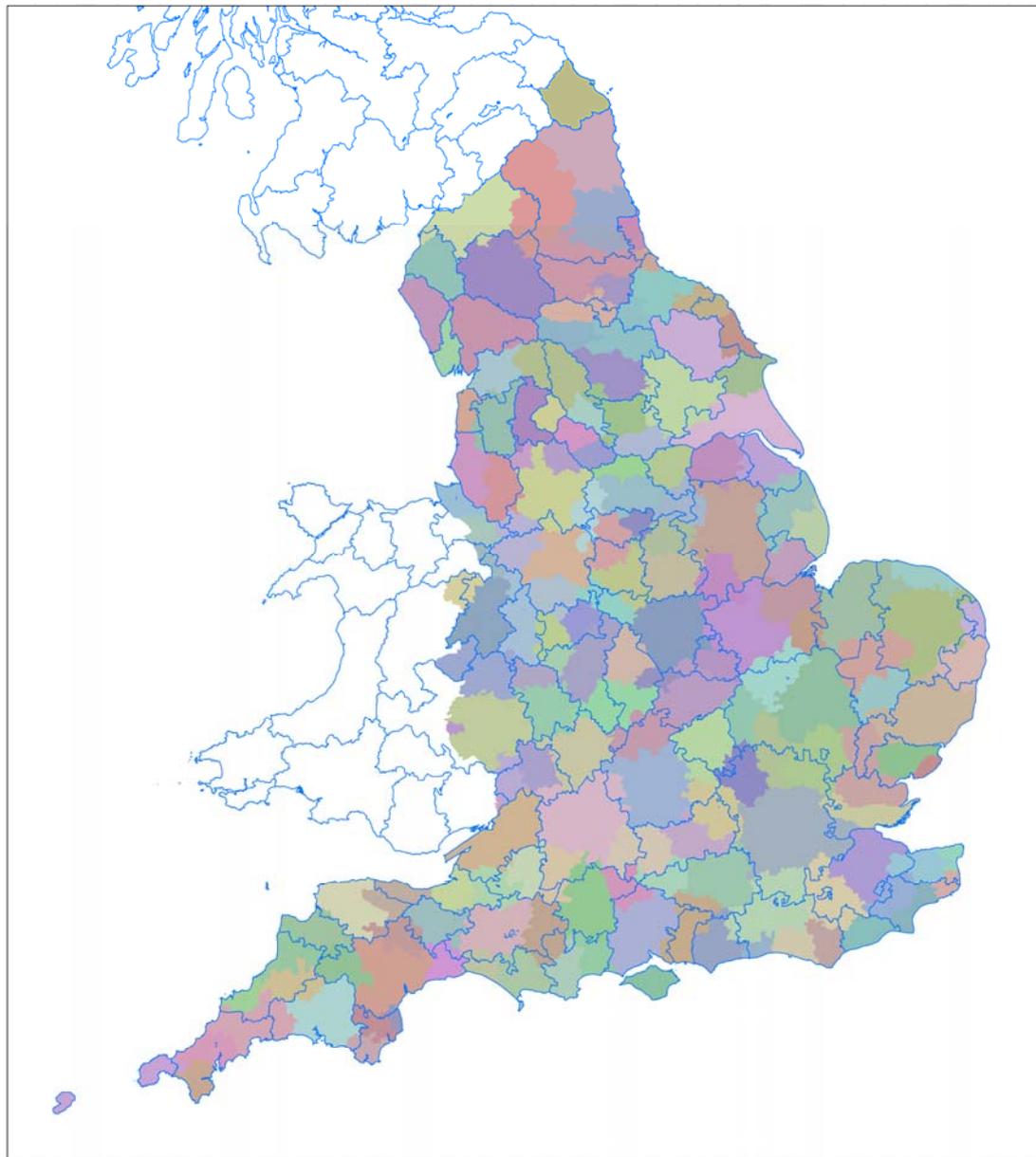Framework HMAs (72.5) - best fit
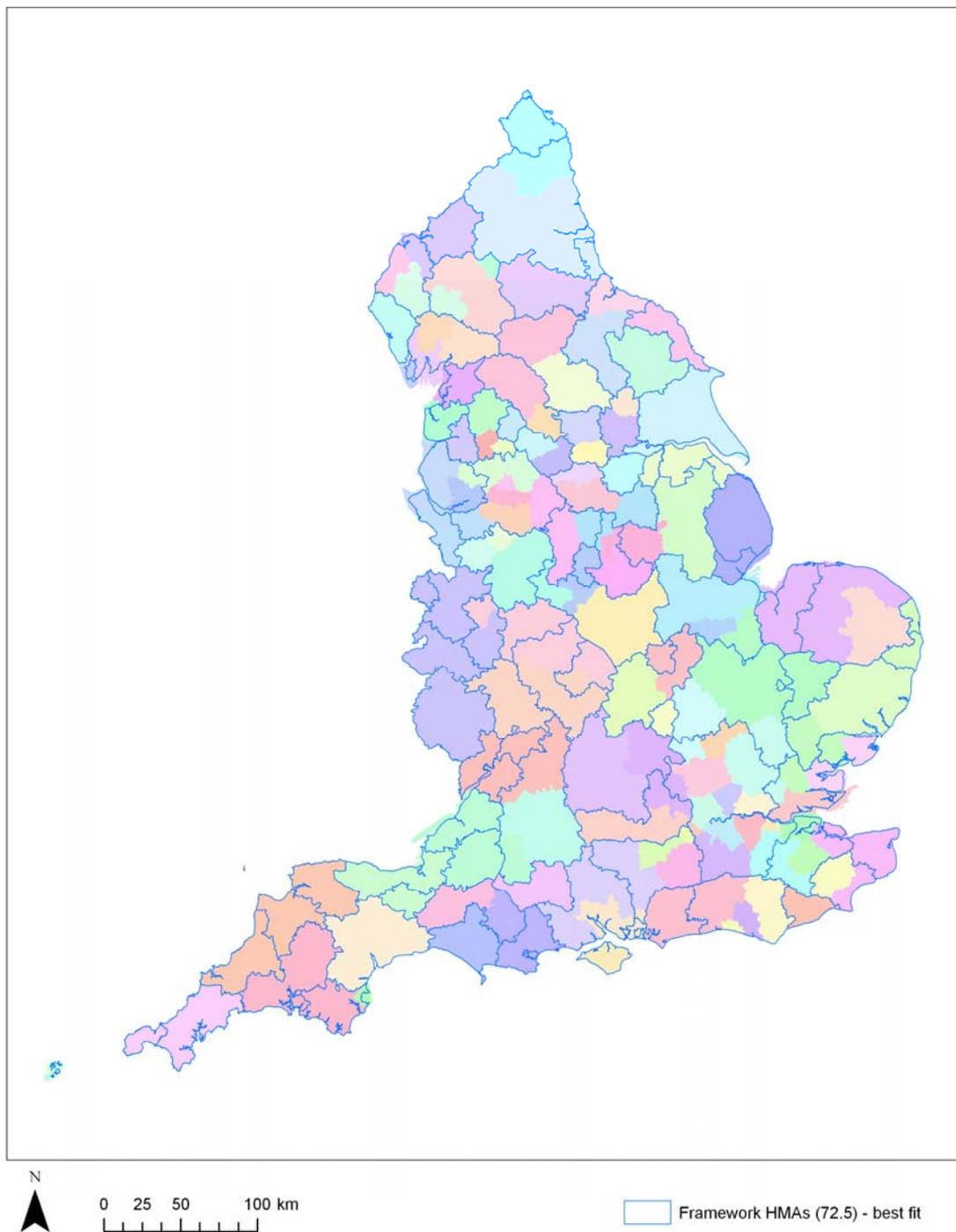
Figure 23 Strategic housing market assessments and best-fit framework housing market areas (75 per cent and 77.5 per cent)

Best-fit Framework HMAs (75%)
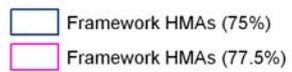Best-fit Framework HMAs (77.5%)
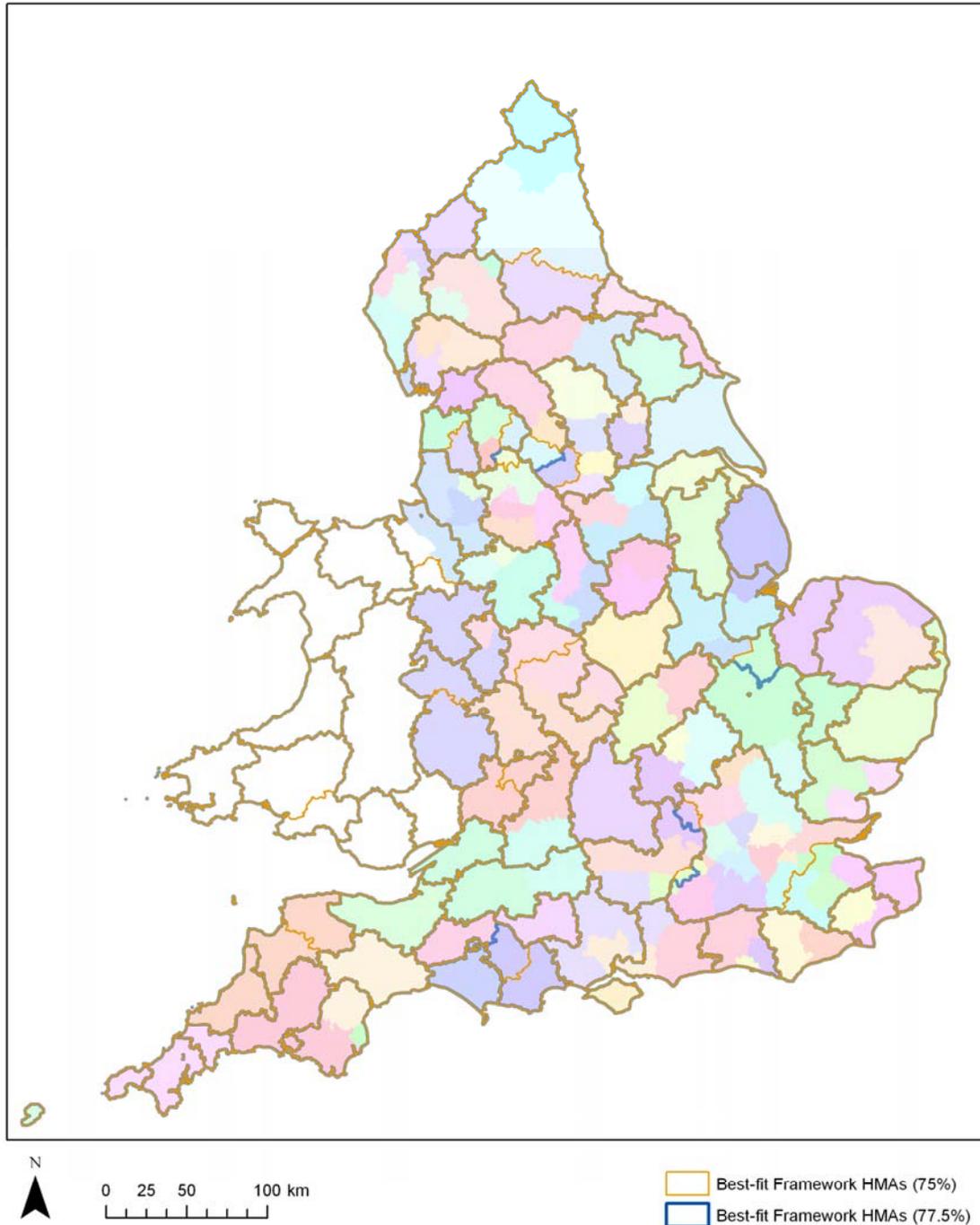
Figure 24 Strategic housing market assessments and best-fit framework housing market areas (72.5 per cent and 75 per cent)

Framework HMAs (72.5) - best fit
Framework HMAs (75) - best fit

0 25 50   100 km
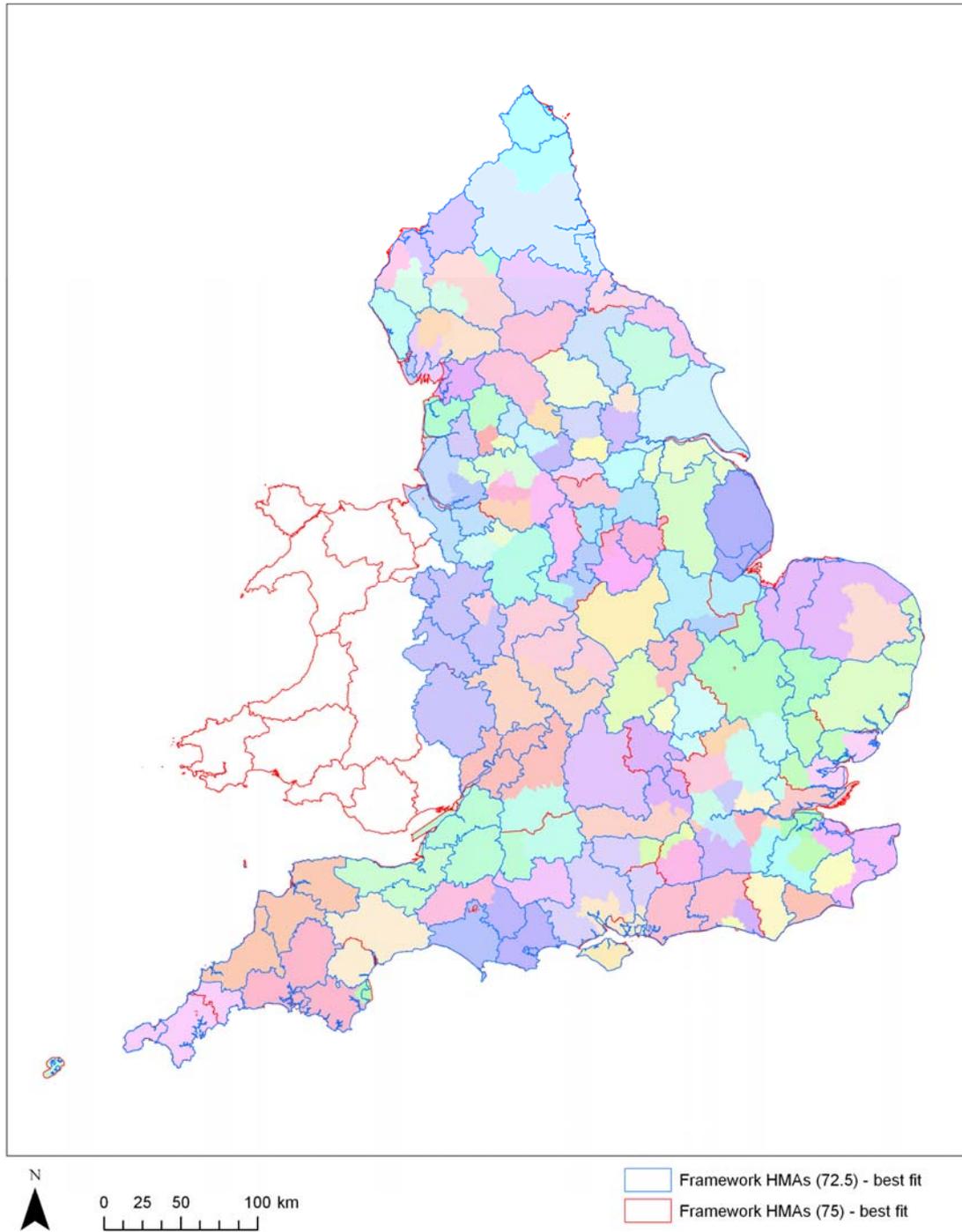
Figure 25 Strategic housing market assessments and best-fit framework housing market areas (72.5 per cent and 77.5 per cent)

Framework HMAs (72.5) - best fit
Framework HMAs (77.5) - best fit

0   25   50   100 km
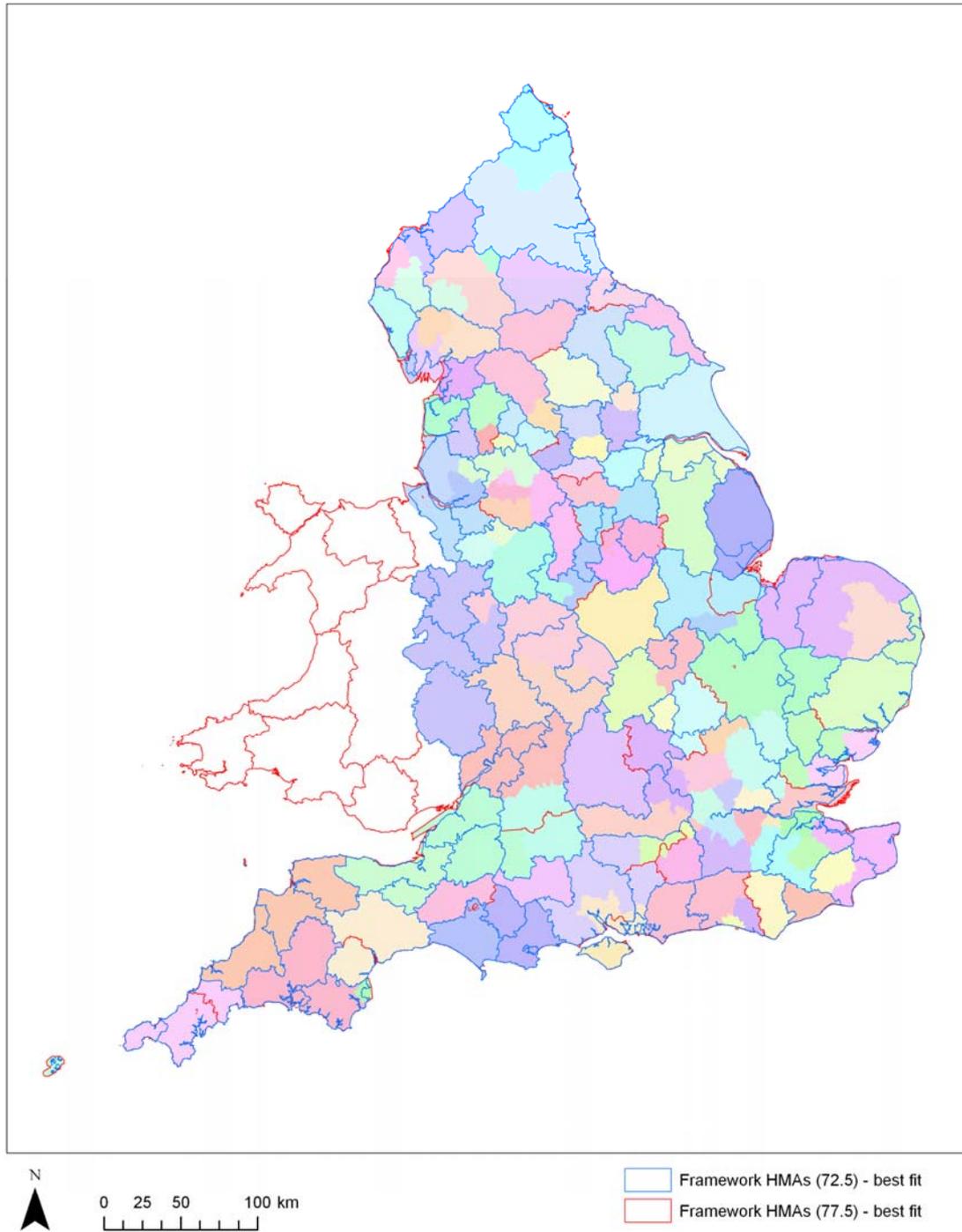
Figure 26 Best-fit framework housing market areas (75 per cent) and National Parks and Green Belt
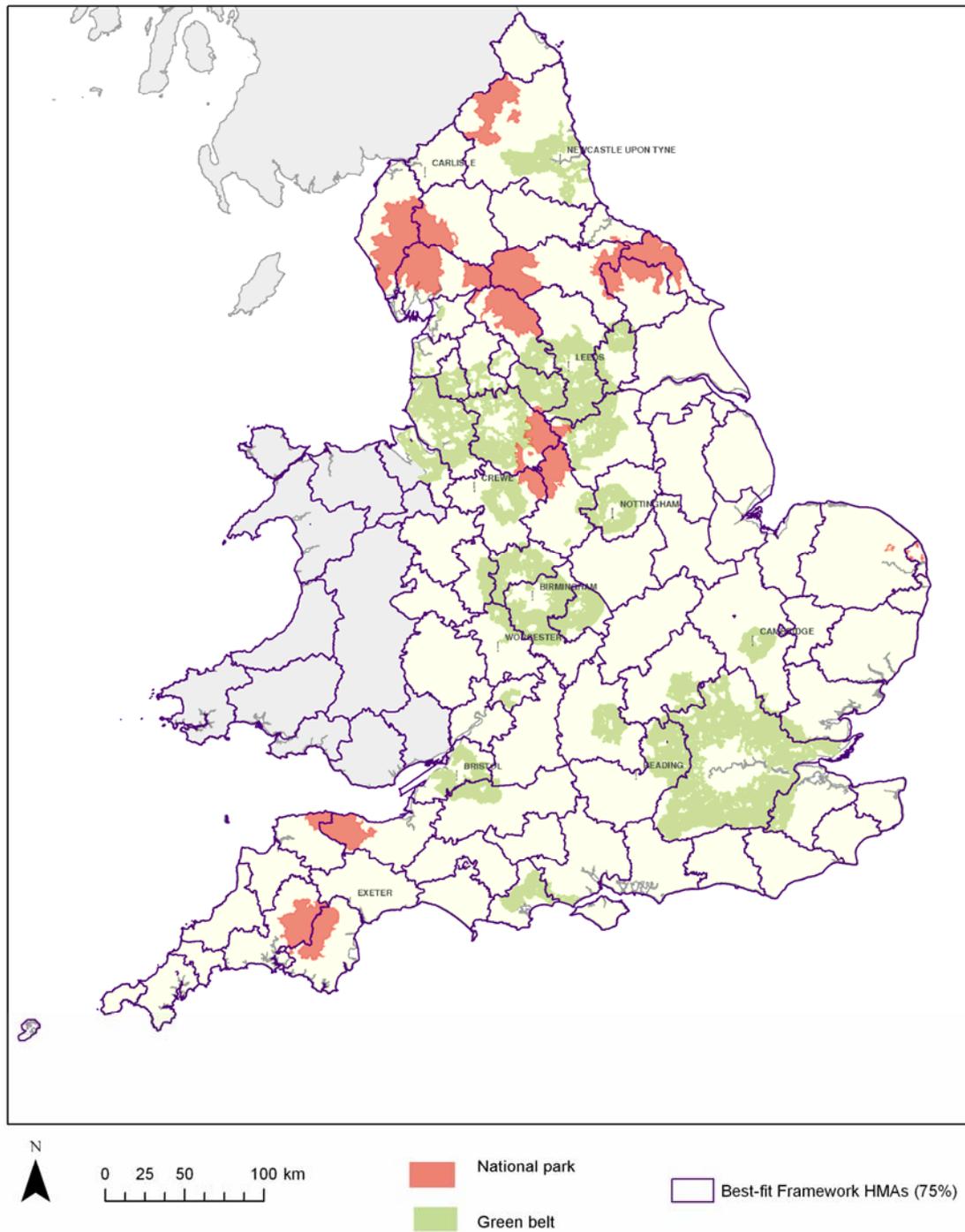
Figure 27 Best-fit framework housing market areas (77.5 per cent) and National Parks and Green Belt
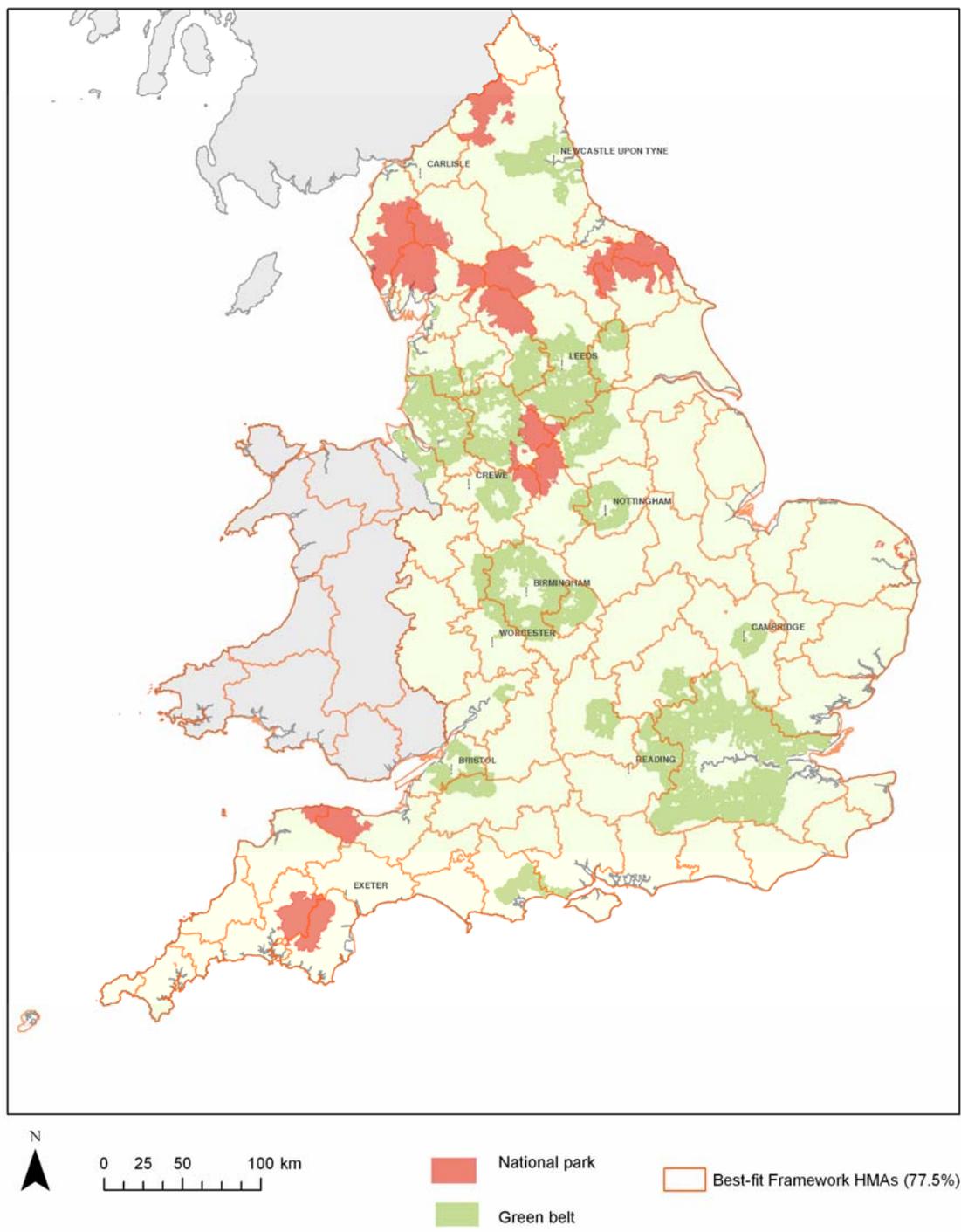
Figure 28 Best-fit framework housing market areas (72.5 per cent) and National Parks and Green Belt

Figure 29 Best-fit framework housing market areas (75 per cent) and Growth Areas and Growth Points
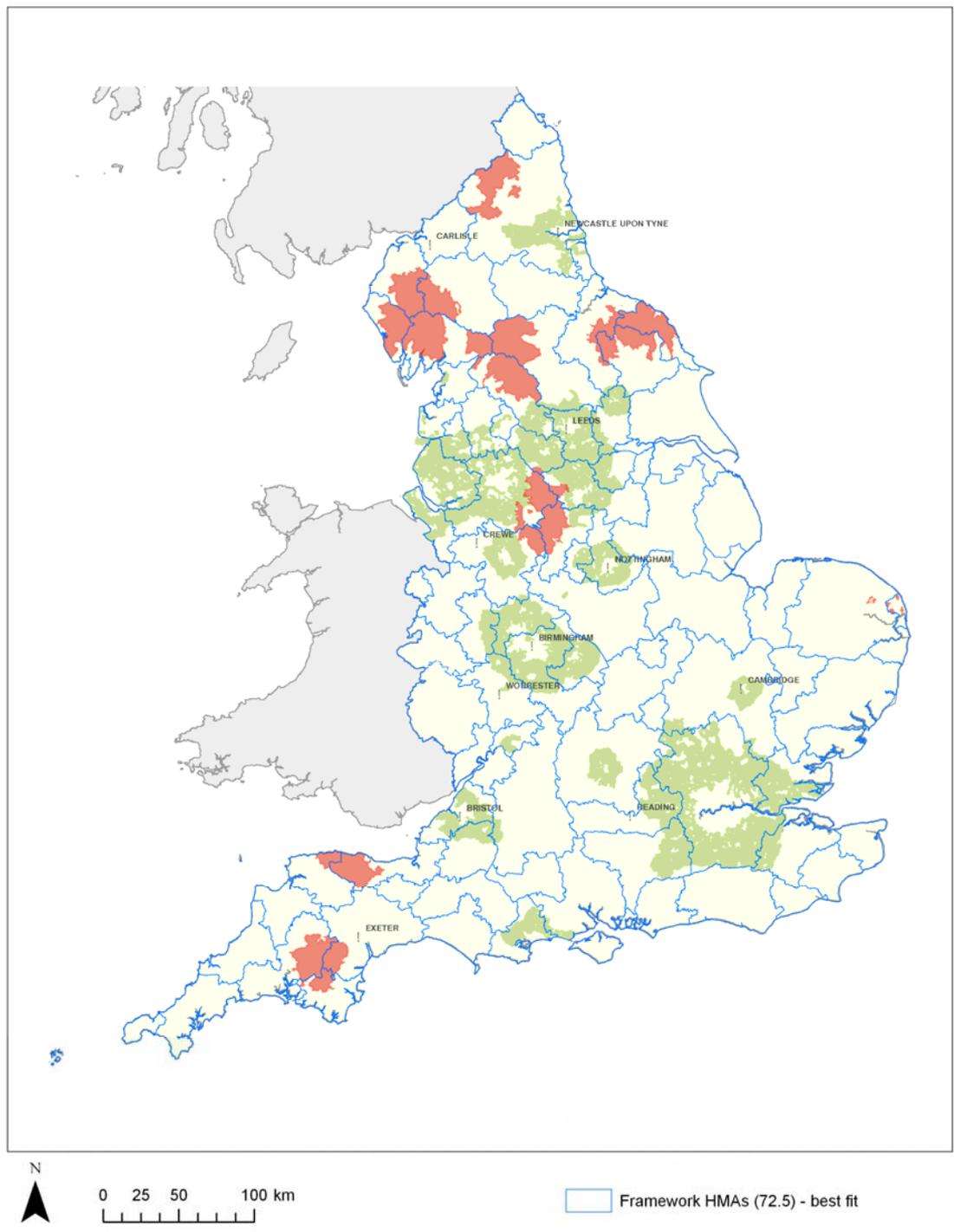
Figure 30 Best-fit framework housing market areas (77.5 per cent) and Growth Areas and Growth Points
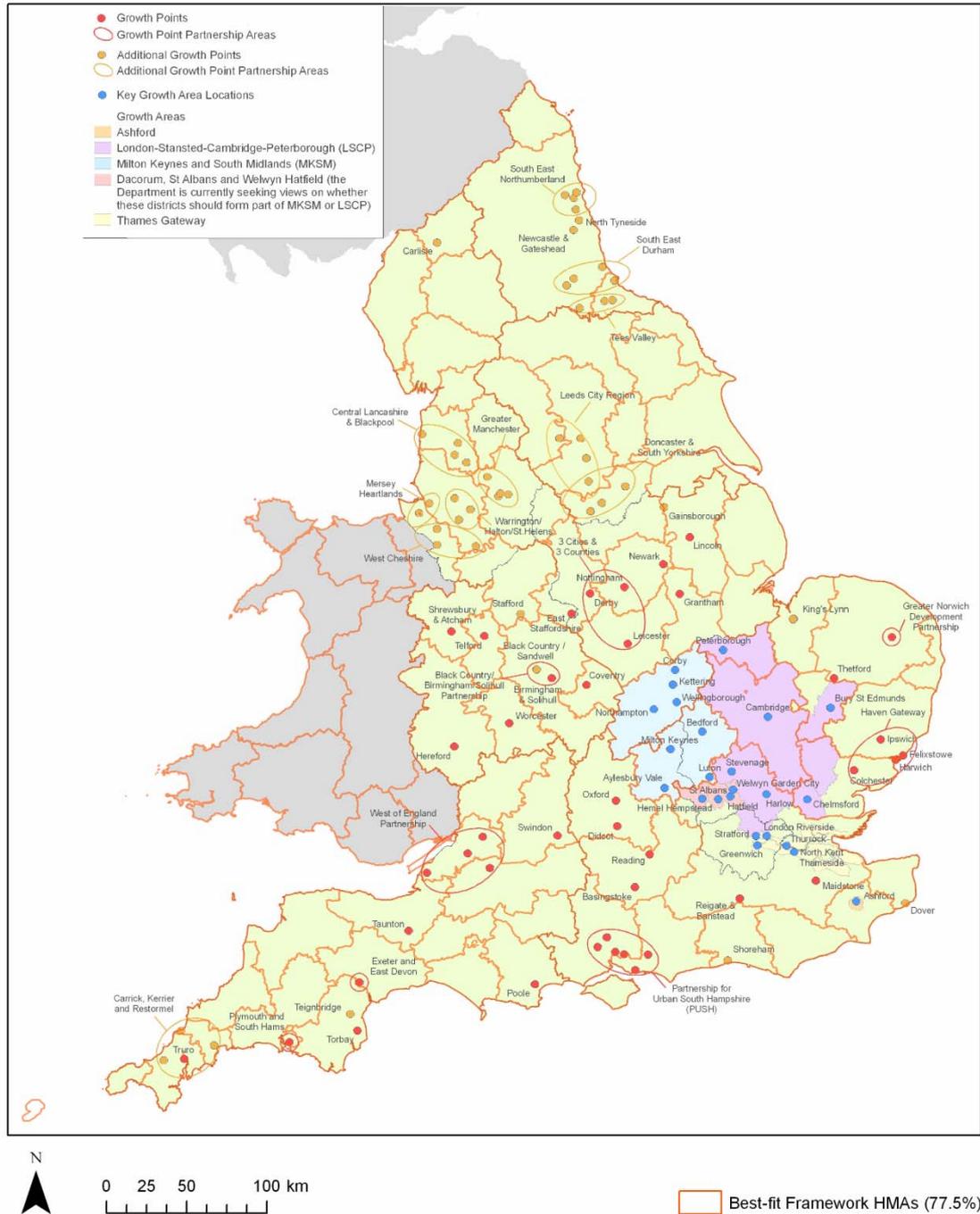
Figure 31 Best-fit framework housing market areas (72.5 per cent) and Growth Areas and Growth Points
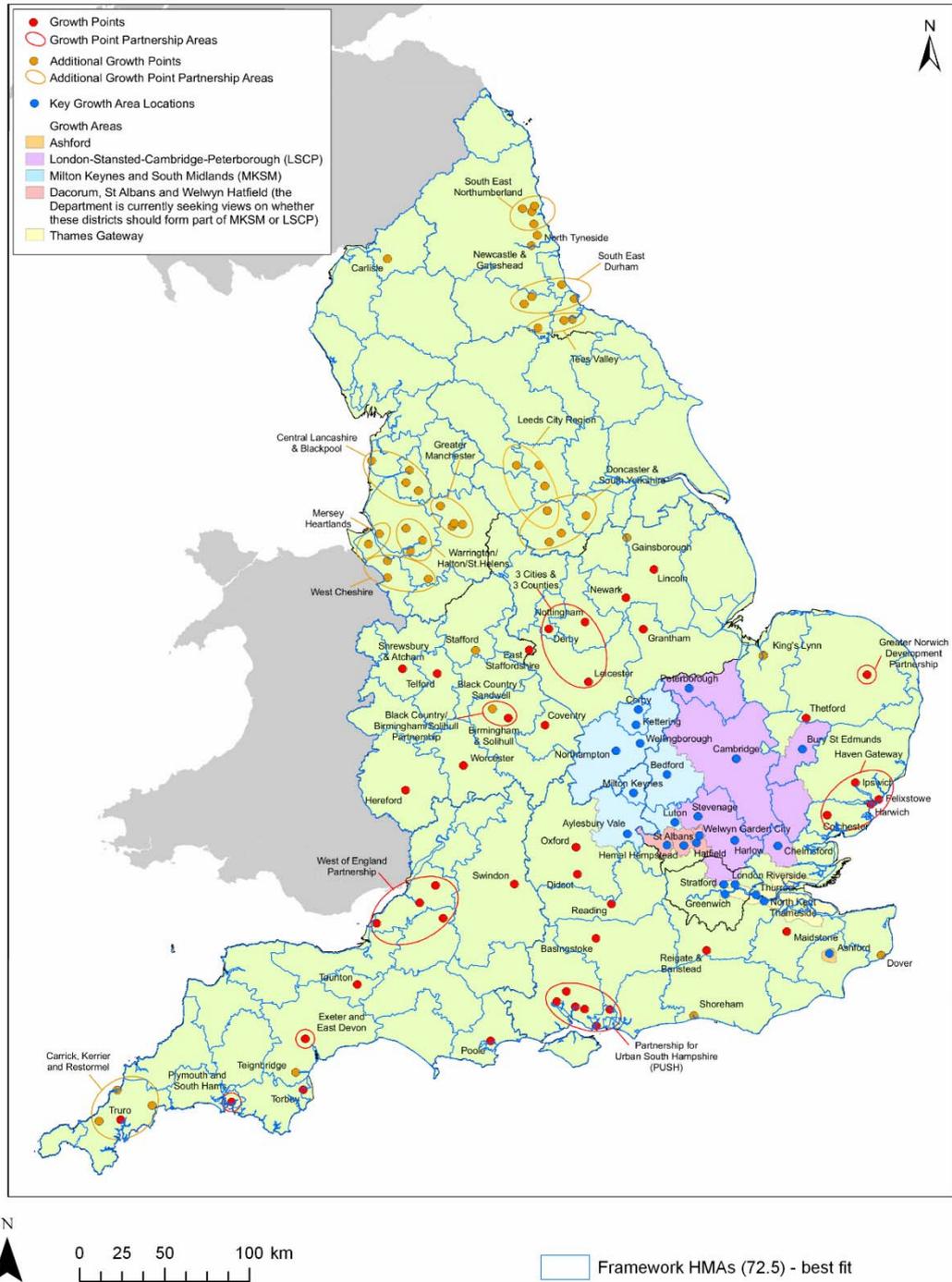
Figure 32 Strategic housing market assessments and Growth Areas and Growth Points

Part 3
Monitoring of housing markets and spatial planning policies

With the complexity of planning policies which requires sectoral and spatial integration vertically and horizontally, a robust monitoring framework is very important. The existing annual monitoring report of both the regional spatial strategy and the local development framework focus a lot on compiling indicators at the local authority district level, though the recommendations from government guidance is to collect data at sub-district level as well as for functional areas. With the different spatial layers of adminis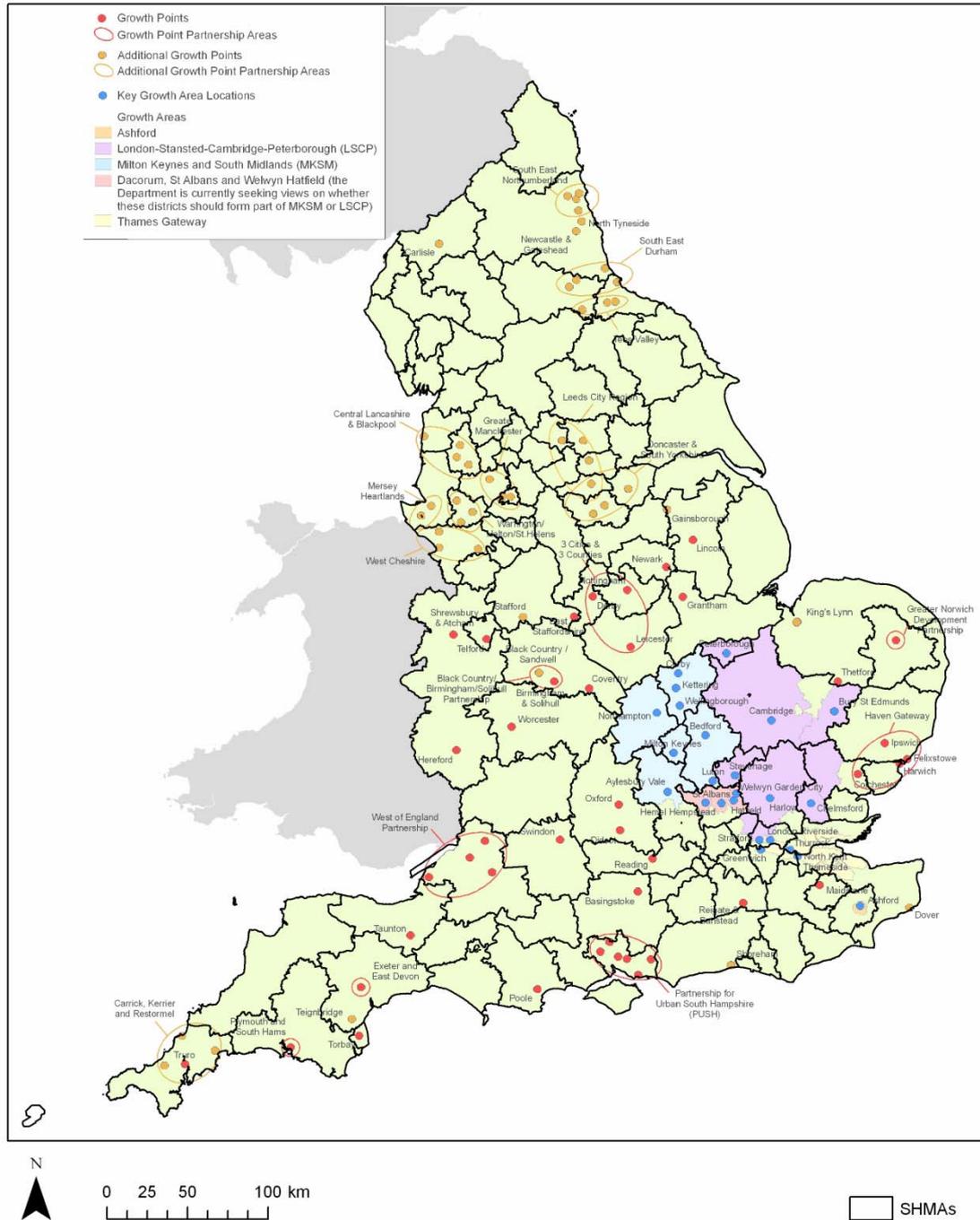trative and functional geographies, no single set of boundaries can fully satisfy the monitoring needs of complex spatial policies. Thus, a robust framework tends to involve collecting data for smaller spatial units, such as LSOAs, MSOAs, grid references, and postcode geographies.

The analysis in this section aims to explore the use of a single-tier framework housing market area geography and a two-tier housing market area (framework and local) geography for monitoring housing markets and spatial planning policies. The assessment is based on the monitoring of some planning for housing information sources other than those examined in Part 2, these include:

- house prices (Figures 33 to 36)
- brownfield residential development sites (Figures 37 to 40) and
- index of multiple deprivation (Figures 41 to 44)

The maps shown in this section clearly illustrate that many planning data are available at very fine-grained levels and they offer very powerful monitoring instrument to policy-makers. The core question to ask is whether there is a need to have a single-tier of housing market areas or two-tiers of housing market areas?

This question is best answered by examining the house price maps in Figures 33-35. It is clear that if we only take the upper framework tiers, the variations of house prices within some housing market areas are huge (for example, the London framework housing market area, the Manchester framework housing market area) which is particularly so at commuting threshold of 77.5 per cent. In such cases, the monitoring of the house price and housing affordability in these framework housing market areas will produce an average value of a rather big area which could conceal the actual distribution at the local level, and in some cases, with a very polarised distribution of house prices within the framework housing market area. The advantage of the additional lower-tier geographies is that they provide a more precise reflection of the housing market conditions at the local level.

Another interesting point from the monitoring perspective is that the two-tier approach will allow policy-makers to master the intra-framework housing

market area distribution patterns of housing market changes and policy challenges, which in turn help to inform the more strategic policy decisions to be taken at the wider framework housing market area. The reuse of brownfield land for residential development in Figures 37-39 is a very good example to illustrate this point.

More importantly, the provision of a single tier of framework housing market areas will provide a very sharp demarcation of one housing market area from another. By having the local tier, it highlights the fact that there is, in reality, not such sharp boundaries and that local authorities should collaborate at multiple levels and that policy monitoring and decision-making should take into account the conditions within the same strategic housing market area (the framework tier), but also paying attention to cross boundary issues with their neighbours where the more localised housing market areas do not necessary fall within the same framework housing market area. Both the brownfield sites and the index of multiple deprivation (Figures 41-44) serve as good illustrations of this point.

Figure 33 House prices and framework housing market areas (75 per cent) & local housing market areas (55 per cent)
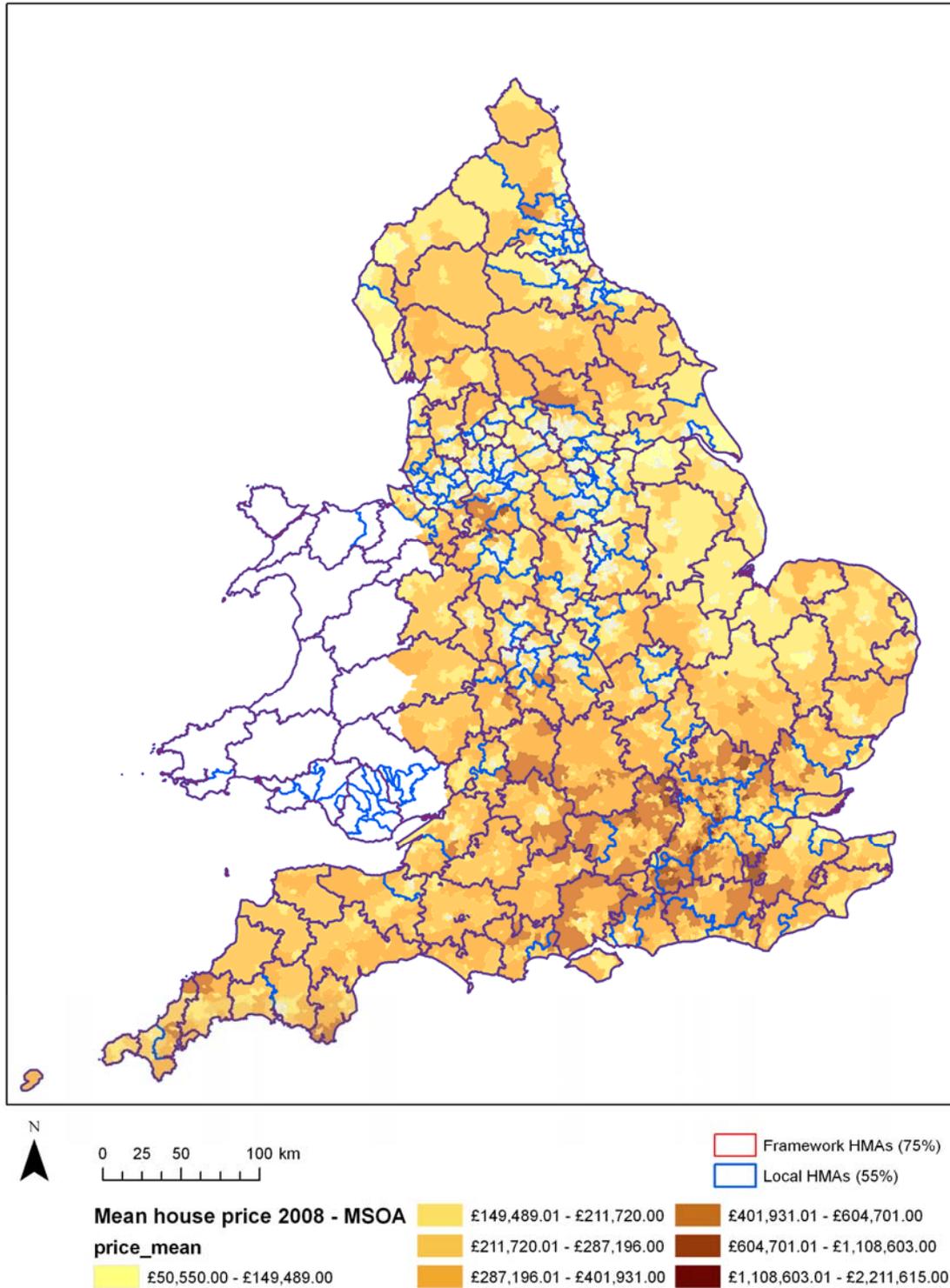
Figure 34 House prices and framework housing market areas (77.5 per cent) & local housing market areas (55 per cent)
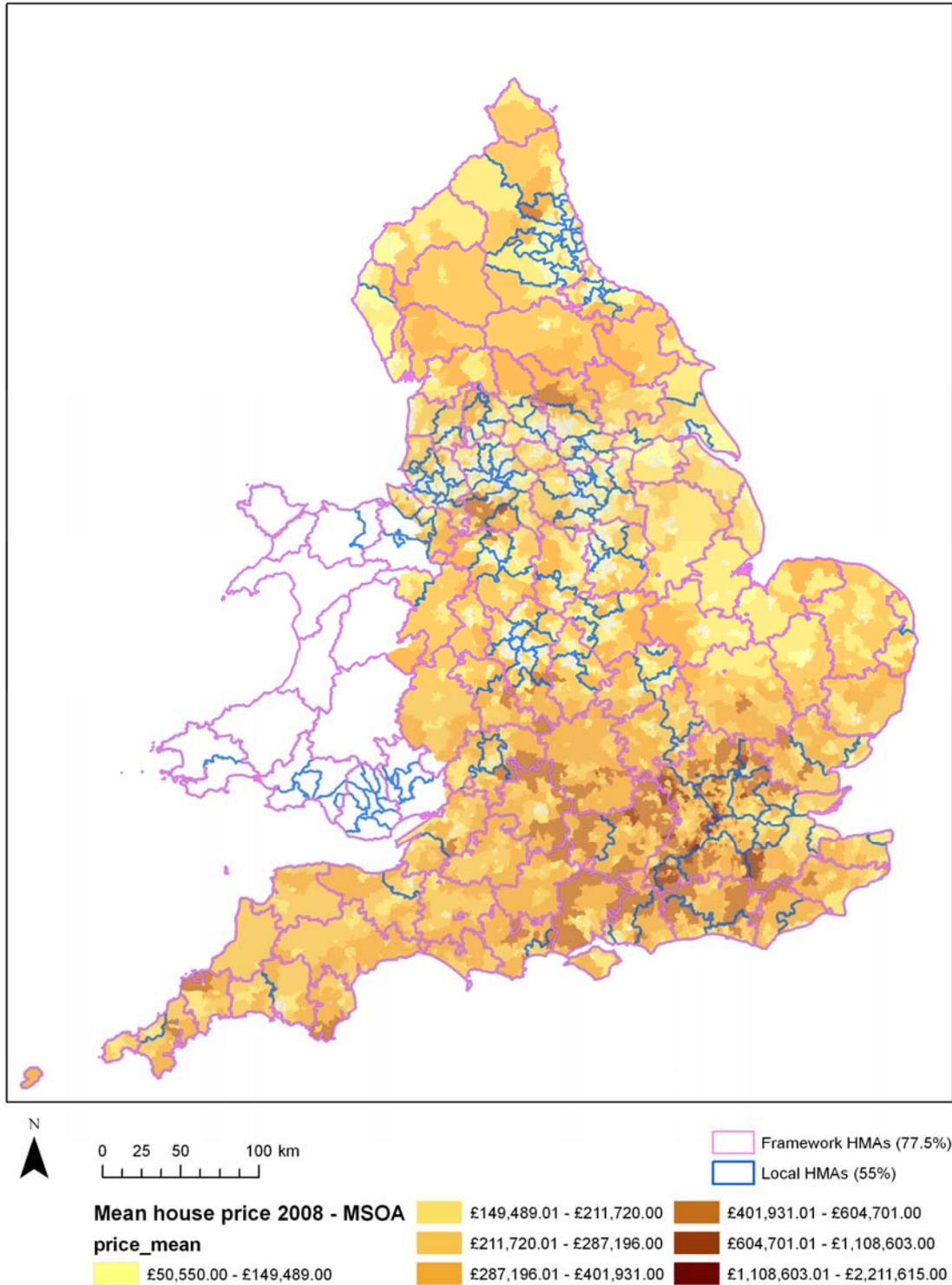
Figure 35 House prices and framework housing market areas (77.5 per cent) & local housing market areas (50 per cent)

N

| 0 | 25 | 50 | 100 km |

Mean house price 2008 - MSOA

	£50,550.00 - £149,489.00		£211,720.01 - £287,196.00		£604,701.01 - £1,108,603.00
	£149,489.01 - £211,720.00		£287,196.01 - £401,931.00		£1,108,603.01 - £2,211,615.00
			£401,931.01 - £604,701.00		Framework HMAs (77.5%)
					Local HMAs (50%)
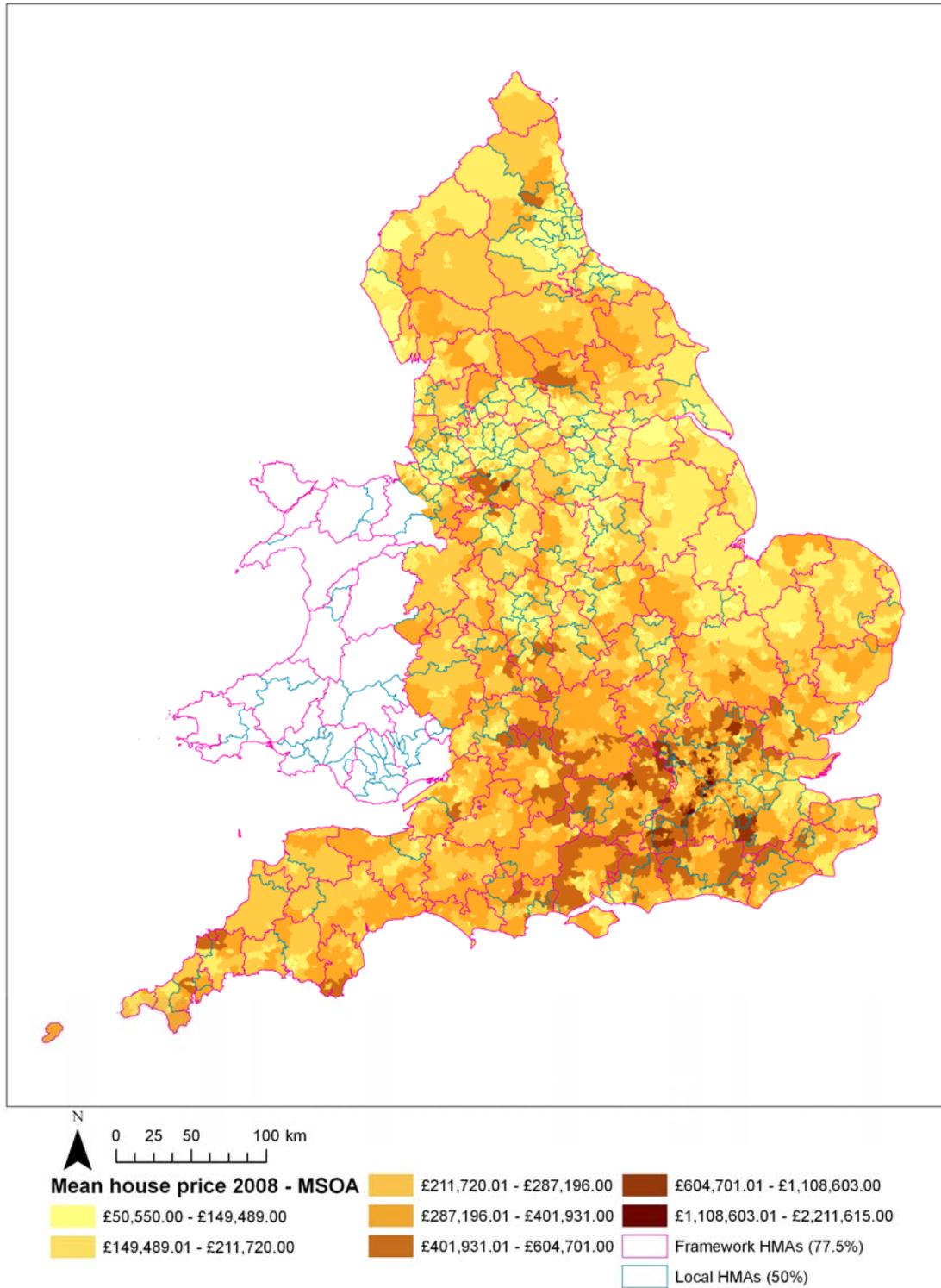
Figure 36 House prices and framework housing market areas (72.5 per cent)

Mean house price 2008 - MSOA

£50,550.00 - £149,489.00	£211,720.01 - £287,196.00
£149,489.01 - £211,720.00	£287,196.01 - £401,931.00
	£401,931.01 - £604,701.00
£604,701.01 - £1,108,603.00	
£1,108,603.01 - £2,211,615.00	
Framework HMAs (72.5)	
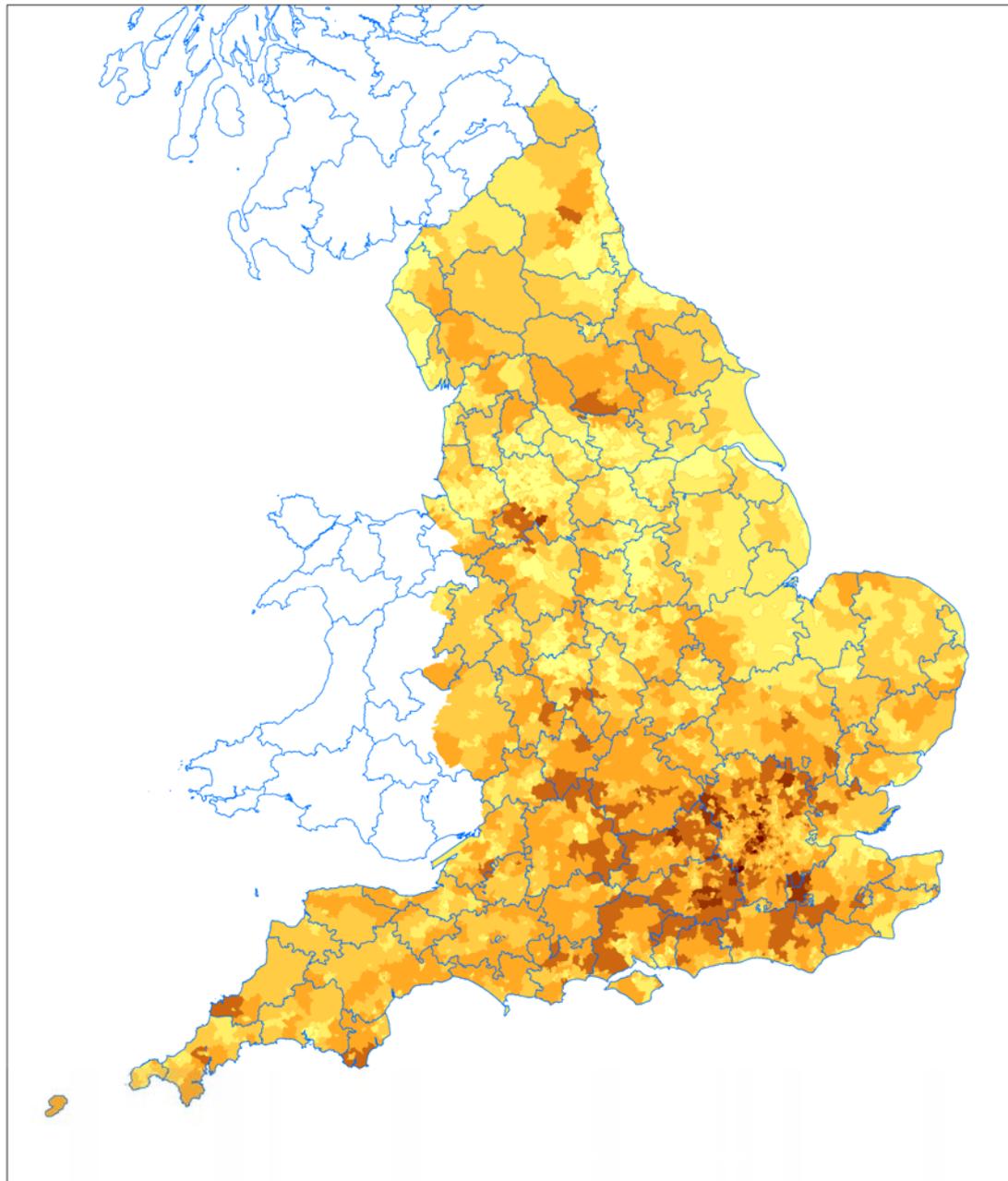
Figure 37 Brownfield reuse sites and framework housing market areas (75 per cent) & local housing market areas (55 per cent)
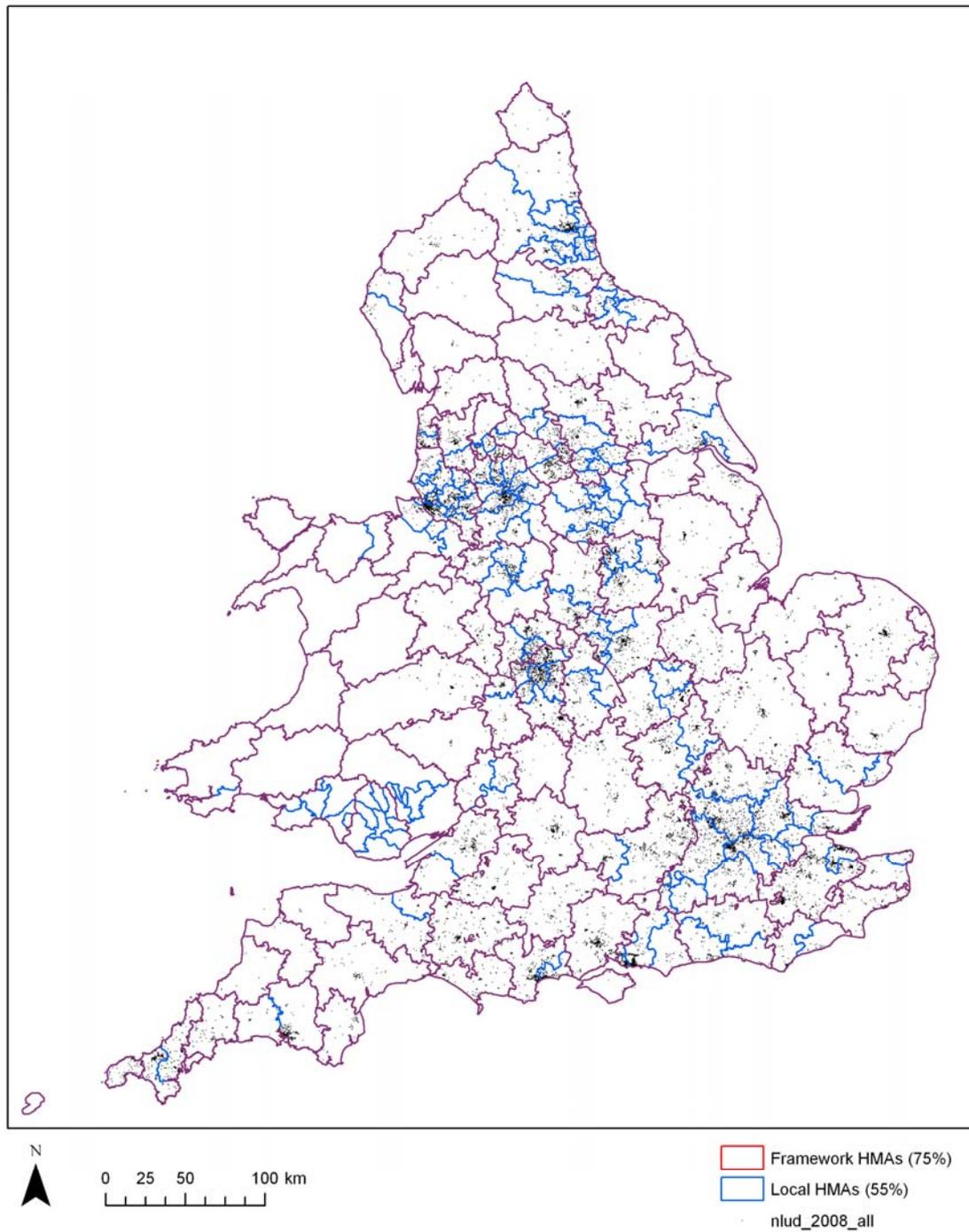
Figure 38 Brownfield reuse sites and framework housing market areas (77.5 per cent) & local housing market areas (55 per cent)

Legend:
- Framework HMAs (77.5%)
- Local HMAs (55%)
- nlud_2008_all

Scale: 0 25 50 100 km
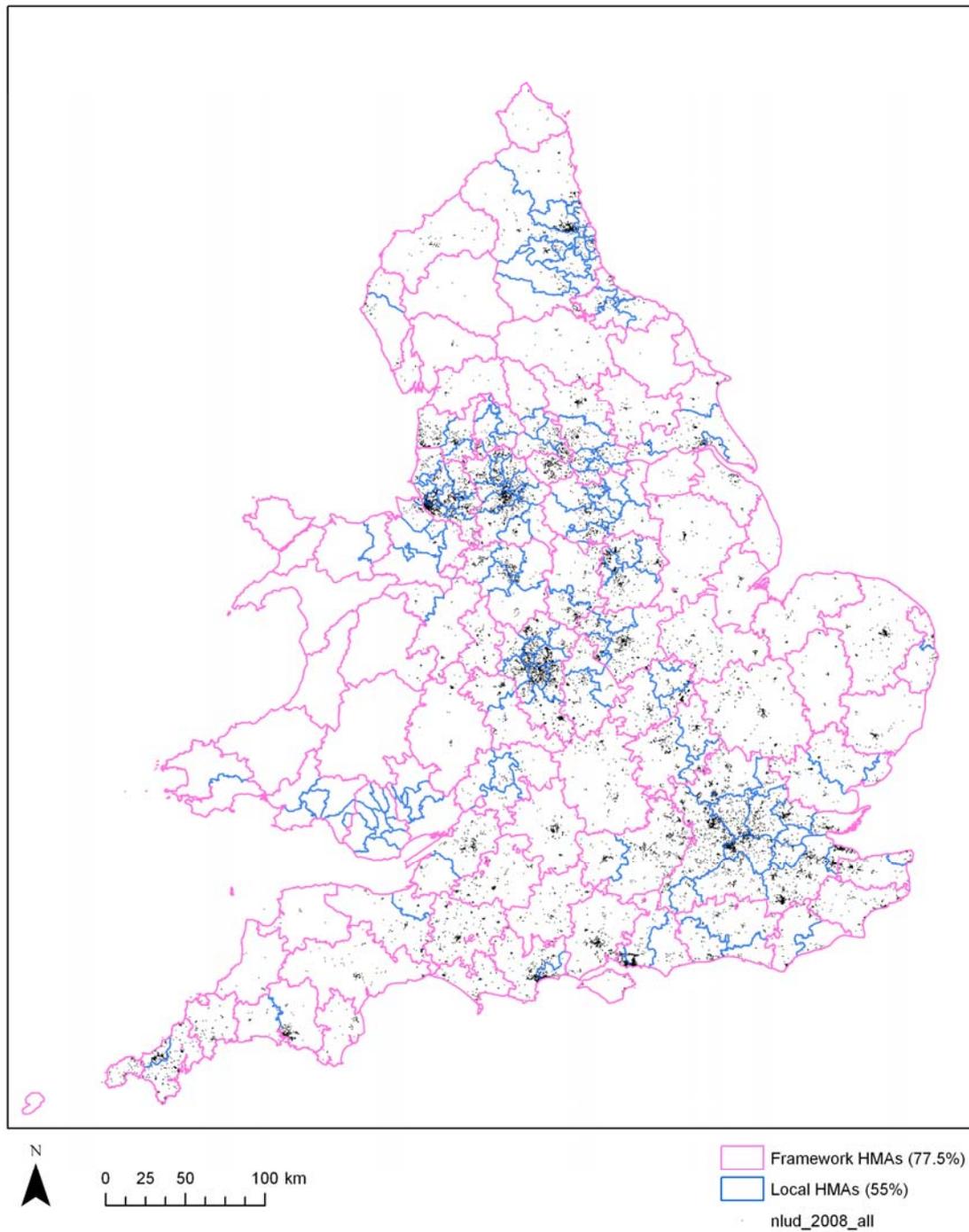
Figure 39 Brownfield reuse sites and framework housing market areas (77.5 per cent) & local housing market areas (50 per cent)

Framework HMAs (77.5%)
Local HMAs (50%)
Brownfield Sites Residential Reuse 2008
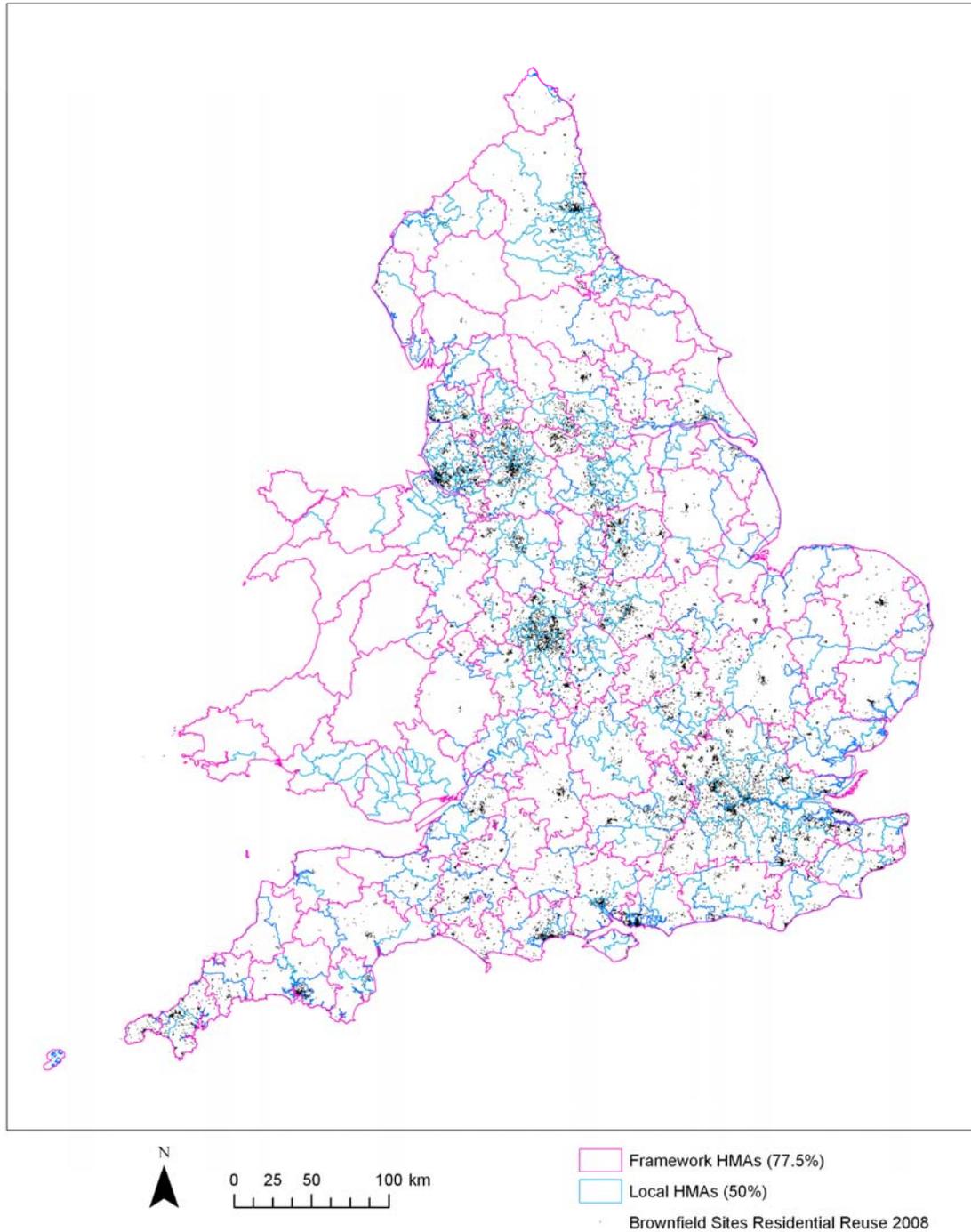
Figure 40 Brownfield reuse sites and framework housing market areas (72.5 per cent)

N

0 25 50   100 km

Brownfield Sites 2008

Framework HMAs (72.5)
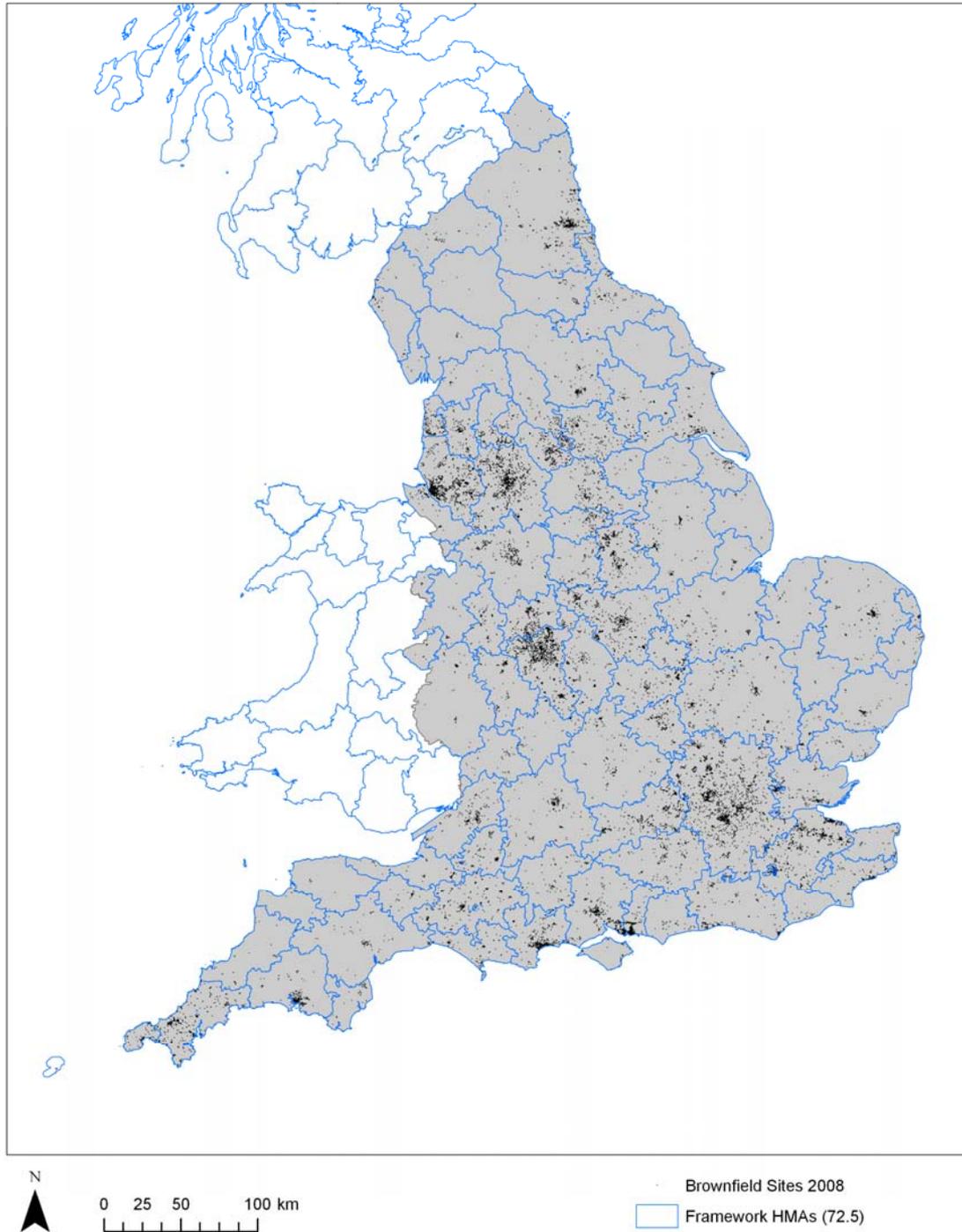
**Figure 41 Deprivation and framework housing market areas (75 per cent)
& local housing market areas (55 per cent)**

N

0 25 50 100 km

Framework HMAs (75%)

Local HMAs (55%)

Functional Typology Deprivation Neighbourhood

Escalator

Gentrifier

Isolate

Transit
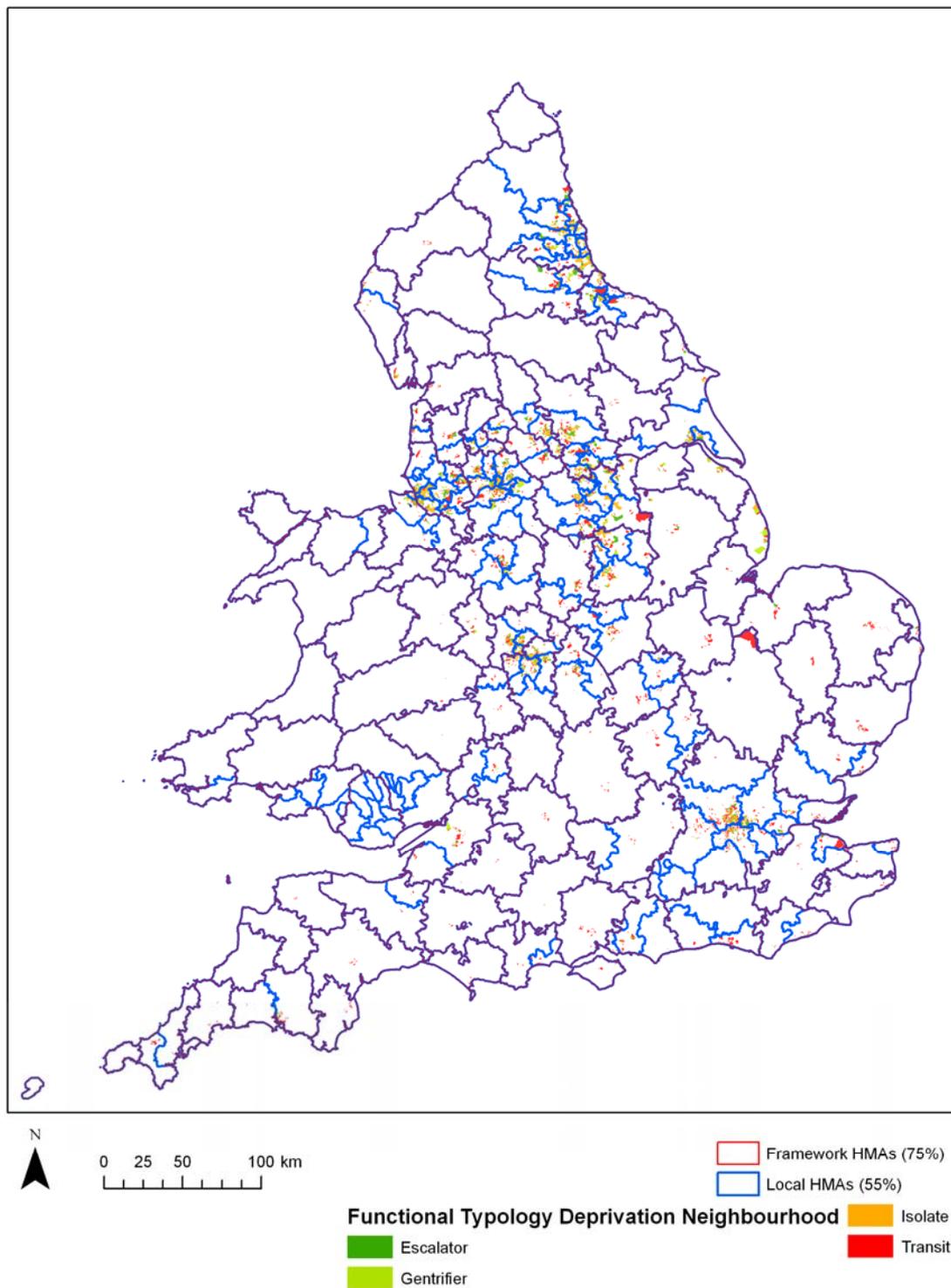
Figure 42 Deprivation and framework housing market areas (77.5 per cent) & local housing market areas (55 per cent)
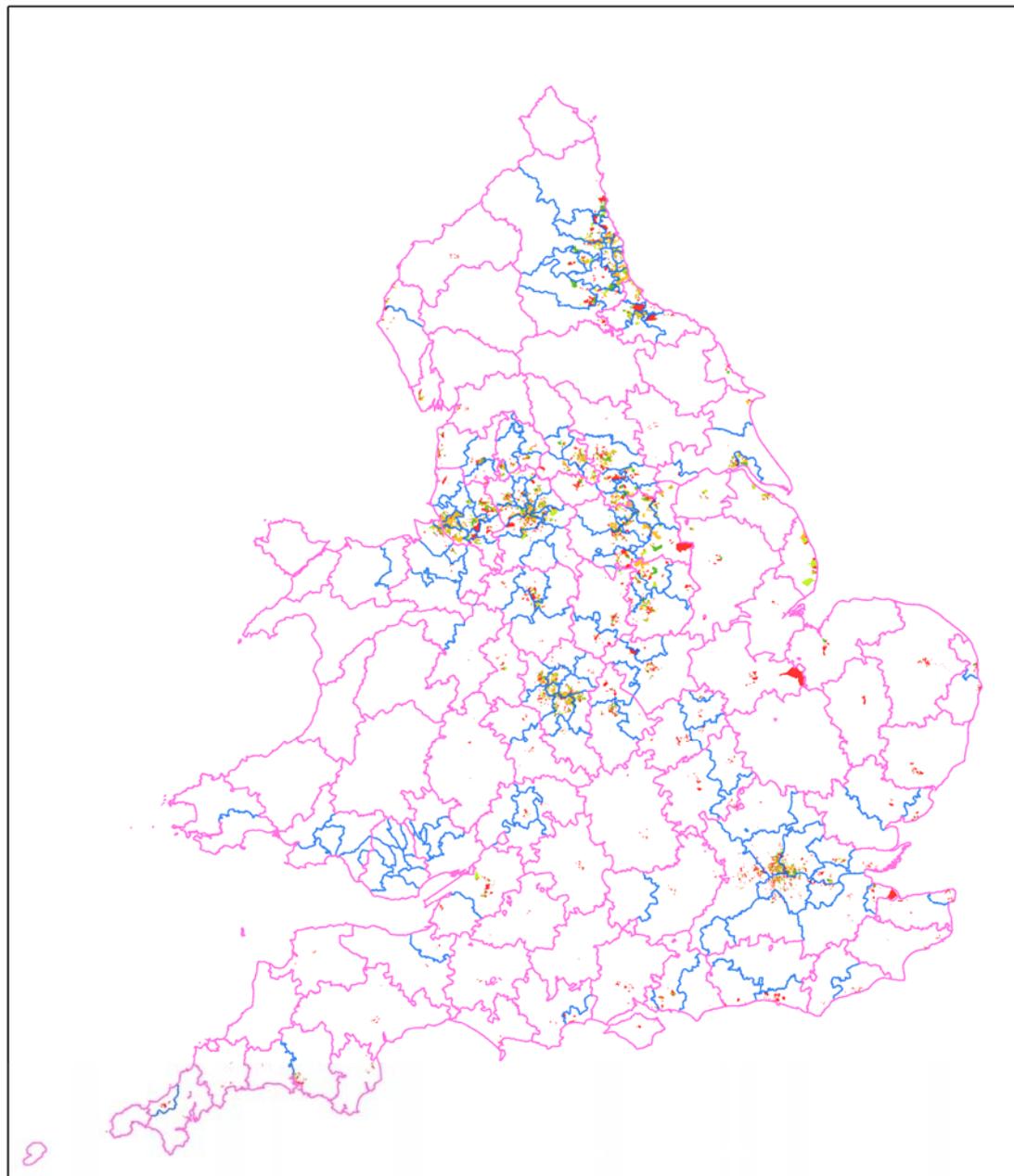
Framework HMAs (77.5%)
Local HMAs (55%)

Functional Typology Deprivation Neighbourhood
Escalator
Gentrifier
Isolate
Transit

Figure 43 Deprivation and framework housing market areas (77.5 per cent) & local housing market areas (50 per cent)
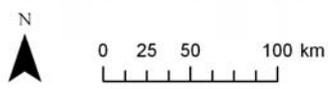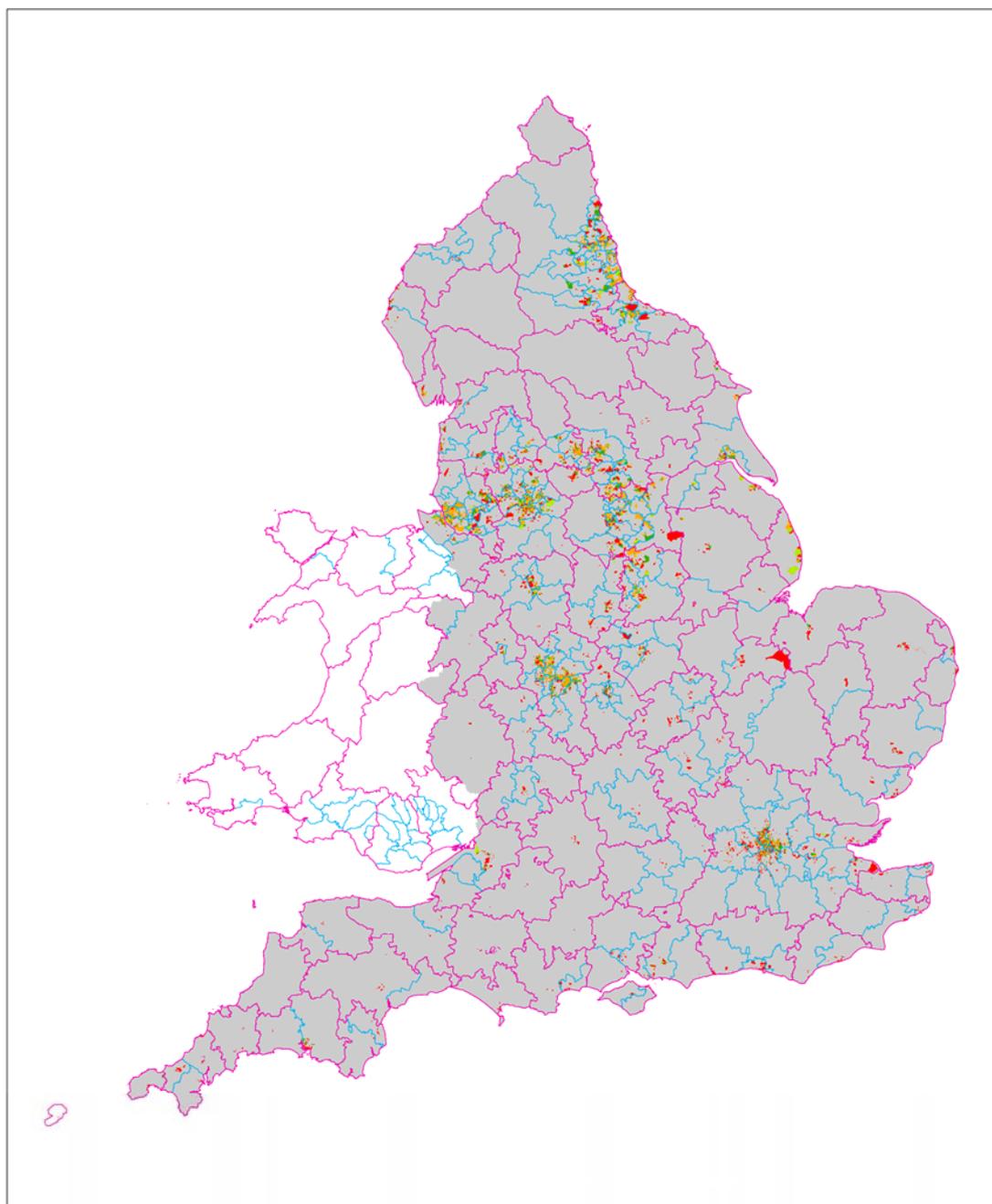
Functional Typology Deprivation Neighbourhoods

- Escalator
- Gentrifier
- Isolate
- Transit
- Framework HMAs (77.5%)
- Local HMAs (50%)

Figure 44 Deprivation and framework housing market areas (72.5 per cent)
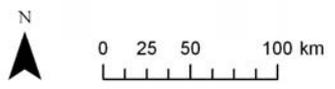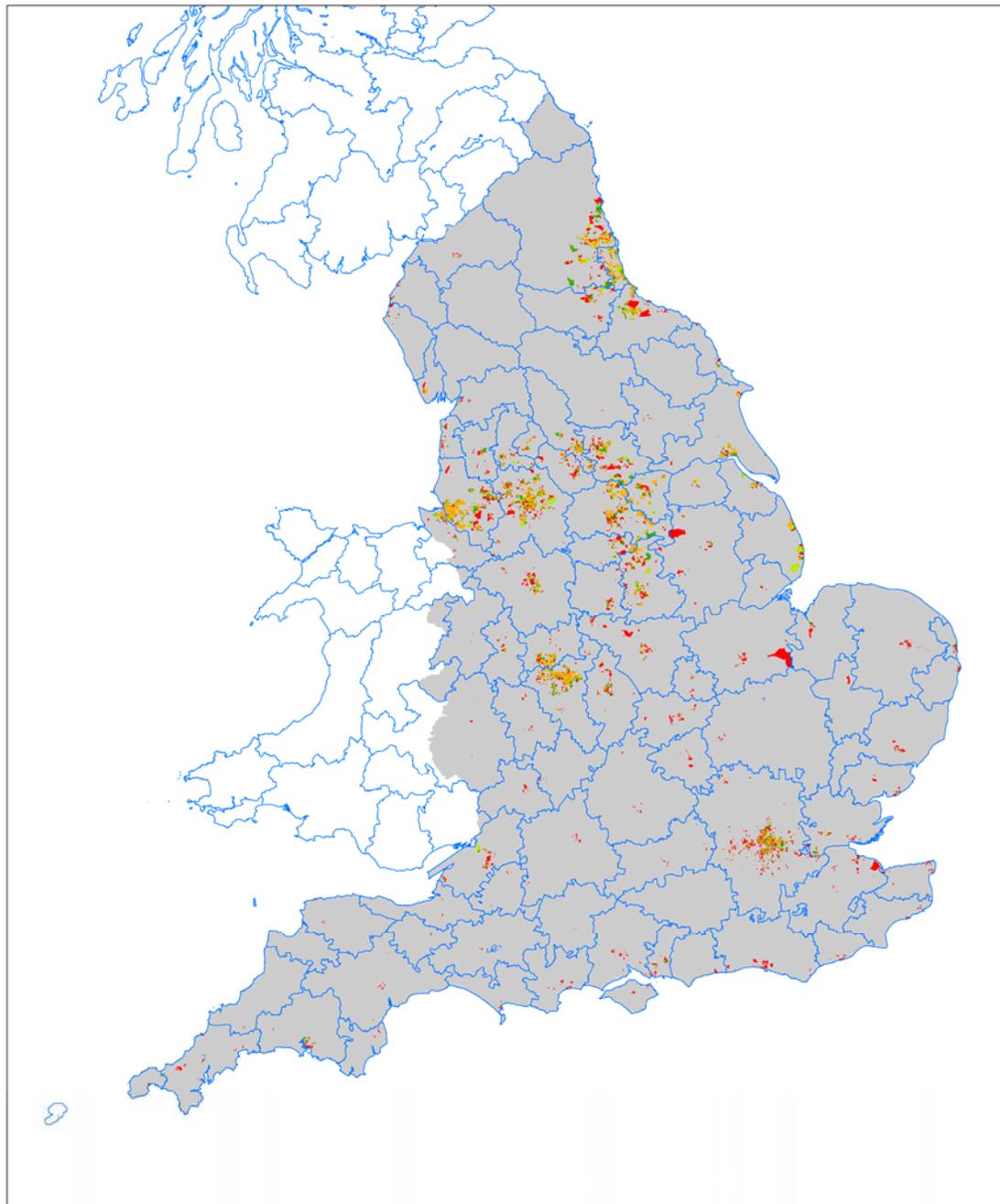
Functional Typology Deprivation Neighbourhoods

- Escalator
- Gentrifier
- Isolate
- Transit
- Framework HMAs (72.5)

Implications to spatial planning

The value of a nationally-derived set of housing market areas

As already explained in the first phase of this project, a useful starting point for this research was the geography of existing housing market areas and strategic housing market areas developed for strategic housing market assessments and spatial planning policy formulation by local authorities and regional bodies. The review of existing regional approaches, undertaken as part of the first stage of the research, revealed considerable inconsistency in the approaches taken to defining housing market areas. This was largely the result of the openness of government advice in terms of the approaches and methodologies that might be adopted and the different publication dates of the different regional geographies in relation to changing government advice. An examination of the potentially different outcomes (in terms of housing market area geographies) derived from using alternative approaches to defining housing market areas in the North West of England also demonstrated that utilising different approaches could produce very different outcomes not only in respect of the boundaries of housing market area areas, but also in terms of the geographical size and overall number of identified housing market areas (which varied from 25 to 45 in respect of the three different approaches tested in the North West). The current emphasis on regional or sub-regional definitions of housing market areas also meant that cross-regional issues tended to be somewhat ignored as the defined housing market area areas tended to stop at regional boundaries and the variations in the approaches adopted also meant that consistent overall national analyses and inter-regional comparisons were not possible.

Despite some reservations on the part of some local and regional stakeholders, there was a general consensus from the stage one interviews and workshop discussions that a national set of housing market areas would allow comparisons to be made within and across different regions in England. A consistently defined set of housing market areas could, therefore, facilitate cross-regional policy interventions as well as helping local authorities and key stakeholders to think strategically in spatial terms beyond their own administrative boundaries and better recognise the reality of local and sub-regional housing markets. There might also be resource savings if, as a result of robustly generated definitions of housing market areas at the national scale, local authorities and sub-regional/regional bodies did not feel the need to commission as much research into deriving their own housing market areas.

'Two-tier' versus 'single-tier' housing market area approaches

However, the subsequent research also identified a number of challenges in terms of the implications for spatial planning and local analysis. These include the difficulty of settling on one set of nationally-defined housing market areas

that are equally suited to national/cross-regional and more strategic sub-regional analysis whilst, at the same time, providing a sufficiently fine-grained basis for more locally based analysis and policy formulation in respect of, for example, issues relating to affordability and/or core strategy/local development framework preparation and monitoring by individual local planning authorities. More generally, there was also a feeling that strategic housing market assessments did not always provide a sufficiently fine-grained analysis of the issues faced by the more rural parts of the country, with the housing issues in these areas often obscured by the greater influence of the more urbanised parts of their shared housing market areas.

The result has therefore been a suggestion that there might be two sets of defined housing market areas – 'upper tier' or 'framework' housing market areas that would be well suited to national, regional and strategic sub-regional analysis and 'lower-tier' or 'local' housing market areas that could be used to inform more fine-grained analysis within sub-regions. If this two-tier approach is adopted, for strategic planning purposes, the upper-tier 'framework housing market areas' would be the 'official' one, providing a strategic overview of projected household change, transport connectivities, housing land availability, housing market change and addressing major initiatives like growth areas.

However, taking such big areas alone (e.g. Manchester housing market area, Northumberland/Tyne & Wear/Durham housing market area and London housing market areas etc) also has its down side. For example, we need to ask how meaningful the affordability measures for such a framework housing market area areas will be? For example, within such large housing market areas, any differential areas of very high and very low housing prices will cancel each other out. So, although the framework housing market areas may provide a useful macro perspective for central government to plan for housing, they would be less appropriate in informing day to day planning decisions at the local authority level because housing behaviour as reflected from migration analysis is very localised and developers and house builders will respond by providing different types of housing according to very sophisticated sub-market demands. Having an additional 'lower tier' set of housing market areas would potentially offer this more flexible perspective.

Hence, we have to ask what these boundaries are to be used for? For the benefit of central government setting national/regional housing targets or for also helping local authorities making better decisions at the local level or both? If the latter, then arguably, as the saying goes, one stone does not normally kill two birds!

To address this difficulty, if only a single set of framework housing market areas is supplied, we need to give very strong guidance that within these framework housing market areas, monitoring indicators should also be compiled (locally) at finer spatial scales (e.g. MSOAs, Postcode geography etc.). But this might prove challenging – evidence to date suggests that such an ideal has not been achieved even with LAD's Annual Monitoring Reports. In reality, the problem remains that the 'framework housing market areas' will

become the de facto new rigid boundaries and many (most?) local authorities will forget that there is still a need to take account of more localised issues in the neighbouring 'framework housing market areas' even though at the heart of the spatial planning concept is that in planning for a local authority area you should take into account the spatial context and outcomes (positive, negative, displacement effects) of the surrounding areas.

With a general encouragement to think more locally than just the strategic 'framework housing market areas', but in the absence of guidance in the form of an additional lower-tier set of housing market areas as well, local authorities will be left to their own devices and, for easy analysis, potentially might also just revert back to local authority administrative boundaries for finer-grained monitoring and analysis below the framework housing market area areas - especially if what they have is the 'best-fit' version of 'framework housing market areas' (see further discussion below) which would conveniently split down into local authority boundaries. But this would rather defeat the objective of establishing functional housing market areas in order to get away from local administrative boundaries which seldom reflect the realities of housing markets in the first place.

One disadvantage of supplying two-tiers of housing market area boundaries is that some local authorities might simply focus on one or the other. Whilst accepting that there might, in some cases, be such political choices between boundaries, the strong advice to local authorities would be of the necessity to undertake analysis at both tiers (and not just pick and choose the one that suits them best and ignore the other).

However, there is still the alternative consideration of a single set of national housing market area boundaries across England. This would have the advantage of keeping the message simple to local authorities with respect to their partnership working and reduce the complexities of dealing with discrepancies between the defined housing market areas at the two tiers. However, as shown in the three sets of boundaries and discussed above, the larger size housing market areas produced by the 77.5 per cent threshold tend to produce more strategic areas, but will run the risk of producing less useful housing monitoring indicator values to diagnose the more local dynamic changes in the housing market as the different spatial effects within local markets will be averaged out. Conversely, the use of the 72.5 per cent threshold as a single tier tends to produce more fragmented housing market area boundaries. Thus, our feeling is that the larger sized housing market area boundaries produced by the 77.5 per cent threshold should only be used if they are to be put forward as the upper tier of a two-tier approach. However, if only a single tier of housing market area boundaries is adopted, then lowering the commuting threshold to the 75 per cent level will arguably provide the best compromise out of the three sets of boundaries considered

Technical versus pragmatic considerations: to 'best-fit' or not to 'best-fit'

Another potential challenge is getting the balance right between technically-derived housing market area boundaries and more pragmatic concerns in terms of effective spatial policy making and analysis that is inevitably linked to administrative boundaries. One of the findings of the review of existing regional approaches was that, whatever initial approach had been adopted, the housing market areas that resulted had generally been either based around local authority boundaries from the outset or subsequently aligned with such boundaries for more localised strategic housing market assessment purposes. Indeed, the practical benefits of aligning housing market areas to local authority boundaries was clearly recognised in government guidance (CLG, 2007: paragraph 9) which suggested 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…"

The benefits of aligning housing market areas with grouping of local authorities include practical, political and administrative issues relating to accountability, delivery, data availability, spatial planning policy (local development framework) preparation and the ease of establishing appropriate partnership working. This point was deemed as very important by senior planners and the inspectorate in our Stage 1 interviews.

Nevertheless, there are also clear disadvantages in ignoring evidence that housing market areas often cut across existing local authority and regional boundaries. The nature of sub-regional housing markets does not always easily fit to local authority boundaries and this has been exacerbated in places where recent local government re-organisation has resulted in much larger unitary authorities than the previous pattern of smaller district councils. Cross regional issues were evident to a greater or lesser extent in all regions, necessitating inter-regional co-operation and partnership at the regional and local authority scale. Although there was much evidence of successful collaboration and joint-working on local housing market analysis and policy development, the regional review and interviews also encountered occasional examples where political or other issues appeared to have prevented the adoption of cross-boundary housing market areas in areas that clearly formed a single sub-regional housing market area from a technical perspective.

Getting the appropriate balance between technical and pragmatic considerations is not easy. However, our analysis suggests that, if a two-tier approach is adopted, for the 'upper-tier' or 'framework' housing market areas, there is a strong case for adopting a 'best-fit' approach that aligns the resulting housing market areas with groupings of local authorities. At the strategic level, this would allow easier partnership and collaboration between authorities in terms of sub-regional analysis and policy development. Since the 'framework housing market areas' have been defined on a consistent

basis at the national level (as opposed to inconsistencies between regions as is presently the case), the resulting groupings of local authorities are not artificially cut-off at regional boundaries as tends to be the case with the existing regionally derived housing market areas. Without 'best fitting' there were about twice as many cross-regional border issues identified than when these 'framework housing market area' boundaries are aligned with local authority boundaries. Many of these are of a minor nature and, for the purposes of comparison and spatial policy formulation at the national and regional level, the differences between the initial 'framework housing market area' geographies and the subsequent 'best-fit framework housing market areas' are not so marked as to significantly undermine such analysis. However, given that the best-fitting process has already ironed-out a number of more minor cross-regional issues, where the 'best-fit framework housing market areas' still cross regional boundaries (as identified above) it is clearly crucial that they are given serious consideration in subsequent spatial analysis and planning policy formulation.

Notwithstanding their potential value in national, regional and more strategic levels of analysis, as well as encouraging appropriate strategic partnerships between groups of local authorities sharing the same framework housing market area, the size of the 'best-fit framework housing market areas' (defined by the 77.5 per cent threshold) are too large for the more fine-grained analysis required for local development framework preparation and monitoring and for the analysis of important issues such as local levels of affordability. They also mask more localised rural/urban housing markets - with more rural areas such as north Northumberland simply swallowed-up as extensive hinterlands associated with neighbouring urban areas - as well as missing the more fine-grained differentiation of multiple housing markets within a major urban area – the latter is most obvious in London where much of Greater London is identified as a single framework housing market area.

So, for the more fine grained analysis necessary for, for example, building the evidence base for local development framework preparation and the monitoring of spatial policies, the suggestion is that an additional nationally derived set of lower-tier 'local housing market areas' should be defined. These would provide for more nuanced and robust analysis of issues such as local affordability at the local and sub-regional scale. Unlike the framework housing market areas, it would not be appropriate to attempt to 'best-fit' these local housing market areas to local authority boundaries – derived from the amalgamation of ward level data, the smaller size of these local housing market areas would mean that, even if it was technically feasible, any attempt to best-fit such housing market areas to local authority boundaries would often simply result in identifying individual local authority areas. However, this would lose the rationale behind the use of housing market areas for policy analysis in the first place. Instead, the value of defining these local housing market areas would be to provide local policymakers with a more detailed understanding of the reality that local housing markets frequently cut across administrative boundaries. Although these local housing market areas should not therefore be aligned with local administrative boundaries, it is possible from a technical perspective to either 'nest' these local housing market areas

within the larger 'framework housing market areas' (but not 'best-fit framework housing market areas') or to define them independently of the 'framework housing market area' geographies. Although the former approach might be somewhat neater and show more clearly how groups of neighbouring 'local housing market areas' relate to the upper-tier 'framework housing market areas', the greater separation of 'local' and 'framework' housing market areas would help to identify locations where the 'framework housing market areas' might obscure some locally significant cross boundary issues and where, in reality, housing market area borders are actually a bit 'fuzzier' than the map of 'framework housing market areas' otherwise suggests.

Although it may be unrealistic to expect local authorities to base all their future monitoring and policy development around the defined local housing market areas as opposed to their own local authority boundaries, the identification of such areas would encourage local authorities to be less insular in their thinking and recognise and take better account of the realities of cross-boundary issues in their spatial analyses and policy development. For example, core strategies would still be prepared as part of the local development framework process on a local authority basis, but their evidence base would be better informed by a better consideration of the relationship between the core strategy area and the local housing market areas which in some cases might sub-divide the local authority area and/or link different parts of the local authority with parts of neighbouring authorities in housing policy terms. This might, for example, be valuable in considering issues of local affordability within different parts of a core strategy area and in informing the optimal distribution of new housing sites within a local authority area. In considering the soundness of emerging local development framework documents, inspectors might also expect local authorities to explain how they have utilised information on local housing market areas as part of their evidence base to inform and justify their emerging spatial planning policies. A better knowledge of local housing market areas would also be valuable in considering and making decisions on local, but strategically important, planning applications for residential use where, for example, multiple applications within the same local authority area might, in fact, lie within different housing market areas and thus have different potential implications as regards to local affordability, house prices and local commuting patterns.

Some conclusions and recommendations

In conclusion, from a spatial planning perspective, the adoption of a two-tier set of nationally-defined housing market areas would provide for both a set of strategic framework housing market areas, well suited to national analysis, inter-regional comparisons and regional/strategic sub-regional analysis, monitoring and spatial strategy development, as well as offering greater flexibility and robustness for a variety of analyses, monitoring, policy formulation and planning decisions at the sub-regional and local authority scale. In doing so, the utilisation of 'best-fit framework housing market areas' at the upper tier (defined from the 77.5 per cent threshold level) would provide a much neater and pragmatic basis for local authority co-operation and partnership at the sub-regional and strategic level as it would be based

around groupings of identified local authority areas. In most cases, these groupings would fall within a single region. However, where the identified 'best-fit framework housing market areas' do cross regional boundaries, these should be fully taken account of in terms of cross-regional working and spatial strategy development. At the lower tier, either wholly independent or nested 'local housing market areas' would provide a much finer level of robust information for spatial policy development and monitoring at the sub-regional and local authority level and emphasise the reality that local housing market areas seldom fully respect artificially determined political and administrative boundaries. In doing so, they would hopefully facilitate improved joint working between neighbouring authorities that share parts of the same 'local housing market area' as well as encouraging local authorities and other stakeholders to gain a much better appreciation and understanding of the housing market geographies that operate within their areas.

If, however, for the advantages of simplicity, a single-tier of strategic housing market areas is produced, defining this single-tier at the 77.5 per cent threshold level would be problematic for many areas outside London (e.g. the West Midlands and the North East) because of the relatively large housing market area areas that would result. Although acceptable as an upper tier of a two-tier approach, the 77.5 per cent threshold housing market areas would be simply too large to allow the necessary fine-grained analysis at the more local level. However, examination of the resulting housing market areas from a significantly lower 72.5 per cent threshold suggests that these might be too fragmented for the sensible definition of strategic housing market areas. Thus, if the approach chosen is to produce a single-tier of nationally-derived housing market areas, there is a strong argument for adopting a pure (not 'best-fitted') set of framework housing market areas defined from the 75 per cent threshold level as this would arguably provide the best compromise if only one set of housing market areas is to be produced that must therefore double-up as the basis of both strategic and more locally focussed spatial analysis, policy formulation and decision-taking.

Regardless of opting for a single or two-tier solution, strong guidance about the application of these housing market area boundaries have to be given to local authorities. If a single set of framework housing market areas is adopted, guidance should be provided about the importance of monitoring housing indicators at finer spatial scales e.g. MSOAs, postcode geography etc. to allow the detection of the changing housing dynamics of different local and sub-markets within the framework housing market areas. If a two-tier approach is adopted, strong advice has to be issued over the importance of undertaking analysis at both tiers and local authorities should not just pick and choose the boundaries that suits them best and ignore the other.

In summary, our recommendations are as follows:

(1) If the choice is to produce two-tiers of housing market area boundaries (this would be our preferred choice), the combination of an upper tier of 'best-fit framework housing market areas' produced at the 77.5 per cent commuting threshold and the local housing market areas derived from migration data

(probably the 50 per cent level as there are more local housing market areas) would provide the optimum solution for spatial planning purposes at national, strategic and more localised scales. For the local housing market areas, both the nested and non-nested versions are acceptable, though the non-nested version seems to be more theoretically grounded while the nested version is a more pragmatic approach.

(2) If, however, the choice is for a single set of housing market areas, 'framework housing market areas' at 75 per cent commuting threshold would provide the best all-round compromise for both strategic and more local analysis. These should be based on pure housing market area boundaries and not 'best-fitted'.

A brief summary, setting out the advantages and disadvantages of each of the potential housing market area sets from a spatial planning perspective is provided in the table below.

Methodological definition of housing market area areas	Advantages	Disadvantages
77.5 per cent threshold (pure)	Well suited to national, regional and more strategic analysis Identifies all cross boundary/ region issues where housing market area boundaries do not coincide with administrative boundaries Well suited as 'upper-tier' of a 'two-tier' housing market area approach	Insufficiently fine-grained for more localised spatial planning and analysis – housing market area areas are too large No clear identification of strategic groupings of local authority areas for collaborative partnership purposes Not well suited as a 'single-tier' housing market area approach
77.5 per cent threshold (best-fit)	Well suited to national, regional and more strategic analysis Identifies most significant cross regional issues Identifies strategic groupings of local authority areas to aid formation of collaborative partnerships Well suited as 'upper-tier' of a 'two-tier' housing market area approach	Insufficiently fine-grained for more localised spatial planning and analysis – housing market area areas are too large best fitting potentially obscures some locally important cross boundary issues Not well suited as a 'single-tier' housing market area approach
75 per cent threshold (pure)	Reasonably suited to national, regional and more strategic analysis Reasonably suited to more	Something of a compromise – potential for analysis at both strategic and local scales but not best at either

	localised spatial planning and analysis	Insufficiently fine grained for robust local analysis as areas still rather large
	Identifies significant cross boundary (regional and sub-regional) issues	No clear identification of groupings of local authorities for strategic partnership
	best choice if single-tier housing market area approach is adopted	
75 per cent threshold (best-fit)	Reasonably suited to national, regional and more strategic analysis	Something of a compromise – potential for analysis at both strategic and local scales but not best at either.
	Just about adequate for more localised spatial planning and analysis	Insufficiently fine grained for robust local analysis as areas are still rather large
	Can be used to identify strategic groupings of local authority areas to aid formation of collaborative strategic partnerships	'best-fitting' potentially obscures some strategic and locally important cross boundary issues and exacerbates problems of local analysis
	best choice if single-tier housing market area approach is adopted	
72.5 per cent threshold (pure)	Reasonable (if not ideal) for more localised spatial planning and analysis	Produces rather fragmented housing market areas which in some regions may not be well suited to more strategic / national / regional analysis
	Smaller size of housing market areas makes identification of strategic groupings of local authority areas to aid formation of strategic partnerships more difficult	
72.5 per cent threshold (best-fit)	Reasonable (if not ideal) for more localised spatial planning and analysis	Produces rather fragmented housing market areas which in some regions may not be well suited to more strategic / national / regional analysis
	Smaller size of housing market areas makes identification of strategic groupings of local authority areas to aid formation of strategic partnerships more difficult	best-fitting' would obscure strategic and locally important cross boundary issues – given small size of many housing market areas, might often result in identification of single local authority areas following 'best-fit'
Local housing market areas (independent) (either 50 per cent or 55 per cent levels)	Good scale for local analysis of issues such as affordability and local spatial planning and decision-making	Far too small for purposes of strategic analysis and identifying strategic partnerships between neighbouring authorities
	Helps identify range of locally-important cross-	Only suitable for local

	boundary issues that should be taken into account	analysis as part of a 'two-tier' housing market area approach
Local housing market areas (nested) (either 50 per cent or 55 per cent levels)	Good scale for local analysis of issues such as affordability and local spatial planning and decision-making Nesting provides for easy continuity with 'upper-tier' strategic framework housing market areas	Far too small for purposes of strategic analysis and identifying strategic partnerships between neighbouring authorities. Only suitable for local analysis as part of a 'two-tier' housing market area approach. Nesting approach obscures important cross-boundary issues at local level