

## 1 Introduction

1.1 This report presents the findings of a research study commissioned by 4NW<sup>9</sup> (formerly the North West Regional Assembly) to carry out a consistent set of regional strategic housing market assessments for the 27 housing market areas in the North West of England identified by previous research. The work was carried out by a consortium of Nevin Leather Associates, Manchester Geomatics, the University of Sheffield, and Inner City Solutions between January and July 2008. The work was guided by a Steering Group chaired by 4NW with representatives from Greater Manchester, Merseyside, Cumbria, Lancashire and Cheshire, the Campaign to Protect Rural England, the Government Office for the North West, the Home Builders Federation, the North West Regional Development Agency, the North West Housing Forum and the National Housing and Planning Advice Unit.

### Aim

1.2 The aim of the study was to prepare robust housing market assessments for each of the 27 housing market areas in the North West previously identified by 4NW, meeting the requirements of Planning Policy Statement 3 (PPS3) and following Communities and Local Government (CLG) good practice guidance<sup>10</sup>.

1.3 The housing market assessments will contribute to:

- The development of the evidence base for regional policy.
- A revision of the Regional Housing Strategy.
- The current partial review of the Regional Spatial Strategy.

### Scope and use of the study

1.4 This work was commissioned by 4NW to inform the partial review of the Regional Spatial Strategy and the review of the Regional Housing Strategy.

1.5 It is a strategic piece of work and as such the main purpose is to provide a regionally consistent picture of the North West as a whole

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<sup>9</sup> Throughout this report references are made to 4NW. This is the successor organisation to the North West Regional Assembly, and was launched on the 15th July 2008. 4NW is the Regional Leaders Forum for England's Northwest and is also the designated Regional Planning Body.

<sup>10</sup> Communities and Local Government (2007) *Strategic Housing Market Assessments: Practice Guidance (Version 2)*, August 2007.

and a consistent overview of each of the 27 housing market areas within the region.

- 1.6 In the North West a significant amount of work has already been undertaken, or is currently being completed, at a sub-regional and local level. This piece of work is intended to complement those assessments. To facilitate this, a draft report was circulated to all local authorities in the region in April 2008 to give an opportunity for comment. A response was made to all comments received. A second draft was circulated in June 2008 and this version of the report incorporates further revisions in response to comments on the second draft.
- 1.7 The scope of the work means that it is not sensitive to all local circumstances and it does not necessarily provide the level of detail needed at a local level to inform local planning and housing policies. It will need to be read alongside sub-regional and local assessments, particularly where these have been recently carried out and use a methodology which is consistent with the current CLG good practice guidance<sup>11</sup>. However this regional study will set those sub-regional and local figures within a wider regional context.
- 1.8 This is particularly relevant in relation to affordable housing needs. The model developed as part of this work provides the only regionally consistent approach to assessing affordable housing needs across the North West as a whole, and uses secondary data sources which are potentially capable of being updated more frequently than needs assessments based on household surveys.
- 1.9 However where an authority has completed a recent assessment (2007 or after) which provides a robust assessment of affordable housing needs in their area, it is appropriate to use those figures, provided that the assessment has been carried out in accordance with current CLG good practice guidance. Local assessments can be more sensitive to local needs, including the appropriateness of existing accommodation, housing aspirations and preferences.
- 1.10 The estimates of overall housing requirements represent demand across all tenures. The figures do not take into account issues of financial viability, land supply, infrastructure implications, environmental capacity, or policy drivers, and as such must not be read as definitive

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<sup>11</sup> At the time of writing this was the Strategic Housing Market Assessments Practice Guidance Version 2, CLG, August 2007.

figures which can be translated directly into RSS policy. They are a starting point for discussion and should be considered alongside figures emerging from sub-regional and local assessments.

- 1.11 The housing market areas for which these assessments have been undertaken were defined in research commissioned by 4NW which was published in March 2008<sup>12</sup>. They are strategic housing market areas and it is recognised that for the purpose of sub-regional and local work it may be appropriate to further subdivide these areas into smaller housing market areas. This should be achievable within the boundaries of the 27 areas identified.
- 1.12 Although this work is being made widely available, and as such may be used as background information in a range of situations, it should always be used in a way which is set within the context of the overall scope and rationale for the work highlighted above.

## Methodology

- 1.13 The methodology for the study was determined by the study brief, the requirements of PPS3 and official guidance on housing market assessment. It involved the following elements:
- A detailed review of completed (and where possible ongoing) work on housing markets and on economic development and change across the region and in areas adjacent to the region with which there are market linkages.
  - Assembly and analysis of secondary data sources and preparation of findings, based on a framework derived from CLG guidance on housing market assessment.
  - A review of the findings of housing need studies carried out by local authorities (or partnerships) across the region as they relate to the key outputs set out in CLG guidance on housing market assessment.
  - Development of models to assess:

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<sup>12</sup> Nevin Leather Associates, Inner City Solutions, University of Sheffield (2008) *The definition of housing market areas in the North West region*, available from 4NW at [http://www.nwrpb.org.uk/downloads/documents/apr\\_08/nwra\\_1208352307\\_HMA\\_Final\\_report\\_31-03-08.pdf](http://www.nwrpb.org.uk/downloads/documents/apr_08/nwra_1208352307_HMA_Final_report_31-03-08.pdf). The report was re-issued in August 2008 to reflect changes to the boundaries of three of the housing market areas in Cumbria (Ulverston/Cartmel, Dales/Rural Kendal, Central Lakes)

- The overall requirement for housing in each HMA, demonstrating a range of scenarios for household growth based on assumptions about demographic and economic change.
  - The requirement for affordable housing in each HMA, including both newly arising and backlog requirements.
  - The requirement for housing of different types and sizes in each HMA.
  - Preparation of summaries of key housing market features for each housing market area.
  - Preparation of an overall report drawing together evidence and findings across the region.
- 1.14 The findings from each of these elements were considered by the project Steering Group which included sub-regional representatives. A network of housing and planning contacts across the region was also established and consulted on a draft of the study report. There was also a considerable volume of ad hoc liaison, consultation and contact with other bodies in the region to obtain data or other relevant information and to ensure that the study findings were informed by other ongoing work.

### **Apportionment of data to housing market areas**

- 1.15 Throughout this report, data has been apportioned to housing market areas in cases where it is not available in a format which allows it to be obtained directly. Appendix 1 describes the methodology used to apportion data. Appendix 4 contains data for housing market areas and local authorities so that comparisons between the figures used can be made if required.
- 1.16 As Appendix 1 indicates, the apportionment of data requires assumptions about the distribution of population and households within local authority areas which may not be precisely accurate. However, failing to carry out the apportionment of data in cases where housing market areas do not align with local authority boundaries could result in double-counting, which would seriously distort or invalidate results.
- 1.17 Readers should be aware that data has been manipulated in this way where necessary. The areas affected are all of the housing market areas in Greater Manchester, and those in Cumbria which do not align

with local authorities. As a result of apportionment, data for some variables may not aggregate precisely to regional totals. In all cases, regional totals are based on the aggregate of data for local authorities rather than for housing market areas.

### Timescale

1.18 Although this work will provide an evidence base for the partial review of the RSS which will cover the period 2007-2032, the availability of data means that it was generally more appropriate to provide data covering the period 2006-2032 in this report. For the purposes of deriving estimates from 2007 onwards, dwelling requirement figures should take into account the level of completions or affordable housing provision in the period 2006/07.

### This report

1.19 This report presents the study findings. It is structured as follows:

- A summary of main findings was provided above.
- Section 2 provides details of the housing market areas used as a basis for the work, brief details of how they were derived, and an examination of the extent of self-containment or linkages between areas.
- Section 3 describes the policy context for housing market assessments at national, regional and sub-regional levels.
- Section 4 presents and analyses data on the current housing markets across the region and recent changes which are likely to influence the direction of housing market change in the future. This includes demographic patterns, economic development and change, the current housing stock, house prices, affordability, the demand for social rented housing, and the current drivers of housing market change.
- Section 5 examines future housing market change. It considers alternative demographic and economic prospects, and other drivers likely to impact on North West housing markets such as speculative investment, housing supply prospects, and the policy context. It sets out estimates of the future demand for market housing, and reviews likely future market drivers.

- Section 6 examines the requirement for affordable housing, including estimates of backlog affordable need, future affordable need, and affordable supply. Local authority estimates are compared with estimates derived from a model based on secondary data.
- Section 7 looks at the requirements of specific household groups.
- Section 8 presents the conclusions of the study.

## 2 Defining the housing market areas

### Identifying the areas

- 2.1 Previous work commissioned by 4NW identified 27 housing market areas covering the North West Region. Map 2.1 below shows the boundaries of these areas.
- 2.2 A separate report<sup>13</sup> describes the basis for the derivation of these areas and should be consulted for fuller details. In brief, the approach followed CLG good practice advice on the identification of HMA boundaries<sup>14</sup>. As recommended in the good practice advice, three main sources of data were examined. These were:
- House price data which identifies housing market outcomes.
  - Household migration and housing search patterns.
  - Data on the functional relationships between places where people work and live.
- 2.3 The starting point for the study was the existing framework of housing market areas used by sub-regional and local partnerships across the region. This did not provide full coverage of the region, and there were some overlaps, particularly where individual local authorities had commissioned assessments based on their own administrative boundaries.
- 2.4 Using data on individual house sale transactions from 1996 to 2006 across the whole North West Region and surrounding areas, regression analysis was used to highlight differences in prices after discounting property and neighbourhood characteristics.
- 2.5 In some parts of the region, this analysis identified areas where prices were consistently high or lower than in neighbouring areas which could form the basis for housing market areas. The existing housing market area boundaries were generally supported by this analysis, including the distinction in 'grain' between larger housing market areas in the south of the region and smaller, more localised markets in Cumbria.

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<sup>13</sup> Nevin Leather Associates, Inner City Solutions, University of Sheffield (2008) *The definition of housing market areas in the North West region*, available from 4NW at [http://www.nwrpb.org.uk/downloads/documents/apr\\_08/nwra\\_1208352307\\_HMA\\_Final\\_report\\_31-03-08.pdf](http://www.nwrpb.org.uk/downloads/documents/apr_08/nwra_1208352307_HMA_Final_report_31-03-08.pdf)

<sup>14</sup> Communities and Local Government (2007) *Identifying sub-regional housing market areas – advice note*, March 2007. London: Communities and Local Government.

- 2.6 The analysis revealed a large 'central North West housing market' area, including much of Greater Manchester and Merseyside, where there was little variation in prices after excluding the impact of property and neighbourhood characteristics. Additional analysis of migration patterns and travel to work data suggested ways in which this large area should be subdivided.
- 2.7 Draft proposals based on this analysis were examined by 4NW, the project Steering Group, which included representation from all sub-regions in the North West, and a wider consultation group. On the basis of comments from sub-regional representatives, other stakeholders, and further interpretation of the evidence a final set of 27 areas was identified and agreed by 4NW and key stakeholders.

## The areas

### Cheshire

- 2.8 Table 2.1 below lists the 27 housing market areas identified and Map 2.1 shows their boundaries in relation to local authority administrative boundaries. Parts of Cheshire are influenced by the Manchester and Liverpool city regions, but the settlements of this area also exert their own influence. Four areas were identified, three (Macclesfield, Congleton and Crewe and Nantwich) made up of a single local authority and one (West Cheshire) consisting of an amalgam of three authorities (Chester, Ellesmere Port and Neston, and Vale Royal). However the links of Macclesfield and Congleton with Greater Manchester and of West Cheshire with Merseyside need to be borne in mind, as do links across regional boundaries between Crewe and Nantwich and North Staffordshire, and between West Cheshire and North Wales.

### Cumbria

- 2.9 As Table 2.1 shows, the housing market areas in the region vary substantially in terms of size and population. In the generally rural area of Cumbria, there was a distinction between generally higher prices in the east and central parts of the county and lower priced areas in the west, but the settlement pattern with significant distances and sometimes physical barriers between settlements gave rise to a relatively fine-grained pattern of ten housing market areas. Previous work by the Cumbrian Housing Partnership identified twenty housing market areas, but in some cases, these were amalgamated to link

settlements to their hinterland. This fine grained pattern means that only two housing market areas align fully with local authority administrative areas (Barrow in Furness and Copeland). The remainder are either parts of local authorities, or in one case (Carlisle), include parts of more than one authority.

## Greater Manchester

2.10 In Greater Manchester, four housing market areas were identified covering the ten local authorities in the sub-region. These were:

- Greater Manchester Central – parts of Manchester, Salford and Trafford.
- Greater Manchester North Eastern – part of Manchester, together with Rochdale, Oldham and Tameside.
- Greater Manchester Southern – parts of Manchester and Trafford, together with Stockport.
- Greater Manchester North Western – part of Salford, together with Bury, Bolton and Wigan.

2.11 Previous work for the Association of Greater Manchester Authorities had identified that, as might be expected in a large and complex conurbation, housing market boundaries often do not align with local authority boundaries<sup>15</sup>. The areas identified recognise the unique features of the city centre and inner areas which span parts of three local authorities, and the major distinction between the high priced market in the south and the lower priced markets in the north and west of the conurbation, with the latter split into two areas reflecting its size and geographical extent.

## Lancashire

2.12 Previous work in Lancashire<sup>16</sup> identified the diversity of the county and the housing market areas identified recognise this. Seven housing market areas were identified covering all of Lancashire except West

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<sup>15</sup> Details are set out in the report by Nevin Leather Associates, Inner City Solutions, University of Sheffield (2008) *The definition of housing market areas in the North West region*, available from 4NW at

[http://www.nwrpb.org.uk/downloads/documents/apr\\_08/nwra\\_1208352307\\_HMA\\_Final\\_report\\_31-03-08.pdf](http://www.nwrpb.org.uk/downloads/documents/apr_08/nwra_1208352307_HMA_Final_report_31-03-08.pdf)

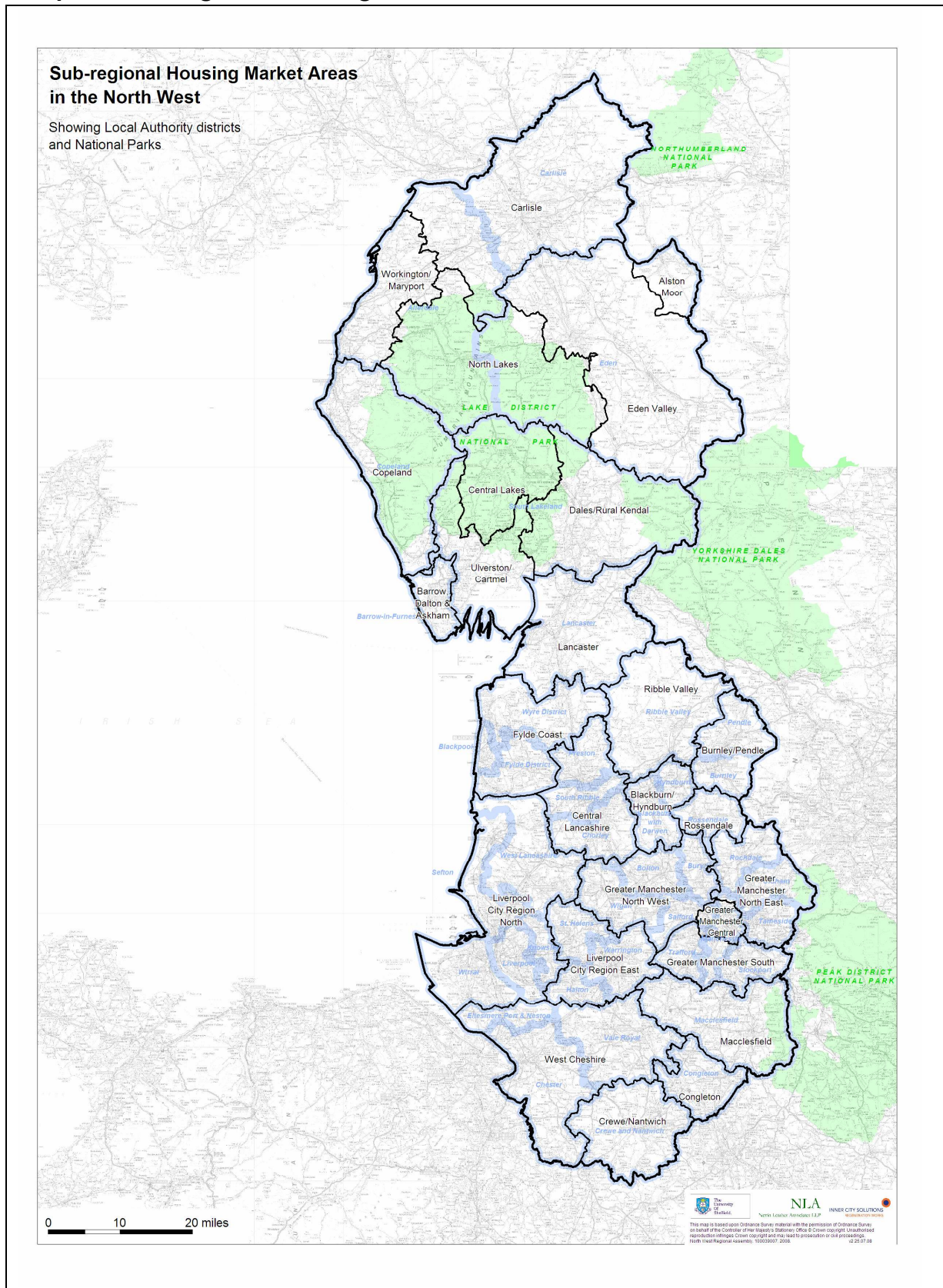
<sup>16</sup> For the purposes of housing market analysis, Lancashire includes the unitary authorities of Blackburn with Darwen and Blackpool.

Lancashire, which was included within the Liverpool City Region North housing market area, discussed below. The Fylde Coast housing market area, covering Blackpool, Fylde and Wyre local authorities, was already identified by previous research and analysis and well-established partnership working is in place. In Pennine Lancashire, despite many common characteristics across the whole area, analysis suggested that there were three housing market areas, covering Blackburn with Darwen and Hyndburn, Burnley and Pendle, and the single local authority area of Rossendale. Links between Rossendale and the north of Greater Manchester need to be borne in mind. The core of the Central Lancashire city region, consisting of the three local authorities of Preston, Chorley and South Ribble, was also identified as a housing market area. The final two areas correspond to the local authorities of Lancaster and Ribble Valley, both of which are more geographically distant from other settlements within the county.

## **Merseyside**

- 2.13 Previous work on a housing strategy for the Liverpool city region identified three housing market areas, and analysis broadly confirmed this approach. One of the three, West Cheshire, was described above. The core of the city region, covering Liverpool, Wirral, Knowsley, Sefton and West Lancashire, forms the Liverpool City Region North housing market area. Links between West Lancashire and Central Lancashire, and between Wirral and West Cheshire, need to be borne in mind. The remaining housing market area described under Merseyside includes St Helens but also the unitary authorities of Halton and Warrington. This area, whilst falling within the influence of Liverpool (and in some parts, Manchester), also forms a distinct and independent market area between the cores of the two city regions.

Map 2.1 Sub-regional housing market areas in the North West



**Table 2.1 Housing market areas: population, households and migration/travel to work linkages**

| HMA                      | 2006              |                   |                     | Migration                                | % working within HMA | Travel to work                                |
|--------------------------|-------------------|-------------------|---------------------|--|----------------------|---|
|                          | Population (000s) | Households (000s) | % moving within HMA | Main external linkages                   |                      | Main external linkages                        |
| Alston Moor              | 2.3               | 1.0               | 29                  | Eden Valley, Carlisle                    | 85                   | Eden Valley, Carlisle                         |
| Barrow Dalton and Askham | 71.8              | 30.0              | 72                  | Ulverston/Cartmel, Workington/Maryport   | 83                   | Ulverston/Cartmel, Dales/Rural Kendal         |
| Blackburn/Hyndburn       | 223.4             | 89.0              | 72                  | Burnley/Pendle, GMNW                     | 74                   | Ribble Valley, Central Lancashire             |
| Burnley/Pendle           | 178.1             | 74.0              | 74                  | Blackburn/Hyndburn, Ribble Valley        | 83                   | Blackburn/Hyndburn, Rossendale                |
| Carlisle                 | 115.1             | 52.3              | 66                  | Workington/Maryport, Eden Valley         | 87                   | Workington, Eden Valley                       |
| Central Lakes            | 19.4              | 8.2               | 42                  | Dales/Rural Kendal, Ulverston/Cartmel    | 66                   | Dales/Rural Kendal, Ulverston/Cartmel         |
| Central Lancs            | 342.1             | 144.0             | 64                  | GMNW, Fylde Coast                        | 75                   | Fylde Coast, GMNW                             |
| Congleton                | 92.4              | 39.0              | 47                  | Macclesfield, West Cheshire              | 61                   | Crewe, West Cheshire                          |
| Copeland                 | 70.3              | 31.0              | 66                  | Workington/Maryport, Carlisle            | 78                   | Workington/Maryport, North Lakes              |
| Crewe/Nantwich           | 115.8             | 48.0              | 58                  | Congleton, West Cheshire                 | 72                   | Congleton, West Cheshire                      |
| Dales/Rural Kendal       | 55.7              | 23.4              | 51                  | Central Lakes, Lancaster                 | 77                   | Lancaster, Central Lakes                      |
| Eden Valley              | 43.0              | 19.1              | 54                  | Carlisle, North Lakes                    | 80                   | Carlisle, North Lakes                         |
| Fylde Coast              | 328.8             | 149.0             | 65                  | Central Lancashire, GMNW                 | 87                   | Central Lancashire, Lancaster                 |
| Lancaster                | 143.0             | 59.0              | 61                  | Fylde Coast, Dales/Rural Kendal          | 87                   | Fylde Coast, Dales/Kendal                     |
| Liverpool CR East        | 491.1             | 206.0             | 68                  | LCRN, GMNW                               | 71                   | LCRN, GMNW                                    |
| Liverpool CR North       | 1285.8            | 562.0             | 73                  | LCRE, West Cheshire                      | 87                   | LCRE, West Cheshire                           |
| Macclesfield             | 150.6             | 66.0              | 51                  | GMS, Congleton                           | 57                   | GMS, Congleton                                |
| GM Central               | 329.2             | 143.4             | 40                  | GMS, GMNW                                | 23                   | GMS, GMNW                                     |
| GM North East            | 677.7             | 285.1             | 72                  | GMC, GMS                                 | 81                   | GMNW, GMS                                     |
| GM South                 | 648.7             | 282.6             | 55                  | GMC, GMNE, GMNW                          | 64                   | GMNW, GMNE                                    |
| GM North West            | 898.1             | 385.9             | 69                  | GMC, GMNE                                | 81                   | GMNE, LCRE                                    |
| North Lakes              | 26.5              | 11.8              | 42                  | Workington, Eden Valley                  | 65                   | Workington, Eden Valley                       |
| Ribble Valley            | 57.8              | 24.0              | 53                  | Blackburn/Hyndburn, Central Lancashire   | 57                   | Blackburn/Hyndburn, Central Lancashire        |
| Rossendale               | 66.7              | 28.0              | 61                  | GMNW, GMNE                               | 68                   | Blackburn/Hyndburn, Burnley/Pendle            |
| Ulverston/Cartmel        | 29.7              | 12.8              | 47                  | Barrow, Dalton and Askham, Central Lakes | 66                   | Barrow, Dalton and Askham, Dales/Rural Kendal |

## Chapter 2 Defining the housing market areas

| HMA                 | 2006                 |                      |                        | Migration              | % working  | Travel to work         |
|---------------------|----------------------|----------------------|------------------------|------------------------|------------|------------------------|
|                     | Population<br>(000s) | Households<br>(000s) | % moving<br>within HMA | Main external linkages | within HMA | Main external linkages |
| West Cheshire       | 327.5                | 139.0                | 56                     | LCRN, LCRE             | 67         | LCRN, LCRE             |
| Workington/Maryport | 62.4                 | 27.8                 | 66                     | North Lakes, Copeland  | 78         | Copeland, North Lakes  |

Source: Apportioned ONS Mid year estimates, 2001 Census. Key to abbreviations LCRN Liverpool City Region North, LCRE Liverpool City Region East, GMC Greater Manchester Central, GMNE Greater Manchester North Eastern, GMS Greater Manchester Southern, GMNW Greater Manchester North Western. Note: Main external linkages in relation to migration are defined as the two major sources of in migration to each HMA; and for travel to work linkages the two main sources of inward travel.

## Self-containment and linkage

- 2.14 Table 2.1 shows, for each housing market area, the extent to which it is self-contained in terms of migration and travel to work movements, and the chief linkages with other areas, including areas outside the region<sup>17</sup>. The average level of self-containment in terms of migration is 58% but for travel to work it is higher (72%). By and large, the main migration and travel linkages are similar, except where housing market areas such as Central or North Lakes receive a significant level of long distance in migration (but not long distance travel to work).
- 2.15 The Liverpool and Manchester city regions are strong foci for travel to work and have strong migration links within each city region and with some surrounding areas. Within the Liverpool city region, West Cheshire is the least self contained, drawing on links with Congleton and Crewe and Nantwich, but also with North Wales. Liverpool City Region North is the most self contained of the three Liverpool City Region housing market areas, but this in part reflects its large size, which makes self containment more likely.
- 2.16 Within Greater Manchester, the Central housing market area is distinct, reflecting the fact that it contains the conurbation core, so there are very low levels of self-containment both in terms of migration (inward migration from a very wide national/international catchment, outward migration to the rest of the sub-region and areas beyond) and travel to work (strong inward movement from a wide catchment area). The North East and North West Greater Manchester housing market areas are much more self contained, with the South housing market area falling in between. This area has strong links southward especially to Macclesfield. The Greater Manchester North Western housing market area has links to Liverpool City Region East and vice versa. Otherwise, for all the Greater Manchester housing market areas, the strongest linkages are within the city region.
- 2.17 Within Cheshire, Crewe and Nantwich has average levels of self-containment for the region, but Macclesfield, Congleton and as already indicated West Cheshire have weaker links. This is not

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<sup>17</sup> The full matrices showing migration and travel to work linkages between housing market areas can be found in the report by Nevin Leather Associates, Inner City Solutions, University of Sheffield (2008) *The definition of housing market areas in the North West region*, available from 4NW at [http://www.nwrpb.org.uk/downloads/documents/apr\\_08/nwra\\_1208352307\\_HMA\\_Final\\_report\\_31-03-08.pdf](http://www.nwrpb.org.uk/downloads/documents/apr_08/nwra_1208352307_HMA_Final_report_31-03-08.pdf)

surprising given Cheshire's position between three city conurbations (if North Staffordshire is included) and the polycentric structure of some of the housing market areas. In terms of linkages, there are links between the West Cheshire, Congleton and Crewe and Nantwich housing market areas, but Macclesfield is more isolated from the rest of the county. Congleton and Crewe and Nantwich have market links across the regional boundary into North Staffordshire.

- 2.18 In Lancashire, all the housing market areas have higher than average levels of self-containment except Rossendale and Ribble Valley, which are clearly destinations for out migration from surrounding urban areas and for out commuting. In terms of linkages, the Central Lancashire housing market area has its strongest links to the Greater Manchester North Western and Liverpool City Region North housing market areas, and to Fylde Coast, rather than with Pennine Lancashire. Within Pennine Lancashire, Burnley/Pendle has links to Rossendale and to Blackburn/Hyndburn, but also to Ribble Valley. Rossendale has some links with Blackburn, but also strong links with the North Eastern and North Western Greater Manchester housing market areas. Blackburn/Hyndburn has a wider set of linkages, both in migration and travel to work, not just with Burnley/Pendle but also with Central Lancashire, Greater Manchester North Western (mainly Bolton) and Ribble Valley. Fylde Coast is relatively self-contained with strong links confined mainly to Central Lancashire and to a lesser extent Lancaster. Ribble Valley has links to Central Lancashire, Blackburn/Hyndburn, Burnley/Pendle and also to North Yorkshire outside the region. Lancaster has links into the Dales/Rural Kendal area which is highly accessible along the M6 motorway.
- 2.19 In Cumbria, the housing market areas are smaller and this might lead to lower average levels of self-containment. But the picture is more varied. In terms of migration, most of the Cumbria housing market areas have a low level of self-containment reflecting the popularity of the area for retirement or other long distance movement. The exceptions are Barrow, Dalton and Askham and the two West Cumbria housing market areas, which experience much lower levels of migration to and from external areas. In terms of travel to work, these three areas are also very self contained, but so are Carlisle, Eden Valley and Alston Moor. For Carlisle, Eden Valley and Alston Moor, this may reflect the long distance to other employment centres. The other

Cumbria housing market areas are less self-contained in terms of travel to work.

- 2.20 In terms of linkages with other areas, because of its geographic position, Barrow, Dalton and Askham has strong links only with Ulverston/Cartmel. The West Cumbria housing market areas tend to have links with one another, and to some extent with Carlisle. For the remainder of Cumbria, there is a north-south split, with stronger links between Central Lakes, Dales/Rural Kendal and outside the sub-region Lancaster, and a separate grouping of Eden Valley, North Lakes, Alston Moor and Carlisle.

## Conclusions

- 2.21 The main findings of this analysis of the degree of self-containment which housing market areas demonstrate and the linkages between them are as follows:
- In terms of migration, the main patterns across the region are net moves out from the city regions and larger urban areas to rural areas, and longer distance moves to the larger urban centres and the most attractive rural areas.
  - In terms of travel to work, the pattern is one of commuting into the main urban centres, with lower levels of commuting in the most remote rural areas.
  - Some areas like West Cumbria and Barrow, Dalton and Askham are also geographically most isolated and this reduces the strength of linkages elsewhere.
  - Housing market areas can vary considerably in terms of spatial size and/or population. Larger housing market areas are more likely to have a higher degree of self containment, simply because of their size.
  - The main links outside the region are with North Wales, North Staffordshire, North Yorkshire and between Carlisle and adjacent areas in Scotland.
  - The pattern of linkages across and outside the region is complex. Levels of self-containment vary but in all the housing market areas there are linkages with other (mainly adjacent) areas.

2.22 In some cases, reasonably self-contained housing market areas stand out, whilst in other parts of the region, and especially in the conurbations, the picture is more complex and any boundaries are to some extent arbitrary. The key issue for this study and to an even greater extent in more local housing market assessments is taking full account of the linkages between areas rather than to treat them as self-contained. This applies especially to housing market assessments undertaken for local authority administrative areas.

### 3 The policy context

3.1 This section briefly describes the policy context within which housing market assessments for the North West are set. It examines the national, regional and sub-regional policy frameworks which impact on housing policy and housing markets within the region.

#### National policy context

3.2 The Government set out its intention to increase the supply of housing, to provide well designed and greener homes that are supported by infrastructure, and to provide more affordable homes to buy or rent in a Housing Green Paper *Homes for the future: more affordable, more sustainable* published in July 2007<sup>18</sup>.

3.3 In relation to increased supply, the Green Paper proposes a national target for 2016 of 240,000 additional homes a year to meet demand and address affordability issues. The level of housing supply will increase over time towards this target but create two million new homes nationally by 2016 and three million by 2020. The Green Paper indicates that these numbers will be achieved through existing Regional Spatial Strategies, partial reviews of these strategies, the 29 Growth Point proposals already brought forward and the further round of Growth Points announced in July 2008, including six areas in the North West<sup>19</sup>. Particular attention will also be given to affordable supply in rural areas.

3.4 To ensure effective delivery of new homes where they are needed, the government published a revised *Planning Policy Statement 3: Housing* (PPS3) in November 2006. The approach set out in PPS3 aims to deliver:

- High quality housing, well-designed and built to a high standard.
- A mix of housing, both market and affordable, particularly in terms of tenure and price.
- Sufficient housing, taking into account need and demand.
- Housing developments in suitable locations, with access to community facilities, jobs, services and infrastructure.
- An adequate supply of land with emphasis on the re-use of previously-developed land where appropriate.

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<sup>18</sup> The Green Paper can be downloaded from <http://www.communities.gov.uk/housing/housingsupply/housingsupplystrategy/homesforfuture/>

<sup>19</sup> For details see *Second Round Growth Points: partnerships for growth* available from CLG at <http://www.communities.gov.uk/publications/housing/partnershipsforgrowth>

- 3.5 To achieve this, local planning authorities and regional planning bodies are required to examine and take account of housing market intelligence and policies. In particular, they are required to identify and have regard to housing market areas in developing their local development frameworks and details of these areas must be set out in Regional Spatial Strategies. To ensure market responsiveness, PPS3 expects that there will be a need for collaborative working between local planning authorities, regional planning bodies, and the private sector, together with early engagement with local communities, stakeholders and infrastructure providers.
- 3.6 PPS3 also stresses that Regional Spatial Strategies must be informed by a robust, shared evidence base covering housing need and demand, through Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments. It advocates a collaborative approach between local authorities in the preparation of evidence bases to support planning for housing policies on the basis of housing markets.
- 3.7 More specifically, PPS3 requires that regional spatial strategies should set out the region's approach to achieving an adequate supply and mix of housing having regard to:
- 'Current and future demographic trends and profiles.
  - The accommodation requirements of specific groups, in particular, families with children, older and disabled people.
  - The diverse range of requirements across the area, including the need to accommodate Gypsies and Travellers.
- 3.8 Based upon the findings of strategic housing market assessment and other local evidence, local planning authorities should set out in local development documents:
- The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.
  - The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).
  - The size and type of affordable housing required.' (PPS3, paras 21-22).

- 3.9 In addition to these developments relating to housing supply, the Hills Review<sup>20</sup> looked at ways of ensuring that the social rented sector continues to provide a source of high quality and sustainable housing for those who cannot afford home ownership. There is also an increasing emphasis on ways of addressing concentrations of worklessness in the social rented sector.
- 3.10 In July 2007 the Treasury Review of Sub-national Regeneration Policy emphasised the importance of housing policies in supporting economic regeneration and competitiveness. The review also proposed bringing together the key regional strategies including Regional Spatial Strategies, Regional Economic Strategies and Regional Housing Strategies into a Single Regional Strategy from 2010 onwards.
- 3.11 Housing Market Renewal programmes will continue to be a priority and the Government has announced funding taking these programmes through to 2010. Four of the nine housing market renewal pathfinder programmes are located within the North West<sup>21</sup> and so the programme is a significant one for housing markets in the region. There is also a regional housing market renewal initiative in the North West covering parts of West Cumbria.

### **Regional policy context**

- 3.12 The role of regions is to support, develop and implement the national policy agenda and to apply regional knowledge and understanding to develop policies and allocate resources. Regional policies are driven by the Regional Economic Strategy (RES), the Regional Spatial Strategy (RSS), and the Regional Housing Strategy (RHS).
- 3.13 The North West Regional Economic Strategy for 2006-2009 sets out a twenty-year economic plan, together with specific measures for the period up to 2009. Whilst there has been a significant improvement in regional economic performance in recent years, the region is not contributing to the UK economy to its full potential. The RES aims to secure higher levels of productivity, employment and enterprise across the region by creating the conditions to support economic growth. This includes the aim of ensuring that new housing supports economic

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<sup>20</sup> John Hills Ends and Means: The Future Roles of Social Housing in England (2007).

<sup>21</sup> Further information on the housing market renewal pathfinder programme and details of the location of the pathfinder projects can be found on the CLG website at [www.communities.gov.uk](http://www.communities.gov.uk).

regeneration and knowledge-based economic growth, and that the renewal of failing or weak housing markets is set within a context of strong economic growth. RES places great emphasis on city regions as the key drivers of regional economic growth.

- 3.14 The North West Regional Housing Board published the most recent Regional Housing Strategy (RHS) in 2005, and updated this with a North West Housing Statement in 2007. Work is underway at the time of writing on a revised strategy to reflect the national policy context, especially the emphasis on affordable housing provision. An important part of the new strategy is the improvement of the evidence base through strategic housing market assessments and other work including the development of Regional Supported Housing and Homelessness Strategies, and the closer integration of developing sub-regional strategies.
- 3.15 The current strategy has four priorities:
- Delivering urban renaissance through Pathfinders and other schemes.
  - Providing affordable homes to maintain balanced communities.
  - Delivering decent homes in thriving neighbourhoods.
  - Meeting the needs of communities and providing support for those needing it.
- 3.16 In addition to providing support for the four Housing Market Renewal Pathfinder programmes in the region, the North West Housing Strategy also recognises and accords priority to the need for housing market renewal in West Cumbria.
- 3.17 Statutory Regional Spatial Strategies have replaced Regional Planning Guidance. A revised RSS for the North West is currently at a late stage of preparation and will be adopted later in 2008. The Panel which conducted the Examination in Public (EIP) of the draft RSS recommended a partial review covering amongst other matters the housing policies in the strategy and this is now under way. One of the issues the Panel recommended was that the review should take into account the requirements of PPS3 relating to housing market areas which had emerged during the preparation of the draft.
- 3.18 RSS policies seek to set out a spatial framework for the RES and to create sustainable growth; prosperity in urban, rural and coastal

communities; protect environmental assets, conserve natural and man-made resources, and reduce inequalities. RSS aims to capitalise on the growth potential of the three city regions, but also to enhance the role of the regional towns and cities in Cumbria and North Lancashire, and South Cheshire, to ensure that the region continues to support a balanced network of settlements.

- 3.19 In relation to housing, RSS recognises the need for high quality affordable housing, and the importance of identifying housing market areas and understanding housing markets.

### **Sub-regional policy context**

- 3.20 Recent years have seen considerable progress in the creation of strong sub-regional housing partnerships, the assembly of evidence, and the development of sub-regional housing strategies in the North West. These partnerships are based round the former county administrative areas of Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside, but in addition partnership working based around the Manchester, Liverpool and Central Lancashire city regions has also been undertaken. In some cases, the city regions have also served as the basis for planning and economic growth strategies.
- 3.21 The report of research commissioned by 4NW on the identification of housing market area boundaries contains a detailed review of sub-regional housing and planning policies<sup>22</sup>. A significant volume of housing market assessment work has already been undertaken across the region, but not all of this work had the benefit of current official advice and guidance especially in relation to required outputs, and a range of different approaches and methodologies were utilised. Some work is also increasingly out of date. Much work is also based on local authority administrative boundaries rather than housing market areas.

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<sup>22</sup> See Nevin Leather Associates, Inner City Solutions, University of Sheffield (2008) *The definition of housing market areas in the North West region*, available from 4NW at [http://www.nwrpb.org.uk/downloads/documents/apr\\_08/nwra\\_1208352307\\_HMA\\_Final\\_report\\_31-03-08.pdf](http://www.nwrpb.org.uk/downloads/documents/apr_08/nwra_1208352307_HMA_Final_report_31-03-08.pdf)

## Conclusions

- 3.22 This review of the policy context shows that national policies place great emphasis on the development of a comprehensive evidence base for each region and on the preparation of robust assessments of housing markets across the region as the basis for regional and local housing and planning policies.
- 3.23 In particular, PPS3 requires an assessment of current and future market circumstances and the key drivers of market change, the likely overall proportions of households that require market or affordable housing, the likely profile of household types requiring market housing, and the size and type of affordable housing required.
- 3.24 Although much housing market assessment work has already been undertaken in some areas, the picture is incomplete. To inform the review of the Regional Spatial Strategy, 4NW concluded that a comprehensive and consistent set of housing market assessments was required, based on the housing market areas derived from its recent review of evidence on house prices, migration patterns and travel to work movement.