Liverpool City Region Housing Strategy

May 2007

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1 Preface

1.1 The Liverpool City Region Housing Strategy is a major piece of work, funded by the Department for Communities and Local Government, which will provide an investment framework for future housing development across the city region. It is the first City Region Housing Strategy to be produced under PPS3[1] guidance. The work was led by a steering group drawn from representatives of the city region's local authorities. The Strategy was prepared by a consortium of consultants led by GVA Grimley LLP.

1.2 The Liverpool City Region Housing Strategy will provide a framework for housing investment to support regeneration and economic growth in the City Region. It will provide context for Local Development Frameworks, future reviews of Regional Spatial Strategy,the Regional Economic Strategy and Regional Housing Strategy. It also addresses the demands of recent and emerging housing, planning and economic policy developments, notably Planning Policy Statement 3, the Barker Review of Land Use Planning, and the Northern Way Growth Strategy. It is a key element of the Liverpool City Region Development Programme, helping to deliver the Sustainable Communities element of the CRDP.

1.3 It does not follow the format of a "traditional" housing strategy in terms of providing local measures of need and interventions to accommodate specific sub-sections of household need. Rather its focus is upon those areas of housing provision which require joint consideration and planning at a higher level – notably that of functional housing markets and the City Region in its entirety. Detailed research into household needs and aspirations will underpin the development of strategy responses to specific groups within specific localities.

1.4 The first phase of work was carried out in 2005-06 by Ecotec, which defined the three housing markets within the City Region. These were defined on the basis of travel-to-work patterns, demographic information and housing market conditions. There is some overlap between the areas. The first phase of the project also provided a large amount of information and evidence – economic, social and so on – which prepared the ground for the second phase – the preparation of the Strategy itself.

[1] Planning Policy Statement 3 (Housing)

2 Strategy Vision and Objectives

2.1 The City Region Housing Strategy builds on economic rationale and strategy contained in the Liverpool City Region Development Programme. It aims to provide the type of housing in the range of neighbourhoods which ensure the realisation of this vision.

2.2 The vision that focuses the CRDP is inclusive of the role of the City Region's housing and neighbourhoods and as such is the basis for this Housing Strategy:

"Our Vision is to regain our status as a premier European city region by 2025. We will secure an internationally competitive economy and cultural offer; and outstanding quality of life; and vibrant communities contributing to and sharing in sustainable wealth creation."

2.3 To attain the vision the City Region Development Programme proposes action and investment under five priorities:

- The Premier Destination Centre.
- The Well Connected City Region.
- The Creative and Competitive City Region.
- The Talented and Able City Region.
- The City Region of Sustainable Neighbourhoods and Communities.

2.4 The City Region Housing Strategy will help to directly deliver the "Sustainable Neighbourhoods and Communities" priority and will indirectly support development under the other priorities.

2.5 The Sustainable Neighbourhoods strand of the CRDP proposes action to:

- Grow critical mass in the economy and population;
- Tackle housing market failure;
- Balance housing markets
- Develop a strategic agenda in which partners take shared responsibility for delivering sustainable neighbourhoods and communities.

2.6 These actions within the Sustainable Neighbourhoods and Communities strand are fully reflected in this Housing Strategy.

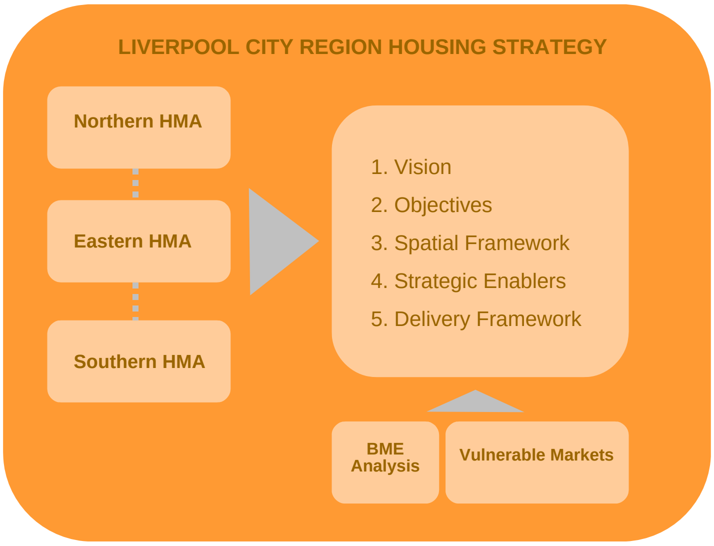
Objectives

2.7 A series of objectives have been devised taking into consideration the housing and neighbourhood challenges that the City Region faces. The objectives of the Housing Strategy are:

- To support the economic growth and regeneration of the City Region
- To identify sustainable locations for growth, linked to economic development prospects, sustainable levels of infrastructure, service provision and housing land availability;
- To maximise the contribution that regeneration areas can make in supporting the economic development of the City Region;
- To provide for a range of affordable housing products across the City Region in recognition of the growing mismatch between income levels and lowest quartile house prices
- To secure investment in the quality of neighbourhoods as a major economic asset of the City Region in attracting and retaining population

2.8 To develop an understanding of and respond to the needs of diverse groups within the housing market The Housing Strategy objectives cover issues of housing distribution, type, tenure, quality and neighbourhood amenity. However, unlike previous strategies at local and regional levels, this Housing Strategy seeks to focus and prioritise resources on the areas which can support and enhance the impact of economic development within the City Region. This includes areas of current vulnerability which have potential for growth and recovery. Housing Market Renewal Areas surrounding Liverpool City Centre are examples of areas of current vulnerability with growth potential linked to a strong economic driver.

The Shape of the Strategy



2.9 The Housing Strategy has been informed by three strategic Housing Market Assessments, an analysis of BME/ Gypsy and Traveller household needs and an assessment of vulnerable housing markets.

2.10 The Strategy is made up of the following parts:

- A vision which is consistent with the Liverpool City Region Development Programme.
- A series of objectives that relate to the challenges and opportunities highlighted by the housing market assessments;
- A series of 7 "Strategic Enablers" which suggest the ways in which partners should intervene individually and collectively; and
- A delivery/ monitoring framework which identifies the partnership and policy actions that need to be pursued.

3 Introduction

3.1 Partners across the Liverpool City Region have been working collaboratively to fully understand the way in which their housing markets work, interact and complement one another. The City Region has set out its economic growth plans in the City Region Development Programme (CRDP). These plans will build upon recent economic successes, exploit competitive advantages and put in place the strategic infrastructure that is required to sustain growth.

3.2 Recent changes in the economy and demographics of the City Region have added impetus to the need to jointly understand and plan for the right choice of housing in the right locations. At the same time, Planning Policy Statement 3 (PPS3) has reinforced the need to undertake "strategic" housing market assessments as a basis for planning for a balanced growth in functional market areas.

3.3 These are not insignificant drivers of change. The City Region authorities and their partners have therefore worked collaboratively to devise a Housing Strategy that responds to the opportunities and challenges that are likely to arise from the growth of the City Region's economy. The Strategy is informed by a series of strategic "Housing Market Assessments" covering all local authorities within the City Region.

3.4 It is worth noting that this is the first City Regional Housing Strategy to be prepared and represents joint working and a shared vision between thirteen local authorities, across two countries and a range of stakeholder groups. As the housing market evolves rapidly it will be necessary to conduct regular monitoring. Proposals for developing a sophisticated monitoring framework are included within Section 9.

The make-up of the City Region

3.5 The Liverpool City Region is home to two million people and as such forms a major part of the Northwest's regional labour market, business base, housing stock and culture.

3.6 The City Region consists of thirteen local authorities, inclusive of the New Heartlands New Heartlands HMR Pathfinder area. It incorporates the local authorities of Liverpool, Knowsley, Sefton, St Helens, Wirral, Halton, Ellesmere Port and Neston, West Lancashire, Chester, part of Vale Royal, and the Welsh authorities of Wrexham and Flintshire. Warrington is located both in the Liverpool and Manchester City Regions, however it forms an integral part of the economic and housing offer of the Liverpool City Region and as such is considered constituent.

3.7 The City Region has at its core the City of Liverpool, a Regional Centre for retail, commercial, tourism and leisure. In the south the West Cheshire / North East Wales sub-region, centred on Chester, is also a key area for economic growth and tourism. In the east, Warrington has developed a role as a centre for service, logistics and manufacturing industries, taking advantage of its strategic location at a major motorway intersection and the nexus of the West Coast Mainline and Trans-Pennine rail routes. A number of other settlements across the city region provide employment as well as more localised retail, community and leisure facilities.

3.8 All are linked in terms of household movements, travel to work, leisure and shopping areas. This is a fundamental premise for the Strategy – that there exist tangible and shared relationships between housing and economy in the City Region. This enables policy to be constructed which supports the development of these relationships with sustainable outcomes and balanced housing markets. This Strategy focuses upon the three functional housing markets identified. They are:

- The Northern Housing Market Area – comprising Liverpool, Sefton, Wirral, Knowsley and West Lancashire

- The Southern Housing Market Area – comprising Chester, Ellesmere Port and Neston, Wrexham, Flintshire and Vale Royal
- The Eastern Housing Market Area – comprising Warrington, Halton and St Helens

3.9 Details of each of these housing market areas is provided in Section 5 of the Strategy.

Future Economic Drivers of the Housing Market

3.10 The LCRHS provides a housing strategy to support delivery of the Liverpool City Region Development Programme (CRDP). It uses economic assumptions and baseline data which are consistent with the CRDP update (December 2006). It provides an **estimate of economically driven household demand specifically linked to the Liverpool CRDP.**

3.11 The CRDP sets out a number of priorities and interventions considered necessary to deliver an accelerated pace of economic development. The ultimate aim is for the City Region to contribute to the growth of the North of England economy and help reduce the economic gap with the rest of the UK, thereby supporting the intentions of the Northern Way Growth Strategy.

3.12 Major projects included within the CRDP are summarised below:

- Revitalised Liverpool City Centre with the Paradise Street retail development and the World Heritage Status for the Waterfront;
- Mersey Waterfront Regional Park
- Projects associated with Liverpool European Capital of Culture 2008
- Further development of Daresbury Science and Research Park
- National Biomanufacturing Centre
- Liverpool Science Park
- Knowsley Innovation and Technology Centre
- Growth of Omega and the Deeside Hub
- Kings Business Park
- Huyton / Prescot / Approach 580/ Speke Halewood Strategic Investment Areas (SIAs)

3.13 This is not a comprehensive list and it is limited to major physical projects. However, it illustrates the planned scale of economic intervention and the need to factor in the potential impacts of these projects on the surrounding housing market areas.

3.14 Significant investment in improving and creating new elements of the transport infrastructure will be delivered in tandem. Improved links between settlements will impact on the ability of people to travel greater sustainable distances to work. The major transport interventions anticipated within the City Region are listed within the CRDP. These include:

- Improving access to the Port of Liverpool by rail and road, including the expansion of Ditton and Knowsley Rail Freight Terminals and the reinstatement of the Olive Mount Chord rail link.
- Expansion of Liverpool John Lennon Airport, the intention being to service up to 12 million people by 2030 (current estimates are 6.3 million for 2006).
- A new Mersey Gateway – proposed new bridge across the Mersey to ease current congestion issues and open up wider connections through to North Wales[2].
- Upgrading of Liverpool Lime Street Station (underway) and the opening up of a new station – Liverpool South Parkway Interchange - to serve Liverpool John Lennon Airport (project now completed and open)
- On-going West Coast Main Line improvements – journey times between Liverpool and London have already been dramatically reduced.
- Expansion of the existing Knowsley Rail Freight Terminal

3.15 The employment generated by the CRDP project delivery scenario has been considered and modelled using an extrapolated forecast covering the period 2006-2021. Employment growth by market area is detailed below.

CRDP Project Delivery: Absolute Change in Employment: 2006-2021

Northern Housing Market Area	30,400
Southern Housing Market Area	13,800
Eastern Housing Market Area	19,400
City Region	48,800

3.16 Based upon research carried out in support of the City Region Development Programme employment is likely to grow by 48,800 jobs following implementation of CRDP projects. This is some 23,300 more than that might be expected under normal conditions in the economy. This illustrates the scale of the CRDP programme and its intended ability to shift economic performance onto a new trajectory.

[2] Note: It is suggested within the CRDP that the proposed Mersey Gateway will realise over £1.4 billion in net present value, with an estimated annual GVA increase of £80m based on a narrow estimate of the value of the 3350 directly-produced jobs.

3.17 The CRDP projects will continue the trend of movement from manufacturing to service sector activity across the Northern and Eastern Market Areas. The heaviest losses in manufacturing will be those in the Northern HMA, however this will be counterbalanced by significant increases in Public Sector Services and Business Services.

3.18 Looking at each of the housing market areas in turn:

- **Growth is forecast to be highest in the Northern HMA**, where many of the key business service sectors are located and major interventions are planned. This improved outlook for the Northern HMA is based upon a halting of the trend towards population decline that has been in effect for much of the past 2 decades. Recent evidence suggests an emerging trend of stabilisation and reversal of the long-term trend.

- As the smallest of the HMAs, the **Southern HMA sees lower absolute change** in most sectors, although it is expected to have the fastest growing Retail and Wholesale sectors by some margin.

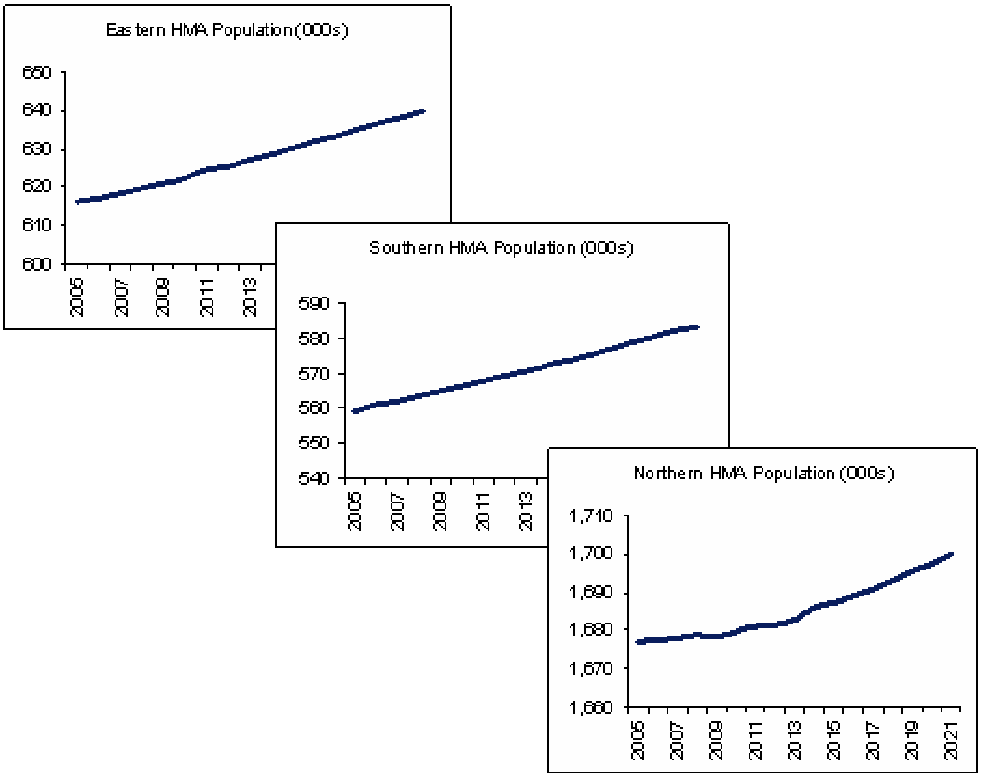
- The Eastern HMA is forecast to post **high employment growth in Business Services and Retail and Wholesale** sectors, although this is countered by significant job losses in manufacturing sectors.

3.19 In summary, the economic context for the City Region's housing markets is expected to change significantly and positively in the period to 2021. This, coupled with emerging demographic trends will lead to a transformation in the demand for housing and will reiterate the need for investment in quality neighbourhoods and services in order to capture demand effectively.

Future Demographic Drivers

3.20 2004-based sub-national population projections suggest population increases in each Housing Market Area, with migration and longevity both influencing demand for housing. The diagram below illustrates 2004 based projections by Housing Market Area.

Figure 7.11 – 2004 based sub-national population projections, HMAs



Source: ONS, GAD, Deloitte Analysis

3.21 Household projections for the period 2006-2021 are provided at local authority level below. The results illustrate that household numbers are projected to grow across all authorities with notable rates of increase in Vale Royal (21%), Warrington (13%) and Wirral (12%).

Local Authority	**2006**	**2011**	**2016**	**2021**	**Absolute Change (000)**	**% Change**
Knowsley	62	64	65	66	4	6%
Liverpool	195	202	209	215	20	10%
St. Helens	74	76	77	79	5	7%
Sefton	119	122	125	128	9	8%
Wirral	138	144	149	154	16	12%
West Lancashire	46	47	49	51	5	11%
Chester	51	53	54	56	5	10%
Ellesmere Port and Neston	34	34	35	36	2	6%
Vale Royal	53	57	61	64	11	21%
Halton UA	49	51	53	54	5	10%
Warrington UA	82	86	90	93	11	13%

Source: ONS (2003)

3.22 Household formation rates are also expected to rise significantly over the next decade, with a falling average household size (from approximately 2.3 to 2.1 at City Region level over the period 2006-2021) and with it greater demand for housing. This reduction in household size will be driven by changing headship trends. Headship rates are projected to grow for all age-bands below 70 and fall for the over 70 cohort. This is a national phenomenon and is attributable to an increasing incidence of single person households amongst younger cohorts coupled with increasing longevity and associated co-habitation amongst older population cohorts. The effect is an increase in headship rates. As a result of this trend more people are likely to form their own households in the future. Therefore both population change and increasing headship rates are forecast to increase household demand across the City Region and each of the three housing market areas.

The Overarching Challenges

3.23 The City Region is pursuing an transformational programme of economic development through its City Region Development Programme. Following the delivery of a series of high-impact business and transport related projects it is estimated that an **additional 48,000 jobs will be created**. This unprecedented level of economic growth offers a tangible opportunity to create sustainable communities, to address social exclusion, worklessness and areas of entrenched economic disadvantage. Household demand resulting from this level of growth is estimated to be over 115,000 units across the City Region.

3.24 However, in order to capture the full benefits of economic and household growth and to channel this to drive regeneration, the City Region has to address some fundamental issues in relation to its housing stock, neighbourhood quality and affordability. In several areas, authorities need to respond jointly to overcome local capacity constraints that might cause displacement of demand outside the City Region if left unaddressed.

4 Strategic Policy Context

National Policy Context

Planning Policy Statement 3 (PPS3)

4.1 The Liverpool City Region Housing Strategy is a key tool in implementing the requirements of PPS3 (Housing).

4.2 PPS3 was launched in November 2006 and represents a key part of the Government's guidance on the creation of sustainable communities. Within the strategic housing policy objectives of PPS3 the Government's key housing policy goal is stated as,

"…to ensure that everyone has the opportunity of living in a decent home which they can afford, in a community where they want to live"

4.3 In order to achieve this goal the Government is seeking:

- To achieve a wide choice of quality homes, both affordable and market housing
- To widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need
- To improve affordability across the housing market, including by increasing the supply of housing
- To create sustainable, inclusive, mixed income communities in all areas, both rural and urban.

4.4 PPS3 sets out policies based upon the following principles:

- Sustainable development – recognising the strategic role of planning in delivering sustainable development;
- Visionary and Strategic Approach – underpinned by a spatial vision, and joining up planning, housing, economic development and community strategies;
- Market Responsiveness – taking account of market evidence when developing planning for housing policies, responsive to defined "housing market areas";
- Collaborative working – between LPAs, Regional Planning Bodies, local communities, stakeholders, infrastructure providers and private sector representatives;
- Evidence Based Policy Approach – policy informed by a robust, shared evidence base, in particular, of housing need and demand set through a Strategic Housing Market Assessment; and

- Outcome and Delivery Focus – application of “plan, monitor and manage” principles.

4.5 It was mentioned earlier that the City Region Housing Strategy is a key tool in the implementation of PPS3. Below is a reasoned justification of this statement:

PPS3 sets a requirement for multi-authority working and the preparation of strategic housing market assessments to cover functional market areas.

- The City Region Housing Strategy has been jointly prepared by 13 local authorities working collaboratively across the national border with Wales. The City Region Housing Strategy has been informed by a series of Housing Market Assessments which provide the “Evidence Based Policy Approach” required by PPS3. In particular, these housing market assessments provide evidence of current and future levels of need and demand based upon PPS3 criteria:

  - Local and sub-regional evidence of need and demand;

  - The Government’s latest published household projections; and

  - Economic forecasts (utilising the Liverpool City Region Development Plan “Project Delivery” econometric forecast)

PPS3 reinforces the need for local authorities to work collaboratively with Regional Planning Bodies, as well as early engagement with local communities, stakeholders and infrastructure providers. PPS3 also requires, through collaborative working, a “Visionary and Strategic” approach in terms of joining up planning, housing and wider strategies (inclusive of Economic and Community Strategies).

- The City Region Housing Strategy provides the evidence base to inform Local Development Frameworks on strategic decisions about new housing provision. In particular, the evidence contained in the Liverpool City Region Housing Strategy will help local planning authorities to determine how they interact with neighbouring authorities in functional market areas and make robust and appropriate policy to plan for the right mix, type and tenure of housing.

- The City Region Housing Strategy takes a strategic approach to planning for housing need and demand that is based around functional market areas. Within these areas it seeks to provide an appropriate supply of housing to meet need and demand as it arises. Planning for housing using the principle of functional market areas will help deliver outcomes that contribute to National and Regional planning policy.

Outcome and Delivery Focus

- The City Region Housing Strategy contains a proposed monitoring framework whereby data on market performance, need and demand can be regularly collected, synthesised and policy attuned to changes in a responsive manner.

4.6 In summary, the Liverpool City Region Housing Strategy will ensure that the right housing is delivered in the right location – in response to household need and demand arising from the growth and development of the economy.

The Sustainable Communities Plan

4.7 The Sustainable Communities Plan released in 2003 emphasised the government's priorities with regard to regeneration and planning with its primary concerns being; sustainable development, housing and urban design issues. Importantly, the plan contained a package of measures to address the undersupply of housing in the south east and low demand in many other areas, predominantly the north.

4.8 Building on this Plan two complementary 5 year plans were released in 2005 which together comprise the second phase of the sustainable communities delivery strategy: Sustainable Communities Homes for All and Sustainable Communities People, Places and Prosperity.

The Northern Way and City Region Development Programmes

4.9 The Northern Way was launched in February 2004 as part of the Sustainable Communities Plan. It aimed to address the £30 billion productivity gap between the North and South of England by maximising the opportunities for growth across the three northern regions (North West, the North East and Yorkshire and the Humber). The three northern RDAs have been charged with developing a "growth and jobs corridor" between Newcastle, Hull and Liverpool, complementing existing work being taken forward under the Sustainable Communities Plan, in order to raise the economic performance of the north.

4.10 The outcome of this has been the **Northern Way Growth Strategy**, launched in September 2004. This identifies 8 city regions, the Liverpool City Region being one, for which **City Regional Development Programmes (CRDP)** were subsequently produced in 2005. The city region concept is embedded in sub-regional working and has helped to foster greater understanding and collaboration across real economic geographies. Irrespective of the future development of the Northern Way, its partnership benefits will be a positive legacy.

4.11 The **Northern Way Action Plan** produced in 2005 identified the Liverpool City Region as a distinctive seaboard urban area, with a unique waterfront location which is undergoing a phase of recovery and re-inventing itself for the 21st century.

4.12 A programme of research has been conducted to support the Northern Way with two key research papers released: **Locating Homes in the Right Places** and **Quality of Place and the North's Residential Offer**. These have provided further evidence and arguments for the need to ensure that investment in housing is targeted to remove constraints on economic growth potential whilst also raising the importance of the 'residential offer' and the range of influences which affect this offer. These papers reinforce the need to understand the relationship between economic performance, the residential offer and housing markets. They also call for complementarity between economic, spatial planning and housing policy and investment frameworks.

Welsh Legislative and Planning Policy Context

4.13 The legislative context in Wales is distinct from that operating in England. This section briefly outlines the Welsh legislative and planning policy context.

4.14 **Planning Policy Wales**, published in 2002, sets out the Welsh Assembly Government's land use planning policies. It is supplemented by a series of Technical Advice Notes (TANs), whilst procedural advice is given in the Welsh Office circulars.

4.15 The policy document is underpinned by key drivers for sustainable development, including:

- The re-use of brownfield land
- Conserving and improving national heritage
- Promoting sustainable transport patterns; and
- Minimising and managing environmental risks and pollution.

4.16 The document also sets out the key elements in planning for the provision for new housing. These include:

- The Welsh Assembly Government's latest household projections (national and regional level only);
- Local housing strategies;
- Local housing requirement assessments (needs and demands);
- The needs of the local and national economy;
- Social considerations (including unmet need);
- The capacity of an area in terms of social, environmental and cultural factors (including consideration of the Welsh language) to accommodate more housing;
- The environmental and climatic implications, including energy consumption and greenhouse gas emissions; and
- The capacity of the existing or planned infrastructure.

4.17 By way of a revision to Chapter 9 of Planning Policy Wales (2002), the **Ministerial Interim Planning Policy Statement 01/2006 Housing** was released in June 2006. The Statement sets out the key considerations that local planning authorities in planning for new housing should make, which includes close collaboration with key stakeholders and taking into account key strategy and policy documents. In particular, the document stresses the importance of utilising the Assembly Government's latest national and sub-national household projections.

4.18 The document also states that local planning authorities must ensure that sufficient land is available or will become available to provide a 5-year supply of land for housing judged against targets set in the development plan. Local Housing Market Assessments are identified for providing the evidence base to support policies to deliver affordable housing through the land use planning system. Within this, LPAs should have an appreciation of the demand for different dwelling sizes and tenures (i.e. intermediate and social rented) in relation to supply.

4.19 According to the Statement, LPAs may even set site-specific targets for affordable housing up to 100%, based on 'criteria reflecting local circumstances set out in the development plan in the context of developing sustainable communities. Housing Market Assessments may also provide a policy basis for rural exception sites at the ward or rural settlement level, which should be 100% affordable for local people in perpetuity.

4.20 In 2005, the Welsh Assembly Government produced the **Wales Spatial Plan**, which sets out the spatial priorities for the development of Wales for the next 20 years; to create a '…dynamic, prosperous and inclusive Wales, where our heritage and environment are valued and where we work together and with our neighbours to achieve sustainable development across Wales'.

4.21 The Statutory basis for the Plan is set out in the Planning and Compulsory Purchase Act 2004, whilst its content is a material consideration when preparing Local Development Plans and when making decisions on individual planning applications. The Plan is underpinned by five guiding themes; building sustainable communities, promoting a sustainable economy, valuing the environment, achieving sustainable accessibility, and respecting distinctiveness.

Regional Policy Context

Draft Regional Spatial Strategy for the North West of England (March 2006)

4.22 Government legislation requires a Regional Spatial Strategy to be prepared for each region of England. The North West Plan provide a framework for the future development of the North West of England. The Plan is currently in draft form and therefore due regard must be had to the extant Regional Planning Guidance 13 for the Northwest (RPG13).

4.23 In its draft form, the RSS sets out the scale, priorities and broad locations for future development across the region – providing a framework for where and how much development should take place. It covers a range of issues and land use categories including housing, retail and the environment, and includes the Regional Transport Strategy. The ultimate objective of the RSS is to ensure the sustainable growth and development of the North West.

4.24 The document has a mutually supportive relationship with the Regional Economic Strategy and the Regional Housing Strategy. It will also, when adopted, form part of the statutory development plan, which means that it will have a role in determining planning applications at a local level, as well as influencing the development of Local Development Frameworks being prepared by Local Authorities. The Plan will also shape the preparation of Local Transport Plans.

4.25 As the statutory development plan to which this City Region Housing Strategy must respond, the Draft RSS is of critical importance. The main policy relating to the development of the Liverpool City Region and housing therein are reviewed below.

Policy Implications of Draft RSS

4.26 The Draft RSS states the following role for the Liverpool City Region:

"The focus for increased economic prosperity within the Liverpool City Region will be Liverpool city centre, where the opportunity exists to maximise retail and cultural opportunities – including its status as European Capital of Culture 2008 – while further regeneration is carried out. However, a balanced approach to spatial development matches accessible jobs and other facilities to local needs and this is unlikely to be achieved without significant levels of economic development and allied regeneration in other parts of the city region, building on the opportunities provided not just by the City Centre, but also by the Mersey Ports and the Airport."[3]

4.27 The Draft RSS goes on to describe the role of Chester and Ellesmere Port within the City Region as:

"[…] a world-class tourist asset and a prosperous, compact retail and business centre. The town of Ellesmere Port has a strong manufacturing base with scope for expansion. As well as functioning as part of the wider Liverpool City Region, they both have close links with North Wales with real opportunities for establishing more sustainable patterns of cross-border development and movement."

4.28 A fundamental premise of the Draft RSS is that economic growth will entail a significant increase in the amount of housing to be built in the region. Draft RSS recognises the need to accommodate additional household growth and also respond to the challenges of improving the quality and choice of housing available within sustainable communities. This implies that the strategy for accommodating housing will be linked to spatial and transport frameworks in order to reach sustainable outcomes.

4.29 The Draft RSS recognises different sub-regional housing priorities in relation to the Regional Development Framework and the typology of housing markets as set out in the Regional Housing Strategy. It determines the need for local development frameworks to ensure delivery of the right housing mix, defined as:

- Meeting the aspirations of residents

[3] Submitted Draft RSS for the Northwest of England (January 2006) – para 2.4

- Creating communities and places where people actually want to live; and

- Ensuring that the economic growth of the region is supported in a sustainable way.

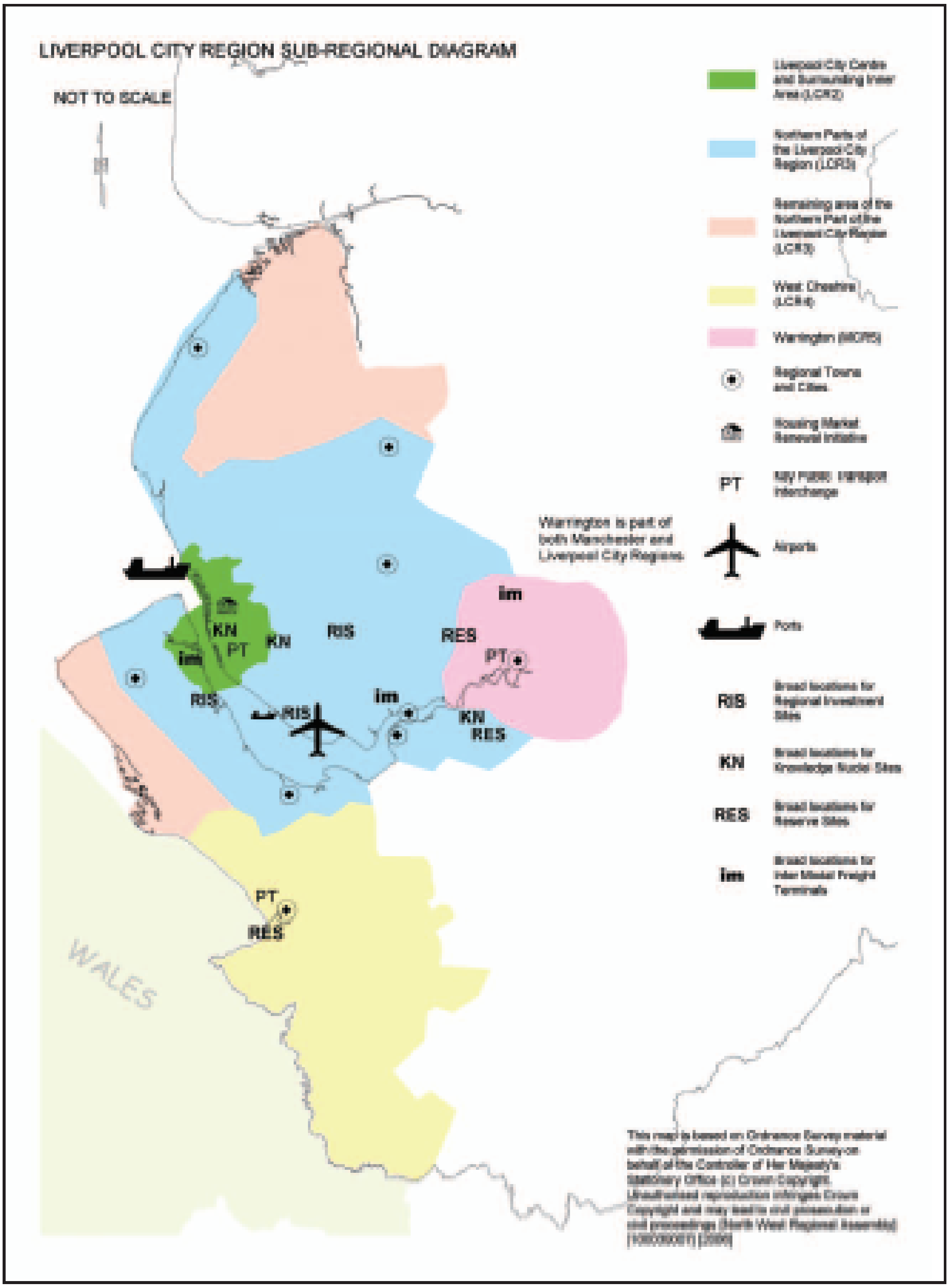
4.30 Importantly in the context of the City Region Housing Strategy, the Draft RSS identifies those areas that require substantial local housing market restructuring, including the NewHeartlands Housing Market Renewal Pathfinder.

4.31 Policy RDF1 – Main Development Locations stipulates that:

- Growth opportunities within the City Regions should be maximised and specifically within the two Regional Centres (Manchester and Liverpool); and

- Development of regional towns and cities should be supported to secure urban regeneration and economic growth which is complementary to the Regional Centres

4.32 The Draft RSS provides a settlement hierarchy comprising the Regional Centres, Regional Towns and Cities and Key Service Centres. The key diagram for the Liverpool City Region is shown overleaf.


LIVERPOOL CITY REGION SUB-REGIONAL DIAGRAM
NOT TO SCALE
Liverpool City Centre and Surrounding Inner Area (LCR2)
Northern Parts of the Liverpool City Region (LCR3)
Remaining area of the Northern Part of the Liverpool City Region (LCR3)
West Cheshire (LCR4)
Warrington (MCR5)
Regional Towns and Cities
Housing Market Renewal Initiative
PT
Key Public Transport Interchange
Airports
Ports
RIS
Broad locations for Regional Investment Sites
KN
Broad locations for Knowledge Nuclei Sites
RES
Broad locations for Reserve Sites
im
Broad locations for Inter Modal Freight Terminals
Warrington is part of both Manchester and Liverpool City Regions.
WALES

4.33 Policy W1 – “Strengthening the Regional Economy” states a particular role for the Liverpool City Region in terms of developing the following sectors and clusters:

- advanced manufacturing and engineering, financial and professional services, media, creative and cultural industries, biomedical, ICT / digital, tourism, maritime and communications sectors

4.34 The City Region Housing Strategy seeks to address the type, tenure and mix of housing that is required in order to support growth in the above sectors.

4.35 Policies W2 sets out the broad locations for Regionally Significant Economic Development. Within the Liverpool City Region, the following locations are identified:

Categories of Regionally Significant Economic Development	**Broad Locations**
Regional Investment Sites	▪ Huyton Prescot SIA ▪ Speke Halewood SIA ▪ Wirral Waterfront SIA ▪ North West Warrington
Knowledge Nuclei Sites	▪ Liverpool City Centre SIA ▪ Eastern Approaches SIA ▪ South East Halton ▪ South West of Chester
Intermodal Freight Terminals	▪ Widnes, with access to the West Coast Main Line (Liverpool Branch) ▪ Newton-le-Willows, with access to the West Coast Main Line and Transpennine route ▪ Birkenhead Waterfront and Eastham Docks (Wirral Waterfront SIA)

Source: Draft RSS (March 2006)

4.36 Policy L2 (Understanding Housing Markets) requires local authorities to work collaboratively at a sub-regional level to understand and plan for functional housing markets. Particular importance is attributed to the process of sub-regional housing market assessment in areas containing Housing Market Renewal Initiative Pathfinder Areas, in other areas of the Liverpool City Region in need of urban regeneration and/ or market restructuring challenges and in areas of affordable housing pressure.

4.37 This City Region Housing Strategy has been undertaken in direct response to these requirements. It provides a series of sub-regional housing market assessments, centred on functional housing markets. It also identifies areas within the Liverpool City Region which are in need of housing regeneration and market restructuring, and the areas of most acute affordability concern.

4.38 Distribution of housing provision is covered by Policy L4 of the Draft RSS. Under this policy, the following strategy is recommended:

4.39 **Liverpool / Knowsley –** provision of sufficient new residential development to support the Regional Centre and inner city areas, especially the NewHeartlands HMR Pathfinder as a priority area for economic growth and regeneration;

4.40 **Mid Mersey (Halton / St Helens / Warrington) -** provision of sufficient new residential development to support the potential for economic growth and local regeneration strategies (including replacement and renewal of housing stock), a wider range of general and high quality market housing (in sustainable locations which are well served by public transport), while at the same time ensuring the ability to meet local needs and requirements for affordable housing. In Warrington the focus will be on continued restraint, limiting housing provision to that which meets local and affordable housing needs, plus a limited amount of general market housing to support agreed local regeneration strategies.

4.41 **Wirral** – provision of sufficient new residential development in the eastern part of the district to support the inner areas as a priority for economic growth and regeneration, including via the Housing Market Renewal Pathfinder scheme (including replacement and renewal of housing stock). Elsewhere in the Wirral the focus will be on continued restraint, limiting provision to that which meets local and affordable housing needs.

4.42 **South West Lancashire (Sefton / West Lancashire)** – continued restraint, limiting housing provision to that which meets local and affordable housing needs, especially in Ormskirk \ Burscough and the northern part of Sefton; plus a limited amount of general market housing (in sustainable locations which are well served by public transport) to support agreed local regeneration strategies in Skelmersdale. In the southern part of Sefton the focus will be on providing sufficient new residential development to support inner areas as a priority area for economic growth and regeneration and Housing Market Renewal Initiative Pathfinder activity.

4.43 **West Cheshire** – provision of sufficient new residential development to support the economic growth of Chester and regeneration of Ellesmere Port, while ensuring that local and affordable housing needs can still be met. All this development should take place within the context of the significant economic and social links that exist with North East Wales and the Liverpool City Region.

4.44 Under Policy L4, the following distribution of housing provision is proposed within the City Region:

Authority	**Total Maximum Housing Provision 2003-2021 (Net of clearance replacement)**	**Annual Average rates of Housing Provision (Net of clearance replacement)**
Liverpool / Knowsley		
Knowsley	8,100	450
Liverpool	35,100	1,950
Mid Mersey		
Halton	9,000	500
St Helens	10,260	570

Warrington	6,840	380
Wirral		
Wirral	4,500	250
South West Lancashire		
Sefton	9,000	500
West Lancashire	5,400	300
West Cheshire		
Chester	7,500	417
Ellesmere Port and Neston	7,200	400

Regional Economic Strategy (RES)

4.45 The Northwest RES is the blueprint for sustainable economic growth in the region. Its vision statement affirms a commitment to creating:

4.46 "A dynamic, sustainable international economy, which competes on the basis of knowledge, advanced technology and an excellent quality of life for all".

4.47 Under this vision for the region it seeks to create the conditions where:

- Productivity and enterprise levels are high, driven by innovation, leadership excellence and high skills; and carbon emissions are low.
- Manchester and Liverpool are vibrant European Cities and, with Preston, key drivers of city-regional growth.
- Growth opportunities around Crewe, Chester, Warrington, Lancaster and Carlisle are fully developed.
- Key growth assets are fully utilised, (Priority Sectors, the Higher Education and Science Base, Ports/Airports, Strategic Regional Sites, the Natural Environment especially the Lake District, and the Rural Economy.)
- The economies of East Lancashire, Blackpool, Barrow and West Cumbria are regenerated.
- Employment rates are high and concentrations of low employment are eliminated.

4.48 There is a high level of consistency between the RES vision for economic growth drivers in Liverpool, Warrington and Chester, and proposals contained within this Strategy to ensure that each of these centres is supplied with the right level and choice of housing to sustain economic growth.

4.49 Three drivers of economic competitiveness are identified and comprise:

- Improving productivity and growing the market
- Growing the size and capability of the workforce –
- Creating the right conditions for sustainable growth and private sector investment

4.50 The strategy sets out 122 actions for achieving the vision, split into five themes of Business, Skills and Education, People and Jobs, Infrastructure, and Quality of Life. Among these actions, housing features strongly in "Creating the right conditions for sustainable growth". The RES supports measures to create a high quality and diverse housing stock and to reduce areas of market failure. This Housing Strategy will help to develop and inform such measures at a local level of policy making.

4.51 While all 122 actions are important for the sustainable economic growth of the region, recognition is given within the RES to Transformational Actions. Those of specific relevance to the City Region Housing Strategy are as follows:

Transformational Action with direct relevance to Liverpool City Region Housing Strategy	**Related key driver**
64: Improve road access to Liverpool City Centre	Conditions for Sustainable Growth
65: Develop the second Mersey crossing	Conditions for Sustainable Growth
72: Grow Manchester and Liverpool John Lennon Airports	Conditions for Sustainable Growth
73: Grow the Port of Liverpool	Conditions for Sustainable Growth
77: Develop Manchester Metrolink, and mass transit for Liverpool and the Mersey Belt including links to Deeside	Conditions for Sustainable Growth
85: Ensure new housing to support regeneration or knowledge based economic growth	Conditions for Sustainable Growth
87: Set Housing Market Renewal within a strong economic context	Conditions for Sustainable Growth
96: Support Liverpool European Capital of Culture 2008 to maximise the full economic benefit	Conditions for Sustainable Growth
119: Invest in quality public realm/ greenspace/ environmental quality	Growing the size and capability of the workforce
52: Encourage employment creation in or near deprived areas	Growing the size and capacbility of the workforce
54: Capitalise on the strengths and assets of Manchester, Liverpool and Preston as drivers of city-regional growth	Growing the size and capability of the workforce
55: Develop plans to capitalise on ongoing private sector investment around Crewe, Chester, Warrington, Lancaster and Carlisle	Growing the size and capability of the workforce

Source: Northwest Regional Economic Strategy 2006

The Regional Housing Strategy

4.52 The Regional Housing Strategy (RHS) was produced by the North West Regional Housing Board in 2005. Its core aim of delivering a housing offer that promotes and sustains maximum economic growth within the region fits with wider national strategy and the Northern Way. Emphasis is placed on creating balanced housing markets and sustainable communities with delivery of affordable housing and tackling areas of poor quality and low demand housing at its core.

4.53 The Strategy notes that the housing market in the North West has clearly entered a phase of change with prices rising rapidly. Significantly, prices have not risen uniformly across the city region with higher priced areas experiencing the greatest increases meaning that the gap between higher and lower priced areas have widened.

4.54 The Strategy contains four strategic priorities for housing intervention. They are:

Priority 1 – delivering urban renaissance. This has four sub-priorities:

- 1.1 - To maximise the positive impact of the 4 Housing Market Renewal Pathfinders in their broader housing markets.
- 1.2 - To maximise the positive impact of the emerging market restructuring work in West Cumbria and Furness
- 1.3 - To support cohesive strategic activity to tackle the inappropriate supply of housing in Blackpool and Morecombe currently acting as a drag on local economic regeneration.
- 1.4 - To support cohesive strategic activity to prevent low demand, tackle inappropriate supply and support Neighbourhood Renewal in other areas at risk of market failure, applying and adapting lessons from the Pathfinders.

Priority 2 – providing affordable homes to maintain balanced communities

- To tackle the shortages of affordable housing in areas of the North West where demand for additional housing is high, and where this impacts adversely on social inclusion and the sustainable growth of local, sub-regional and regional economies.

Priority 3 – delivering decent homes in thriving neighbourhoods

- To improve the condition of housing stock with a sustainable future as part of broadly based regeneration strategies, particularly in areas of concentrated unfitness and disrepair

Priority 4 – meeting the needs of communities and providing support for those who need it. This has two sub-priorities:

- 4.1 – To ensure that action under priorities 1 – 3 contributes to meeting the housing needs of the North West's diverse communities and those individuals needing support.

- 4.2 – To encourage and support specialist housing provision to meet community and individual needs via targeted action at a local level.

4.55 In order to differentiate housing markets within the region the Regional Housing Strategy identifies seven broad housing market typologies. In terms of the Liverpool City Region designation, central Merseyside is classed as being an *"unbalanced market"* with much of the area requiring market renewal, however, a thriving city centre market is also identified. Warrington forms part of an arc stretching to Bury which is classed along with West Lancashire (excluding Skelmersdale) as a balanced housing market. Skelmersdale's market is deemed one of low value with potential and Chester is classed as a buoyant area with 'high value/potential'.

4.56 Within the City Region the Regional Housing Strategy sets priorities which focus on urban regeneration across much of the sub-region, including stock renewal and replacement and improved tenure mix. The Strategy acknowledges that more radical measures may be required in Skelmersdale and that complementary planning polices that recognise the inter-relationship between the neighbourhoods experiencing low demand and those with potential growth will be crucial to the success of the NewHeartlands Pathfinder area.

Wales Spatial Plan

4.57 The **Wales Spatial Plan –** The **North East Wales** supplementary document provides an overview of the Plan's vision for North East over the next 20 years. In particular, the Plan states that the vision for North East Wales is to create 'an area harnessing the economic drivers on both sides of the border, reducing inequalities and improving the quality of its natural and physical assets'. Propositions within this include:

- Housing pressures being channelled into public transport accessible locations to support regeneration aims;

- Sustainable land use and transport strategies;

- Wrexham being promoted as a 'main regional centre'; and

- Areas of 'potential conflict between environmental issues and development aspirations need to be identified with the aim to develop win-win solutions'.

Summary

4.58 At a national level, the policy framework, and in particular PPS3, provides a strong rationale for the preparation of sub-regional housing strategy that is evidence based and devised through multi-authority collaboration. The City Region Housing Strategy will be key to the implementation of PPS3 requirements and will inform the development of local planning and housing policy accordingly. At a regional, the City Region Housing Strategy accords with the spatial and economic priorities set out by the Draft Regional Spatial Strategy and Regional Economic Strategy respectively. It provides an evidence base with which to undertake action planning and prioritisation of areas for investment under the Regional Housing Strategy. At a sub-regional level it will be instrumental in the delivery of the City Region Development Programme, ensuring that the right housing is supplied in the right locations to meet need and demand as it arises.

5 Defining the City Region’s Housing Markets

5.1 The Housing Strategy draws its evidence from three strategic Housing Market Assessments (HMAs). These are documents which profile the population and demographic trends, the existing stock of housing and how effectively it is meeting current needs, and also provide a basis for thinking about what kind of stock is required in the future to meet emerging demands.

5.2 These housing market assessments have been prepared to reflect the boundaries of “functional housing markets” or areas where supply and demand factors can be planned for jointly and sustainable development implemented.

5.3 Information from the Housing Market Assessments and econometric forecasts have been used within a model which predicts household demand, broad tenure split (open market/ affordable housing) and likely trends in demand for different house types.

5.4 The findings of these HMAs have been verified in consultation with local authorities and their partners . The findings of each HMA were presented at consultation events in November 2006 and March 2007 which involved housing, planning, economic development, community development, private sector and RSL representatives.

5.5 In addition, bespoke research has been undertaken in relation to the following issues of strategic importance to the City Region:

- Vulnerable Housing Markets – examining and mapping the vulnerability of areas against an index of housing, quality of place, quality of life and socio-economic factors; and

- BME/ Gypsy Traveller Housing Needs – a review of the challenges and responses at the City Region level.

5.6 This provides the requisite level of intelligence with regard to the defining characteristics and future direction of housing markets that is required by PPS3 (Housing) to inform “evidence based policy”.

5.7 The purpose of this section is to outline the defining characteristics of each functional market area and to introduce the challenges to which this Housing Strategy responds.

Defining Characteristics of the Housing Markets

5.8 The strategic HMAs applied a series of five thematic tests in order to define housing markets and their relationships to one another. Patterns of movement were examined, including analysis of travel to work and migration data over time. The role and function of areas was examined in relation to shopping, employment and educational catchments. Socio-economic and neighbourhood characteristics were analysed and mapped and differences in house prices were examined.

5.9 These tests conclusively proved the existence of **three functional housing market areas** showing high levels of "functional integrity" or shared characteristics. These are considered to be the right areas at which to be planning for a balance of house types and tenures.

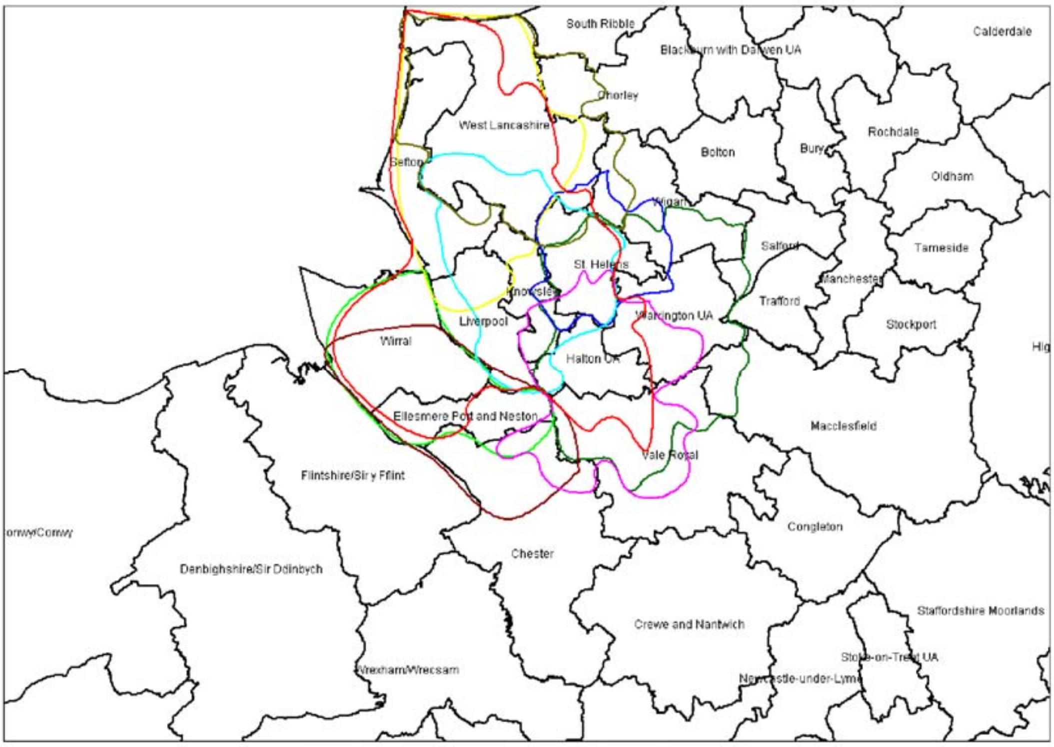
5.10 Analysis of Travel to Work flows is considered the best indicator of economic linkages between areas. An informing piece of research undertaken by Ecotec in 2005 mapped travel to work flows between local authorities. The Ecotec research identified the following patterns:

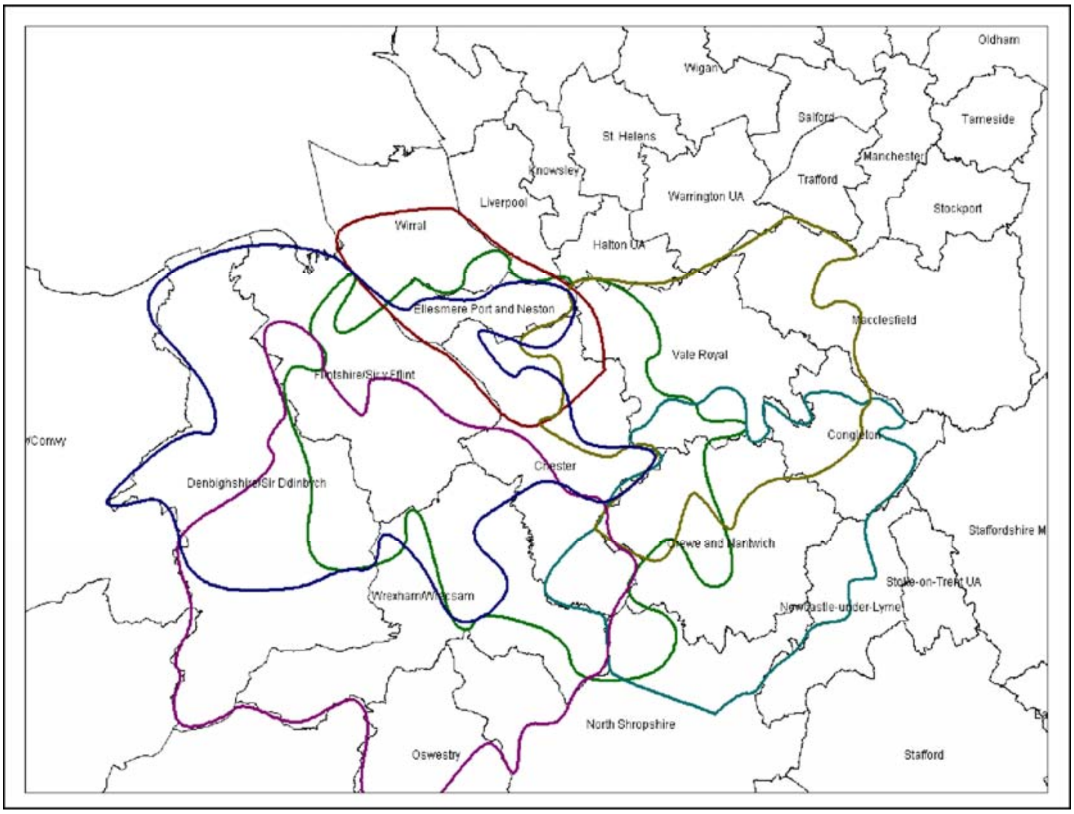
- Strong pattern of flows into Liverpool – restricted to adjacent districts rather than the whole City Region, with less strong flows to the south.

- Linkages between Ellesmere Port and Neston, Chester, Flintshire and Wirral in the south of the City Region

- Linkages between Warrington, Halton and St Helens in the east of the City Region.

5.11 A more detailed level of analysis was also conducted at ward level for the authorities within the City Region. A 5% threshold (5% or more people travel to work to the destination authority) was applied to each authority and mapped to show the relative areas of influence. Ecotec produced the following two images to show these boundaries:





Source ECOTEC (2005)

5.12 The plans show the following trends:

- The areas of influence for Sefton, Wirral, West Lancashire, Knowsley, Halton and St Helens are all broadly encompassed within that for Liverpool.
- Warrington and Ellesmere Port and Neston attract significant amounts of travel from other areas outside of the Liverpool area of influence.
- The boundary between the Chester area of influence and that of Liverpool is quite strongly marked and abrupt.
- The area of influence for Chester does not cover the catchments of other adjacent districts as strongly as that shown for Liverpool. However, it does cover Ellesmere Port and Neston and most of Flintshire.

5.13 Looking directly at actual travel to work flows the following conclusions are reached by the Ecotec research:

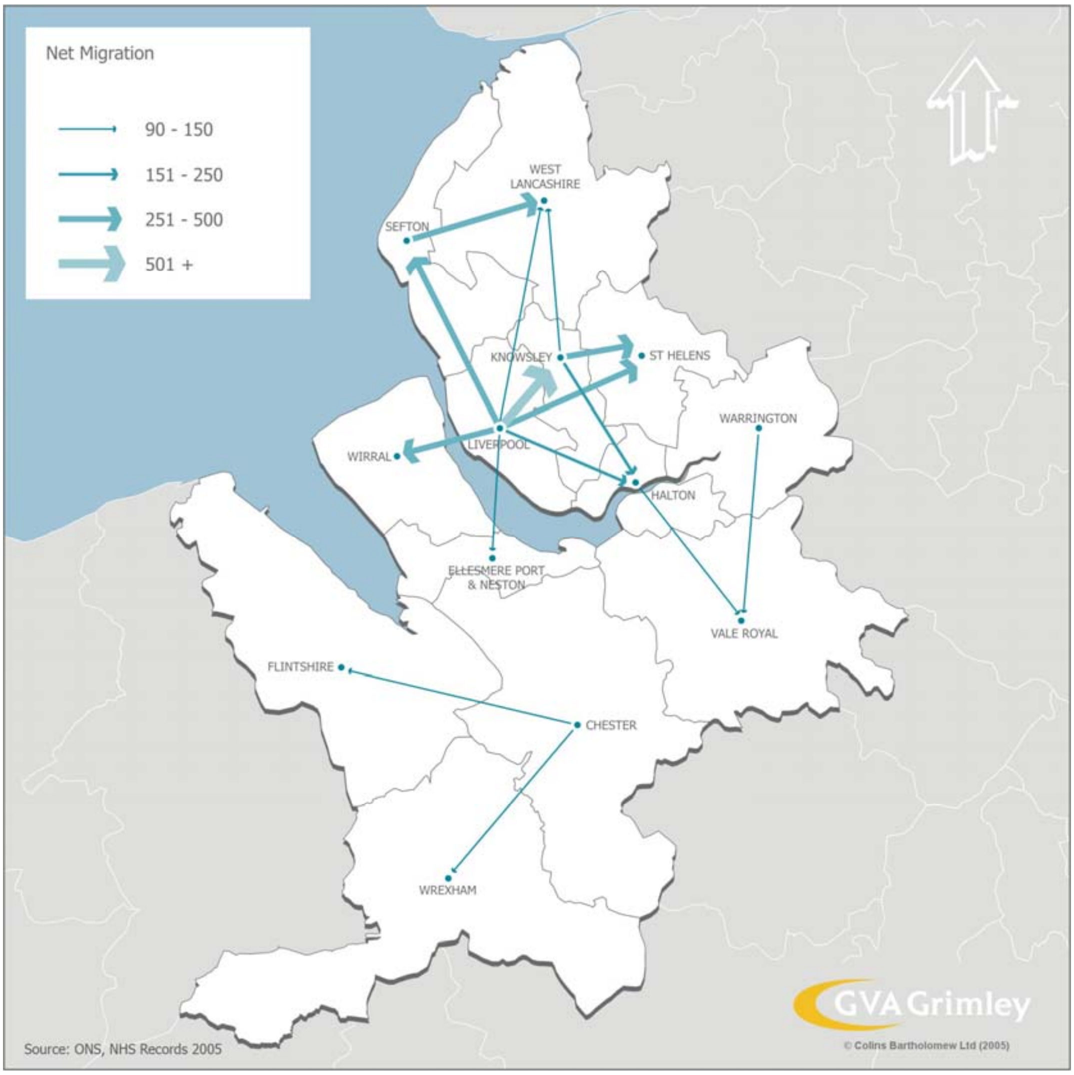
- Reflecting its position as the focus of the City Region, Liverpool receives large flows of labour from a number of authorities but the main links are with Sefton, Knowsley and Wirral, to whom it exports smaller counter-flows. There are weaker links with Halton, St Helens and West Lancashire.

- Wirral's major export market is Liverpool (17,000) but over 12,000 people also travel to the southern City Region authorities of Chester, Ellesmere Port and Neston, and Flintshire. Wirral is almost the only authority split in this way between the Liverpool and Chester sectors of the City Region.

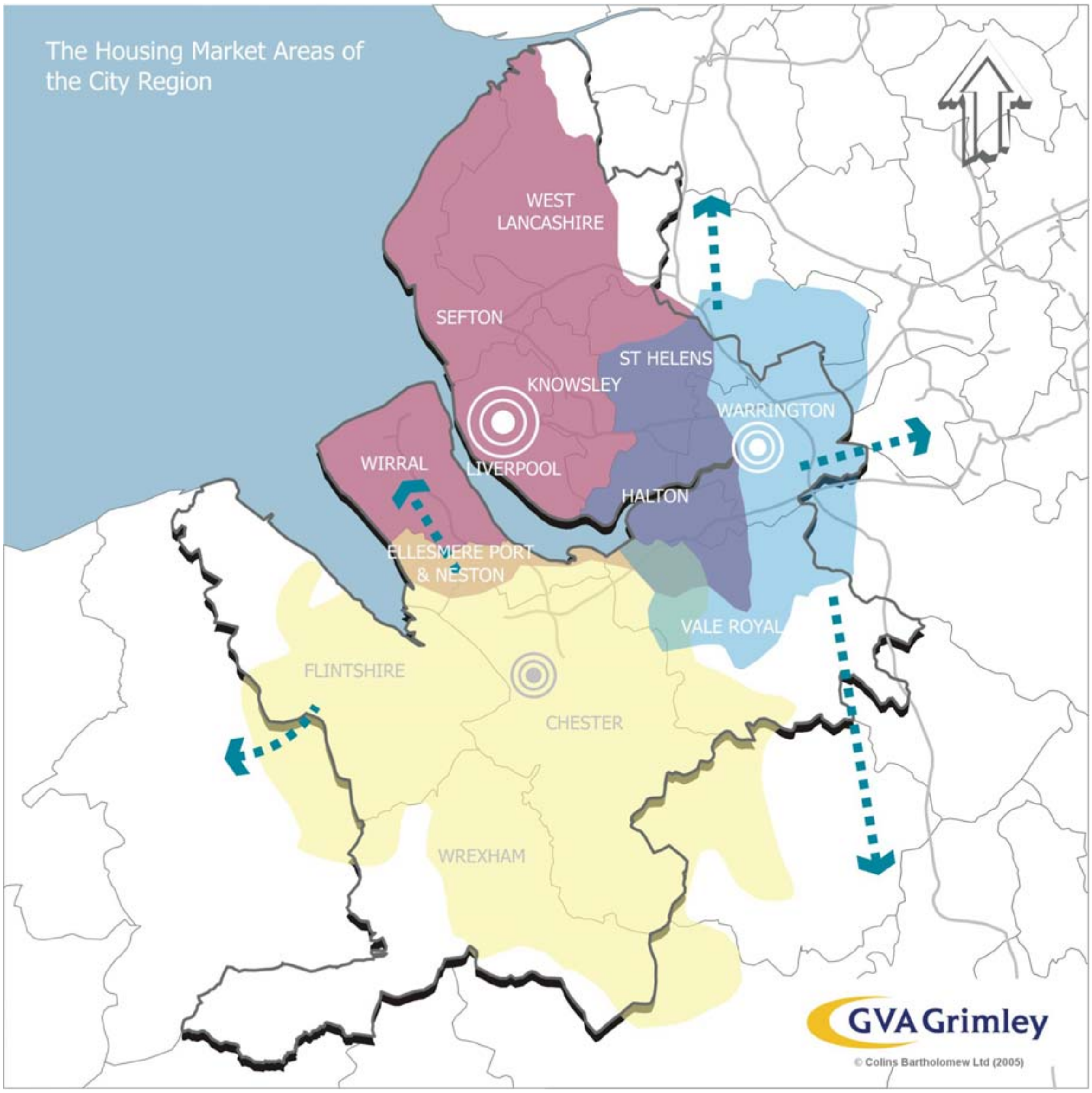
- Chester is at the heart of the southern sector, with Ellesmere Port and Neston, Flint, Vale Royal, Wirral and Wrexham as major suppliers of labour. Denbigh is more remote with its main linkage to Flint, and there are links between Wrexham and Flint. Vale Royal is linked to this southern sector

5.14 Taken together these trends support the division of the City Region into the three functional market areas (North, South and East).

5.15 Patterns of net migration between the City Region's authorities further emphasise the functional integrity of each housing market as the following diagram illustrates:



5.16 The migration patterns demonstrate three functional market areas focused upon Liverpool, Chester and Warrington. This market definition is reinforced in terms of travel to work patterns. These market areas are illustrated in the diagram below.



Northern Housing Market	**Southern Housing Market**	**Eastern Housing Market**
Liverpool	Chester	Warrington
Knowsley	Flintshire	Halton
Sefton	Wrexham	Vale Royal
West Lancashire	Ellesmere Port	St Helens
Wirral	Vale Royal	
St Helens	Wirral	
Halton		
Ellesmere Port		

5.17 Despite what we consider to be a **high level of functional integrity** within each of the three market areas, at the extremities of each area there are observed **'zones of flexibility'**. We have characterised such zones as exhibiting connections with one or more of the major housing market areas. The local authority areas which are considered to be within the zones of flexibility are highlighted in the above table. These are areas which effectively show links with more than one housing market.

5.18 However, in terms of delivering the City Region Housing Strategy it is acknowledged that the Regional Spatial Strategy for the Northwest of England will set out the level of overall housing provision for the City Region at "whole" local authority level. Therefore the Strategy makes the following (whole authority) definition of functional housing markets based on prevailing spatial, travel to work and economic relationships:

Functional Northern Housing Market	**Functional Southern Housing Market**	**Functional Eastern Housing Market**
Liverpool	Chester	Warrington
Knowsley	Flintshire	Halton
Sefton	Wrexham	St Helens
West Lancashire	Ellesmere Port	
Wirral	Vale Royal	

5.19 Detailed information is provided on each of the functional housing markets within the Housing Market Assessments supporting this Strategy.

5.20 This section concludes with a summary of each of the three functional housing market areas and the key challenges that they face in terms of planning to deliver the Government's key housing policy goal:

"…to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live"[4]

The Northern Housing Market Area

5.21 The Northern Market Area is centred upon Liverpool (The Regional Centre) and comprises the Merseyside authorities of Wirral, Sefton, Halton and Knowsley plus West Lancashire. The Northern market as a whole has been characterised in the past by a significant trend of population decline resulting in lower demand for housing. Recently, this has shown signs of abating, with several local authorities demonstrating positive growth figures.

5.22 The Northern Housing Market's economy has experienced profound structural changes as it has moved out of the manufacturing economy and developed in the service sector economy.

5.23 The Northern Market Area is notable for the prevalence of stigmatised markets and in the late 1990s, the emergence of a severe problem of low demand which led to the formation of NewHeartlands Pathfinder. Evidence contained within this Strategy suggests that despite the

[4] Source: PPS3 (2006)

changes in the economy (and indeed the housing market), Housing Market Renewal areas remain the most structurally vulnerable to market change in the City Region. This suggests that the shadow of low demand and market vulnerability will continue to exert an influence on performance of the inner areas of Liverpool, Sefton and Wirral while the Pathfinder programme works through its long-term programme of transformation.

5.24 Social rented housing continues to feature prominently across the Northern Market Area constituting approximately a quarter of all stock in headline terms and demonstrating higher levels in Liverpool and Knowsley. Demand for this sector has increased as a result of increasing household headship rates and unprecedented levels of house price growth over the last five years which has started to price many first time buyers out of the market. Social housing will remain an important tenure projecting into the future and taking demographic and economic factors into consideration.

5.25 Large parts of the Northern Housing Market continue to be characterised by the prevalence of smaller terraced properties and comparatively low levels of larger family housing (for example detached housing represents only 14.9% of properties compared with 32.7% and 20.3% in the Southern and Eastern markets respectively). This skewed stock profile is likely to affect the ability of the market area to respond to changing occupational household demand and aspirations in the future.

5.26 Despite above average proportions of smaller stock and lower average house prices than other areas in the City Region, affordability is still an issue within the Northern market area. Within a number of areas this is the result of low household incomes relative to rapidly increasing house prices. This is particularly apparent in relation to Housing Market Renewal areas where house price growth has outpaced household incomes. In addition there are also parts of the market, such as South Liverpool and West Wirral where high pricing is exerting a significant effect upon affordability levels creating pressure and high demand.

5.27 A review of the Northern Market Areas “quality of place” reveals that

- Extremely poor neighbourhood and environmental quality within the ‘core’ urban area, and areas of Kirkby and Huyton in particular. The periphery generally performs better not withstanding problems associated with peripheral and monolithic social housing estates;
- Contrasted with areas of high “quality of place” found in the southern neighbourhoods of Liverpool, West Wirral and South Sefton; and
- Good access to services, as a result of higher density residential areas and better infrastructure, makes most of the inner neighbourhoods comparably sustainable locations for future development. There is more variability in access to services associated with peripheral estates found at the edges of the towns and cities in the Northern Market Area.

Overall there is latent potential within the Northern Market Area. Its infrastructure, proximity to employment and quality of service provision make it a sustainable location to live thus representing potential for facilitating economic growth through the accommodation of new households. However, the poor neighbourhood conditions within the core areas are continuing to push those actively moving within the housing market towards more peripheral areas where the overall quality of place is perceived to be better, and where larger stock types are more prevalent.

The Southern Housing Market Area

5.28 The Southern Market Area is centred upon Chester and includes Ellesmere Port and Neston, Vale Royal, and the Welsh Authorities of Wrexham and Flintshire. It should be noted that the legislative and planning policy context in Wales is distinct from that operating in England – and that this will have a bearing on the delivery of the Strategy.

5.29 The Southern Area is well positioned in terms of its economy, with business sector strengths that provide competitive advantages and will continue to deliver growth over the forthcoming period.

5.30 Economic growth in the past has been associated with strong population growth and in – migration creating pressure on the housing market. House prices have risen to levels which indicate the desirability of the area and the intense pressures on the housing stock.

5.31 The Southern market on the whole enjoys a very strong positive image and represents an aspirational housing market for much of Merseyside and parts of Greater Manchester. Demand for property is therefore very high with the success of Chester displacing demand further into the North East Wales authorities.

5.32 These market pressures have driven up house prices fuelling affordability issues across the area. The Southern Market Area records the highest affordability ratios within the City Region and includes a significant area in which it very difficult to locate affordable housing. This stems from a number of factors interacting and including the largely rural nature of the market area, the relatively low levels of social rented stock and consequently low levels of Right to Buy property. The structure of the housing stock also is geared towards concentrations of larger, higher value properties and relatively lower levels of smaller stock types (terraces/ flatted accommodation)[5]. This has a pronounced impact – especially upon the ability of first time buyers to enter the housing market.

5.33 The area contains a low proportion of social sector housing and this relative "shortage" of stock means that the 'safety net' offered by this tenure could be considered deficient. Combined with relatively high average prices this has an effect on the accessibility of the market to new entrants.

5.34 Affordable properties are largely limited to flatted accommodation with developers continuing to increase this stock type (terraces constitute only 19.1% of stock), suggesting a lack of choice in the 'entry level' market.

5.35 The long-term prospects for continued growth of the area could be affected by a shortage of brownfield development sites, particularly around Chester. The tight supply of sites is due to policy based restrictions, issues of flooding and environmental designations. In response to these limitations the North East Wales Authorities have witnessed considerable levels of development to meet demand.

5.36 A review of Quality of Place across the Southern market area illustrates that:

- Quality of neighbourhoods and the resultant quality of life enjoyed by residents is a key factor distinguishing the Southern Market Area and is lasting appeal to households; however

- It is a largely rural area and many areas have poor access to essential services. This raises questions about the future capacity of small settlements to absorb higher levels of new development.

- There are pockets of poorer neighbourhood quality, however these areas are not as proliferate as is in evidence in the Northern Market Area.

Overall the Southern Market Area offers high quality in its neighbourhoods and quality of life. This has fuelled high demand for property in the area, although as noted capacity issues regarding available land and the location of services and infrastructure limit the options for continued growth. Joint working between authorities will be increasingly important in the future if the Southern Market is going to effectively supply the level of housing required to sustain its economic development and wider contribution to the City Region.

[5] Note: There are variations in the proportions of housing stock by type across each of the local authorities

The Eastern Housing Market Area

5.37 The Eastern Market Area is projected to experience marked differences in population growth with Warrington expected to continue growing whilst St Helens and Halton stabilise. Reflecting the demographic split the Eastern Market shows a similar split in terms of its economic structure. Warrington has labour force capacity to participate in and support the development of higher value industry. This directly contrasts within Halton and St Helens where the labour force is currently skewed towards lower value and skilled occupations. The labour force structure acts as both an economic enabler and constraint on future growth potential in different areas of the Eastern Market.

5.38 Localised concentrations of deprivation are identifiable within the market area, in particular within St. Helens, Halton and smaller concentrations in North Warrington.

5.39 Housing choice across the Eastern Market Area is generally balanced. The southern areas (parts of Warrington and Vale Royal) are distinguished by higher than average levels of detached properties with smaller terraced and semi-detached properties represented in North Warrington and St. Helens.

5.40 Significant house price rises within the Eastern market area coupled with a number of localised areas of low household income mean that affordability is becoming an increasing problem within this housing market area. This has particular relevance to the southern part of the market area.

5.41 Overall the area offers good a good quality of place, quality of life and access to essential services. However the “dual” nature of the area serves to mask extremes in areas of multiple deprivation.

The Eastern Market Area is diverse. As a result of the contrasting housing stock characteristics of the authorities within the market area it provides a generally ‘balanced’ housing offer. Warrington would appear likely to continue to benefit from its close proximity to both Liverpool and Manchester and its relatively strong ‘residential offer’. There are regeneration challenges and the need to build balanced housing markets in St Helens and Halton.

6 Future Housing Requirements

6.1 In this section of the Strategy, the evidence base of future household need and demand is presented. This evidence base is drawn from the Housing Market Assessments and a housing demand model which is driven by the City Region Development Programme “Project Delivery” scenario.

Housing figures in the City Region Housing Strategy

6.2 The LCRHS provides a housing strategy to support delivery of the Liverpool City Region Development Programme (CRDP). It uses economic assumptions and baseline data which are consistent with the CRDP update (December 2006).

6.3 It provides a “pure” estimate of economically-driven household demand.

6.4 Further, the housing figures generated by the model have not been moderated or otherwise changed by individual local authority partners. As such, the methodology underpinning the estimation of household demand in the LCRHS is **fundamentally different** to that undertaken for the purposes of preparing the Draft RSS.

6.5 Figures used in the LCRHS do not supplant the Draft RSS housing figures. Rather, they clarify the level of housing required to meet household demand **specifically generated** by the delivery of CRDP projects in the period 2006 to 2021.

What inputs feed into the LCRHS household demand model?

6.6 The following data have been input into the LCRHS household demand model:

- CRDP “Project Delivery” econometric scenario (FTE employment/ GVA projections). The CRDP econometric forecasts were prepared by Cambridge Econometrics during 2005
- Sub-national population projections (2004)
- Net Migration
- Net Natural Change
- Number of Households (HSSA data)
- Headship rates (DCLG data)

Differences from Draft RSS

6.7 There are fundamental differences between the data used to inform housing figures in the Draft RSS and the LCRHS. Notable differences include the following:

- The Draft RSS uses 2003 ONS population forecasts. The LCRHS uses the 2004 update from ONS

- The Draft RSS uses Experian Econometric Forecasts (2004) which are consistent with those informing the Regional Economic Strategy. This data pre-dates the preparation of City Region Development Programmes. The LCRHS uses a bespoke econometric forecast for the Liverpool CRDP "Project Delivery" Scenario. This forecast was prepared by Cambridge Econometrics in 2005 and quantifies the specific economic impact of CRDP transformational projects.

6.8 This serves to confirm two points. First, data informing each respective strategy is different. Second, the outcomes of the LCRHS household demand model are likely to vary from the Draft RSS due to differences in the source and timing of informing data.

What assumptions are used in the LCRHS model?

6.9 The LCRHS household demand model assumes that 5-year trends in population and household formation continue over the next 15 years. The model provides an estimate of total demand that needs to be met over the 15 year period 2006-2021 if growth generated by the CRDP is to be accommodated within the City Region.

6.10 The model holds constant the following factors:

- Supply of housing/ build rates

- House prices

6.11 To reiterate, the model is **demand driven** and effectively isolates the effects of supply on household demand. By way of contrast, the Draft RSS takes into consideration supply side factors – urban capacity and planning permission data principally.

Relationship to Draft RSS

6.12 The LCRHS is a non-statutory document that is designed and intended to assist in the delivery of the City Region Development Programme. It is fully acknowledged that the Draft RSS for the North West will ultimately become the statutory planning document under which local planning policy will be prepared. The housing figures set out in the Draft RSS therefore take absolute precedent over those implied in the LCRHS.

6.13 It is imperative that the LCRHS is not misconstrued as a basis for challenging the Draft RSS or its housing figures. This is important for a number of reasons, including the following:

- The LCRHS is a "pure" assessment of housing demand derived from economic growth associated specifically with the delivery of CRDP transformational projects;

- The Draft RSS has been deliberated publicly and considered in a regional context. The LCRHS has been primarily tested through a process of sub-regional consultation and collaboration; and

- The LCRHS will not be a statutory document.

Relationship to Sub-Regional Spatial Strategies

6.14 In addition to the relationship to the RSS, consideration needs to be given to consistency with the sub-regional tier of spatial strategy. In the context of the Liverpool City Region this relates to the West Cheshire/North East Wales Sub-Regional Spatial Strategy. This strategy broadly corresponds to the LCRHS Southern Market Area with the addition of Vale Royal and Denbighshire local authorities.

6.15 The Sub-Regional Spatial Strategy estimates housing demand derived from consideration of population projections, predicted levels of economic growth and past levels of housing completions. As such it factors in a combination of supply and demand side factors. With reference to the LCRHS methodology outlined in the previous section, it is apparent that this sub-regional strategy has been prepared using different data and a different approach – namely the inclusion of supply-side factors.

6.16 Notwithstanding data and methodological differences, the West Cheshire/ North East Wales Sub-Regional Spatial Strategy has been adopted by the constituent local authorities as a non-statutory framework for co-operation and development over the next 15 years. It embodies an agreed vision and strategy for economic growth **in excess** of the transformational projects included in the Liverpool CRDP. The suggested level of housing provision has informed the preparation of the Draft RSS and is reflected in its housing figures.

6.17 Again, the LCRHS does not seek to supersede or otherwise challenge the housing provision identified in the Sub-Regional Spatial Strategy. Indeed, it is recognised that for the Southern Market Area, housing figures within the Sub-Regional Spatial Strategy are a much more accurate reflection of the housing needs and aspirations within that area[6]. For this reason, the figures for the Southern Market Area are drawn from the West Cheshire / North East Wales Sub-Regional Spatial Strategy, although figures calculated using the LCRHS model are also included for information.

[6] Many of the LCRHS partners in the Southern Market Area are of the view that the CRDP includes too few projects within that area (i.e. that it is too focussed on metropolitan Merseyside), and therefore is not a complete reflection of its economic growth ambitions.

Level of Housing Required to Deliver CRDP Projects

6.18 All HMAs will require more housing due to a combination of higher headship rates, reduced household size and increasing population. Demographic projections underpinning this Strategy suggest an inflow into the Northern HMA, bucking the trend seen over the last 2 decades. However, the ability of the Northern HMA to absorb higher levels of household demand will be determined in relation to its ability to modify its housing offer and tenure choice to meet the needs and aspirations of newly forming and incoming households.

6.19 Housing demand specifically related to the CRDP Project Delivery Scenario is projected to be:

CRDP Project Delivery – Estimated Household Demand (2006-2021)

- Northern HMA: 74,700
- Southern HMA: 29,200 (14,900 based only on CRDP Projects)
- Eastern HMA: 25,900

Tenure Implications

6.20 Patterns of demographic change, employment change and income profiles have been used to assess the likely tenure requirements. Two tenure categories have been investigated:

- open market housing; and
- affordable non-market housing (defined as a combination of social rented housing and intermediate tenure options)

6.21 Taking into consideration the planned employment growth to be delivered by the realisation of the CRDP projects plus demographic and headship trends, the following estimates of demand for affordable non-market housing have been produced.

CRDP Project Delivery – Household Demand for Affordable Housing (2006-21)

- Northern Market Area: 17,600
- Southern Market Area: 6,500 (3,300 based only on CRDP Projects)
- Eastern Market Area: 5,600

6.22 While the average household is less likely to require affordable housing, the fact that absolute household numbers will increase significantly effectively offsets any reduction in the demand for affordable housing.

6.23 Clearly, this is a change from past trends associated with decreasing demand for social housing in certain areas of the City Region, alongside a falling overall demand for housing. However, it should be noted that demographic changes will cause this "structural break" from previous trends and lead to higher levels of need.

6.24 In terms of the overall split between market and non-market housing the following table illustrates the results for each housing market area:

Housing Market Area	Total Household Demand	Market Demand	% Market Demand	Non-Market (Affordable)	% Non-Market
Northern	74,700	57,100	76%	17,600	24%
Southern	29,200	22,700	78%	6,500	22%
Eastern	25,900	20,300	78%	5,600	22%

6.25 The implication for developing a City Region Housing Strategy is that intermediate housing, comprising social and hybrid models of ownership, will form a significant component of household demand over the period to 2021. Local Housing Needs Studies are required to articulate the appropriate split in demand between social rented and intermediate options.

6.26 It is important to note that the social rented sector will continue to play an important role for a significant number of households. These include households with specific requirements, for example sheltered housing as well as households affected by unemployment and employment in low paid occupations.

6.27 It is recognised that local authorities within the City Region are aiming to create a more balanced tenure profile through increasing levels of owner-occupation and addressing areas of unpopular social stock. This is particularly relevant in the Northern Market Area where stock is currently skewed towards social rented property. Given the funding constraints associated with the provision of new social housing, partners across the City Region are considering the wider role that intermediate housing can play in meeting identified household needs.

6.28 In addition to the trends noted above, the rising value of housing on the open market has effectively priced some households out of owner occupation. There is latent demand across the City Region for an affordable and aspirational housing product. Intermediate housing therefore has a potentially important role to play in bridging the gap between social and open-market housing where households have sufficient resources to sustain an equity stake in a property.

The Role of Intermediate Housing

6.29 Analysis within the Housing Market Assessments helps to establish the potential role of intermediate products within the City Region. The following conclusions have been reached:

- Across the City Region the current pattern of household income support the need to develop a wider range of options to assist households that are unable to access open market housing. The CACI household income profiles consulted suggest a significant proportion of households with income levels falling relatively close to that required to purchase entry-level housing. Intermediate housing might therefore offer an option for these households in bridging the affordability gap.

- To a lesser extent the analysis has highlighted that intermediate housing might be a viable proposition for some households that are able to afford a smaller proportional share of equity in a shared ownership product. This could partially address demand pressures in the social rented sector however is unlikely to be a mainstream response to addressing housing need at lower levels of household income. There are greater risks associated with households sustaining rental and mortgage repayments that may render intermediate housing options unsustainable for lower income groups.

- There may be a role for “Homebuy” models in which social rented housing tenants can acquire an equity stake in their existing home or a new property. Development of this type of tenure option might serve to break up large monolithic social housing estates in the Northern Market Area and ease pressures on social housing within the Southern Market Area.

6.30 Analysis at the local level, through detailed Housing Needs Surveys, is required to distinguish this finer level of detail and provide clearer indication of the products required and changing levels of households with a propensity to take-up housing within this tenure.

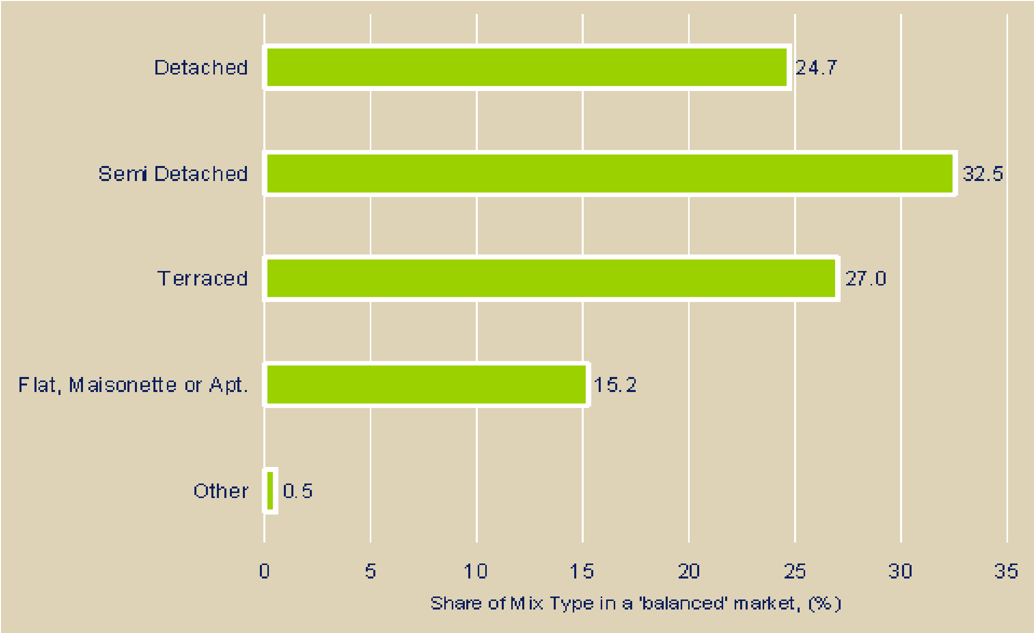
6.31 It is also important in the context of the strategy to recognise the need to create balanced, mixed income communities in monolithic, single tenure housing estates. Therefore, intermediate products might form one component, alongside housing for sale and private rent.

Implication for the Type of Housing Demanded

6.32 PPS3 requires local authorities to determine strategic housing needs through the process of preparing Housing Market Assessments. Within the Liverpool City Region Housing Market Assessments, analysis has been undertaken to relate the existing stock profile to that which is likely to be demanded in the future. This exercise serves to illustrate the ways in which local authorities will need to influence the supply of new housing to ensure it meets economic demand and household need.

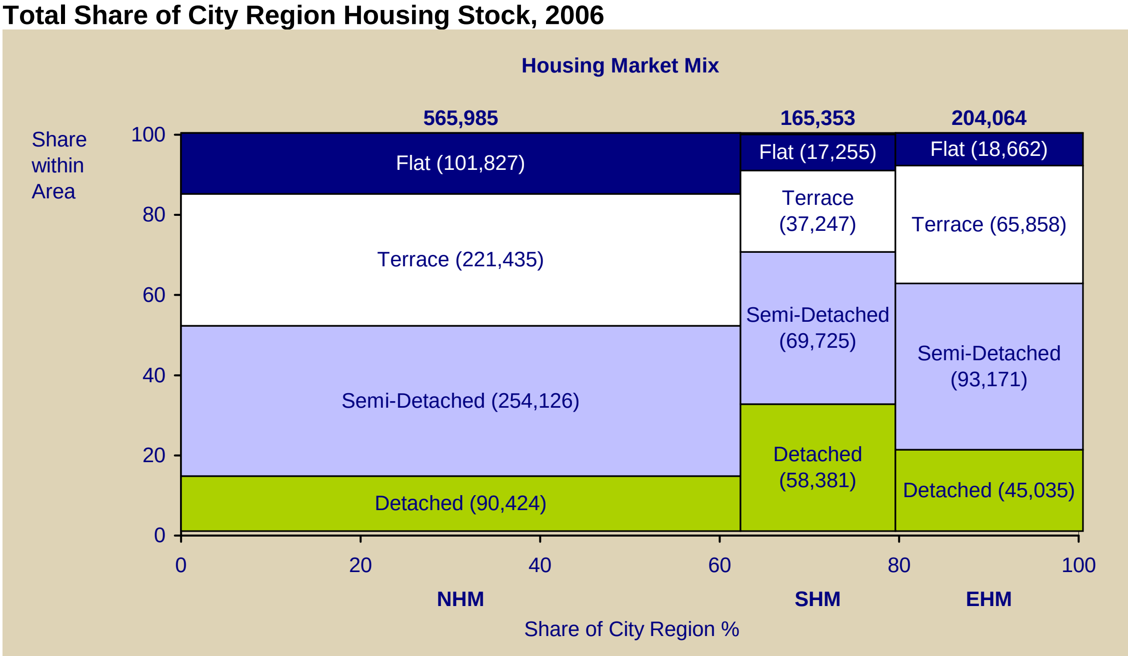
Current Mix

6.33 The Census 2001 provides information on the mix of housing types across the national (England and Wales) housing market. This has been used as a proxy for a “balanced” housing market against which comparisons with the City Region housing market area can be drawn. A breakdown of the national housing market is provided below by stock type.



6.34 The chart below relates the size of the HMA to the City Region (horizontal axis), and the proportion of houses in each HMA (vertical axis). The size of each 'block' in the chart is representative of the size of that type of housing relative to the City Region as a whole.

Total Share of City Region Housing Stock, 2006



Source: ONS, DCLG, Deloitte Analysis

6.35 This shows that:

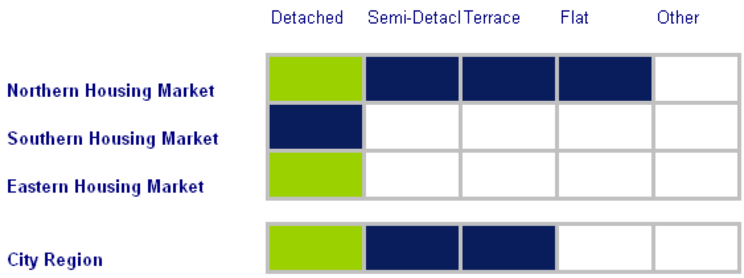
- The housing mix is very different between housing market areas. The Southern HMA has relatively few flats and terraces, whilst the Northern HMA has relatively few detached houses. The proportion of semi-detached housing is very similar in all 3 areas.

- Based upon the prevailing mix in England and Wales, the Northern HMA would seem to have a surplus of terraced housing and a shortfall of detached housing. This is equally applicable to the housing mix in the Eastern HMA.

- The Southern HMA is broadly in line with national mix.

Future Housing Mix

6.36 The “direction of growth” for each type of housing is shown in the diagram below. Where the growth rate is not significantly different no shading is applied. If relative growth is anticipated the cell is shaded green and if the model implies the mix type will be subject to a relative lowering of demand the cell is shaded blue.



Source: Deloitte Analysis

- In the Northern HMA this means that while the demand for larger aspirational housing products is high, demand for all other types falls relative to the baseline.

- In the Eastern HMA, occupational growth will also result in higher levels of demand for larger aspirational house types relative to all other types.

- The occupational profile for the Southern HMA is likely to result in a “softening” of demand for larger, detached property types relative to other types of accommodation. As previously noted this is a reflection of the interaction between demographic factors and occupational trends. It does not imply an absolute reduction in demand for larger family products.

- In summary the City Region is likely to see elevated demand for larger property types driven by economic and occupational changes (Northern and Eastern Areas) and increased demand for smaller family accommodation in the Southern Area.

6.37 Planning to accommodate these changes in demand is essential if the City Region is to grow its population and regenerate areas of vulnerable housing markets.

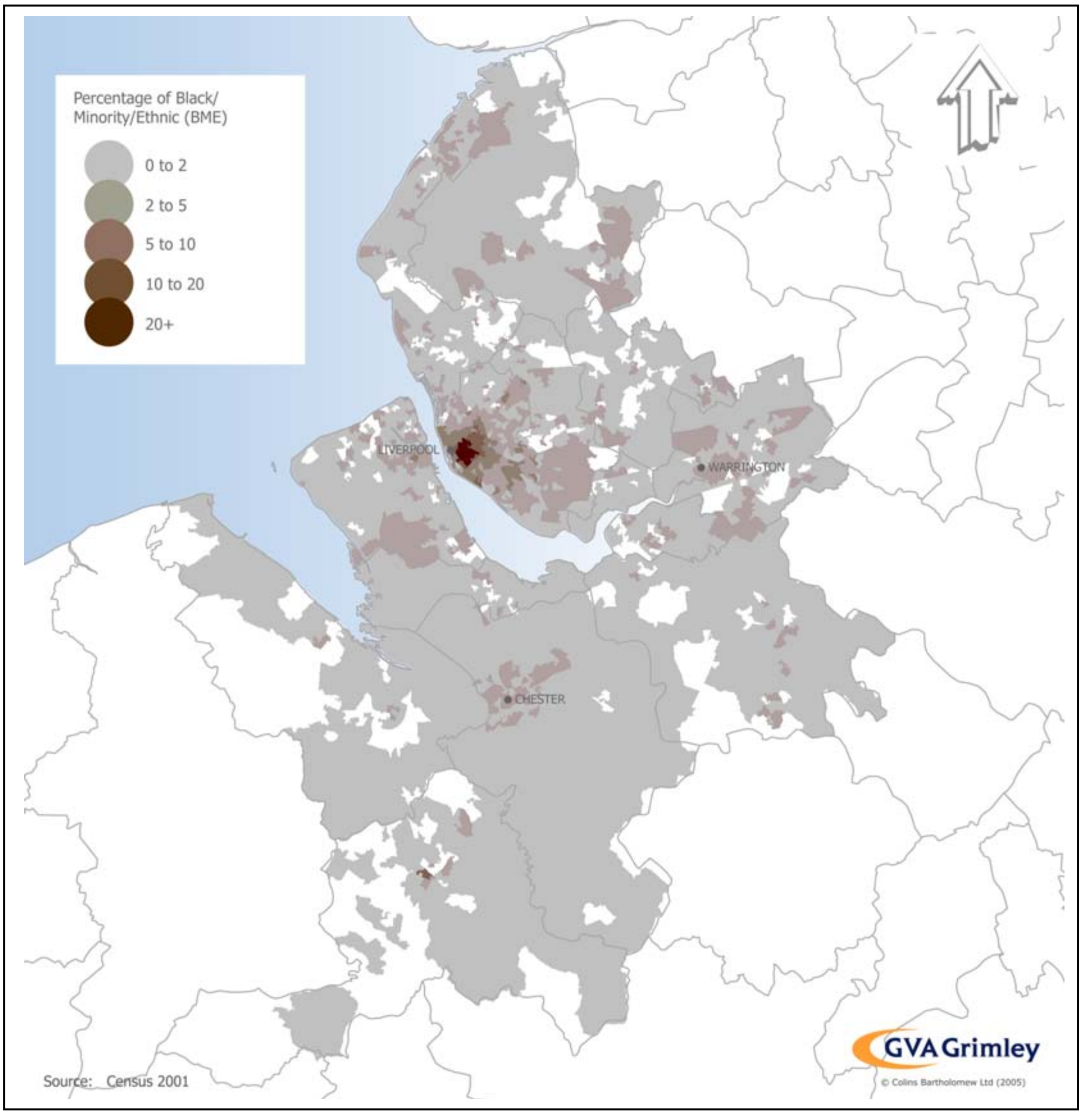
Equality and Diversity

6.38 A review of current information relating to the situation and needs of BME and Gypsy and Traveller households was carried out to inform the Housing Strategy. The key findings of this study are reproduced below.

BME Communities

6.39 The Chinese population is the largest single BME group in each HMA and thus the City Region as a whole. The City Region has relatively small Pakistani and Bangladeshi communities, the most predominant Asian group being those of Indian origin. Most of the City Region's Black Caribbean population is concentrated in the Northern HMA.

6.40 The distribution of BME communities is illustrated on the plan below:



6.41 This plan shows a concentration of BME populations in Liverpool, and within the Northern quadrant of West Lancashire. Within the Eastern Market Area, BME households are concentrated in areas of Warrington. In the Southern Market Area both Chester and Wrexham contain above average concentrations of BME households. Detailed profiles of ethnicity are provided as part of the research informing the Strategy.

6.42 In most areas of the City Region the BME community is just as likely to reside in socially provided accommodation as any other members of the population. The exception to this rule is Liverpool and the Northern Housing Market Area. BME communities in Liverpool demonstrate a higher take-up of social housing than their share of the population would otherwise suggest.

6.43 BME households are found to be much more likely to rent from the private sector across the City Region, and are much less likely to own their property. However, Asian groups within the City Region tend towards higher levels of ownership and are less likely to live in social housing.

6.44 In terms of differences between housing market areas, BME ownership is much more likely in the Eastern and Southern areas than the Northern Housing Market Area. There are also notable differences which persist between rural and urban areas to suggest that BME residents in rural areas have resided in the ward for over 20 years, compared to the high levels of 1st generation migrants residing in urban areas.

6.45 The following conclusions are drawn in relation to occupation of house types:

- BME households are more likely to occupy flats and maisonettes within the City Region than non-BME populations (with particular representation in the Black Caribbean community residing in Liverpool);

- The likelihood of living in shared accommodation is significantly higher among BME groups. This is particularly the case for Black African and Pakistani groups; and

- The chances of BME households living in overcrowded conditions is much higher than non-BME households.

6.46 Finally, the research informing this Strategy proves a link between concentrations of multiple deprivation and areas with significant BME populations. This is particularly true of localised areas of Liverpool.

Migrant Workers

6.47 Significant changes are taking place in the population of migrant workers entering the Northern Market Area. Research undertaken by the Merseyside Social Inclusion Observatory (MSIO) gives an estimate of volume of in-migration in the 2 years since Accession States joined the EU. This demonstrates particular concentrations of in-migration in Liverpool and Sefton and a high-growth trend in Liverpool, St Helens and West Lancashire authorities. The MSIO report suggests that the majority of migrants are ineligible for social housing and are therefore likely to find accommodation in sub-standard private rented housing.

6.48 However, the MSIO research excepted, there is very little reliable data on migrant workers or their housing requirements, with much household data being drawn from the Census 2001 and predating migration from EU accession states. There is a clear need for further primary research at City Region level in order to better understand the economic contribution and housing needs that arise from the migrant workforce.

Gypsy and Traveller Households

6.49 DCLG data relating to the supply of and demand for caravan pitches has proved that in all but one local authority there is a current shortfall in provision. In particular Chester and Vale Royal have the biggest capacity issues accommodating Gypsy and Traveller households due to a lack of authorised pitches.

6.50 Research undertaken by Salford Housing and Urban Studies Unit (SHUSU)[7] points to a very few instances of Gypsy and Traveller households being accommodated in social housing within the City Region authorities. This serves to illustrate the significance of undersupply in caravan pitches across the Housing Market Areas.

6.51 In the absence of further information, the Strategy can only reliably be informed by the supply and demand information in relation to caravan pitches.

6.52 It should be noted that the North West Regional Assembly (NWRA) has commissioned further work on Gypsy and Traveller Needs Assessment and this will provide a more complete evidence base to inform the development of research and policy in the future.

[7] Brown, P. (2006) – "North West Gypsy and Traveller Accommodation and Related Services Assessment"

7 Vulnerable Housing Markets

7.1 The City Region is one of contrasts in terms of the quality and desirability of its neighbourhoods. At one end of the spectrum, large areas of the NewHeartlands Pathfinder areas of Liverpool, Sefton and Wirral have experienced the debilitating effects of market failure coupled with socio-economic deprivation and environmental degradation. At the other extreme, Warrington, Chester and Vale Royal (among other authorities in the south of the City Region) have enjoyed unprecedented levels of house price growth and have become desirable high-demand areas. The partners recognise these important differences and the potential effects on:

- The ability to attract households and grow the population;
- The ability to capture household growth specifically associated with economic development and the delivery of the City Region Development Programme; and
- The ability to address issues of multiple deprivation and socio-economic disparities between communities

7.2 With this in mind the local authority partners commissioned research to examine areas of the City Region housing market which remain vulnerable to changing demand and macro-economic conditions[8]. This research builds upon earlier studies of the low demand issue undertaken by CURS and factors in a contemporary narrative of changes that have happened in the market place since the Housing Market Renewal Initiative was established.

7.3 The new analysis uses updated data in order to identify areas of structural vulnerability. It draws on a series of indicators that relate to:

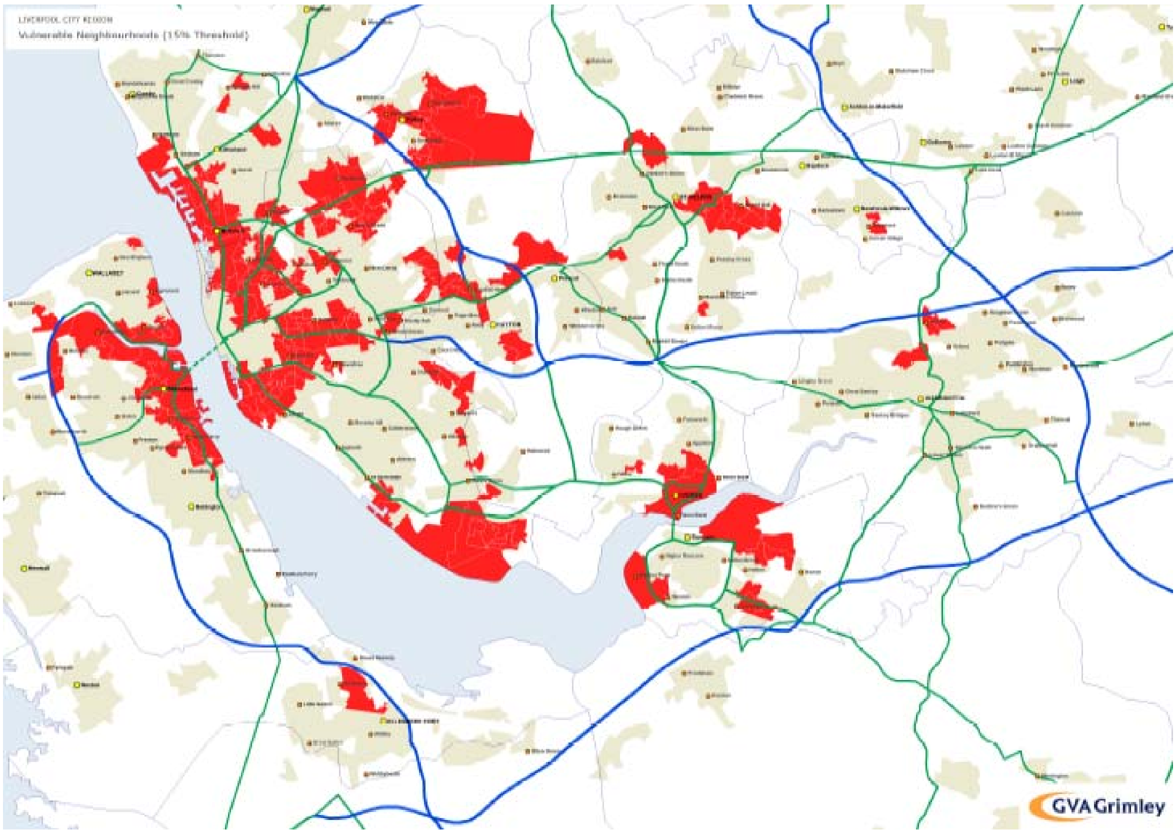
- The socio-economic and demographic characteristics of neighbourhoods;
- The range and choice of housing stock;
- Access to essential services;
- Measures of quality of life (health, educational attainment); and
- Measures of quality of place (greenspaces, housing condition, overcrowding)

7.4 When combined these indicators show concentrations of conditions which render neighbourhoods vulnerable to wider changes in the economy, changes in the supply of housing and competition from adjacent locations.

7.5 Using the index, the 15% most vulnerable LSOAs have been identified. Many of these are within the area of the NewHeartlands Housing Market Renewal Pathfinder, but there are also concentrations of market vulnerability elsewhere in Liverpool (outside the HMR area), Ellesmere Port and Neston, Halton, Knowsley, St. Helens, Warrington and West Lancashire, and in the Welsh authorities of Flintshire and Wrexham.

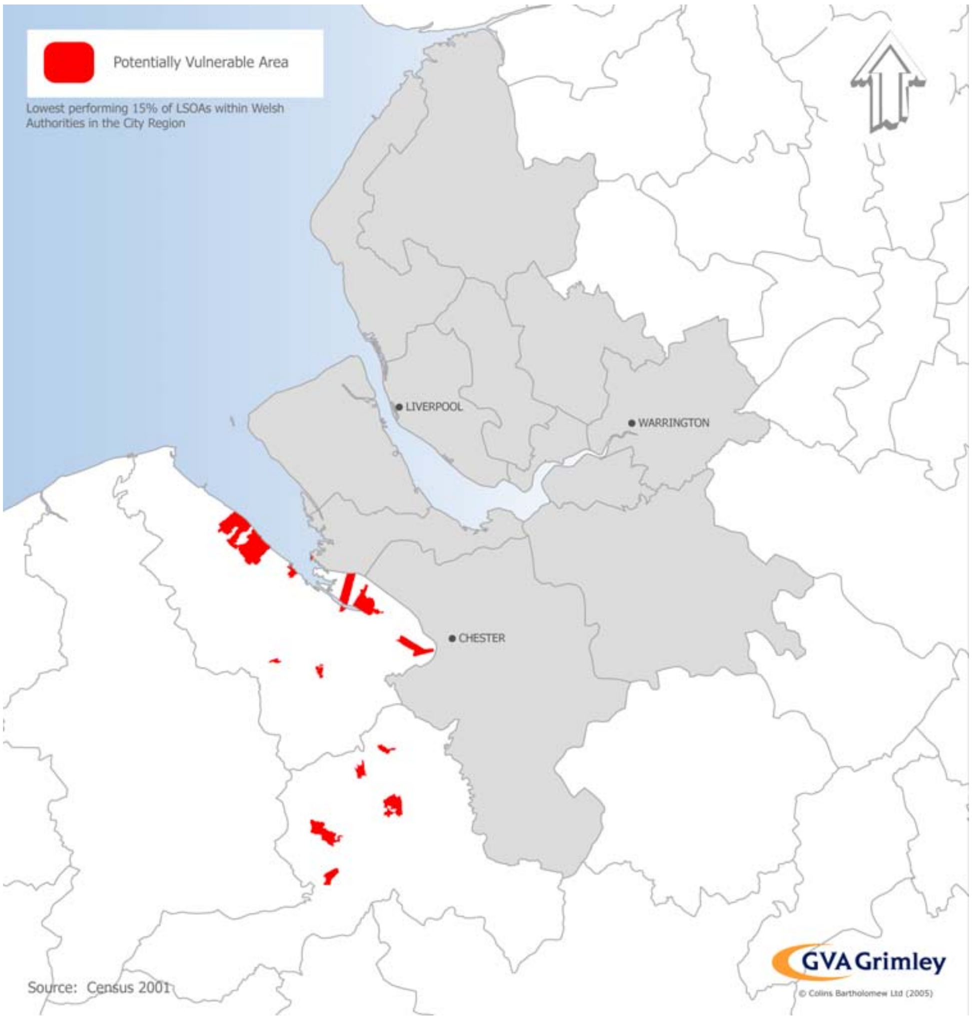
7.6 The neighbourhoods that are considered to be most vulnerable are shown on the plans below:

Vulnerable Areas – lowest scoring 15% LSOAs within English Authorities:



[8] Research jointly undertaken by Salford University and GVA Grimley

7.7 Vulnerable Areas – lowest scoring 15% LSOAs within Welsh authorities:



7.8 While areas have been identified on the basis of the Index, consideration has been given to the relative importance of each driver to neighbourhood vulnerability. The following pattern of strategic drivers emerges:

- The Pathfinder intervention areas (the inner core of Liverpool, East Wirral, and South Sefton) are distinguishable by the fact that multiple deprivation and housing conditions are equally implicated in their underlying vulnerability. This pattern is not repeated to the same intensity outside Pathfinder areas. The analysis serves to illustrate the concerted intervention that continues to be required across housing and social regeneration agendas in order to redress market vulnerabilities in the Pathfinder areas;

- In Liverpool, Speke, Garston, Netherley/Belle Vale, Norris Green, Croxteth, Gilmoss, Fazakerley – all outside the Pathfinder area are identified as exhibiting symptoms of market vulnerability

- North Huyton, Prescot, Kirkby and areas of Widnes exhibit signs of severe multiple deprivation with corresponding socio-economic characteristics in the resident population and low quality of life apparent. For example, Knowsley is the third most deprived authority nationally, and this pattern of severe deprivation is apparent in the identification of areas of market vulnerability in its townships. This suggests that whilst housing interventions are critical to social and physical regeneration in these areas, they should be part of wider, comprehensive programmes of neighbourhood change

7.9 The Liverpool City Region Housing Strategy commits to the NewHeartlands Housing Market Renewal Pathfinder continuing to be the main priority for investment in housing within the city region. In terms of other vulnerable neighbourhoods, the original project methodology carried out by GVA Grimley identified the 15% of most 'at risk' areas, as outlined above. The steering group was concerned that this presented a very broad spread of areas across the city region, and did not effectively indicate which areas beyond the Pathfinder should realistically be prioritised for investment.

7.10 As part of the analysis of vulnerable neighbourhoods (outlined above), GVA Grimley also identified the 5% and 1% most 'at risk' areas. These are shown on the map below. The Housing Strategy steering group has agreed that the 5% threshold should be used to identify the areas to be the priority for funding under Priority 1.4 of the Regional Housing Strategy – 'to support cohesive strategy activity to prevent low demand, tackle inappropriate supply and support Neighbourhood Renewal in other areas at risk of market failure, applying and adapting lessons from the Pathfinders'.

7.11 Adopting this approach identifies the following areas (alongside the HMR Pathfinder) for the Urban Renaissance regional priority.

- Kirkby with Croxteth / Norris Green – Knowsley / Liverpool
- North Huyton and Stockbridge with Dovecot – Knowsley / Liverpool
- Speke and Garston – Liverpool
- Beechwood – Wirral
- Parr and St Helens Town Centre – St Helens
- Central Widnes and Halton Brook – Halton
- Part of Skelmersdale – West Lancashire

7.12 The division of these areas is as follows:

Local Authority	Priority Areas Outside Pathfinder (number of LSOAs within 5% band)	
Liverpool	17	47.2%
Knowsley	11	30.6%
Wirral	1	2.8%
Halton	2	5.6%
Sefton	0	0.0%
St Helens	4	11.1%
West Lancs	1	2.8%
Total	36	

7.13 It should be noted that this methodology sets out the priorities **for the Liverpool City Region as a whole** – authorities will continue to have their own local priorities, especially where neighbourhoods fall within the 15% most vulnerable LSOAs identified above. Even the more affluent parts of the city region, such as the City of Chester, have localised pockets of deprivation which will continue to be a focus for investment and action locally.

8 The Strategy

8.1 Seven "Strategic Enablers" have been developed in order to focus policy, investment and delivery within the Spatial Framework described the previous section. The purpose of each one of these is to support and maximise the contribution that housing can make to the economic growth, regeneration and social inclusion agendas of the City Region.

8.2 The Strategic Enablers are:

- Strategic Enabler 1: Planning for a Sustainable Level of Growth
- Strategic Enabler 2: Sustainable Growth Locations
- Strategic Enabler 3: Regeneration Priority Areas
- Strategic Enabler 4: Creating Balanced Markets
- Strategic Enabler 5: Delivering a Better Choice of Affordable Housing
- Strategic Enabler 6: Delivering Quality Neighbourhoods
- Strategic Enabler 7: Equality and Diversity

Strategic Enabler 1: Planning for a Sustainable Level of Growth

Relevant Objective:

- To support the economic growth and regeneration of the City Region

Rationale

8.3 The City Region Development Programme includes a series of major "transformational" projects which will lead to the creation of new jobs, the attraction of households and new demands on the City Region's housing stock. The attraction and retention of households is absolutely essential if the City Region is service the requirements of employers and grow the economy to its full potential.

8.4 Population growth is also essential for the City Region to repopulate and regenerate its inner urban neighbourhoods which for many years have suffered from the out-migration of households and the effects of depopulation on essential neighbourhood services. Large peripheral estates within the City Region have also suffered from out-migration and the challenge of stabilising and repopulating estates remains.

8.5 Growth, however, is highly dependent upon providing the right level of housing to meet the needs and aspirations of existing and future residents. In the past, housing requirements have been calculated on the basis of demographic change, capacity and spatial policy bias.

8.6 This Housing Strategy factors in the way that the economy is likely to change (through CRDP project delivery), alongside demographic changes in the population. It also examines a distribution of household growth which will support the regeneration of the City Region's most vulnerable neighbourhoods. The result is to plan for a sustainable level of housing – sustainable in terms of what is required to achieve CRDP project delivery and also in terms of meeting household needs.

8.7 However the following underlying points should be noted in the interpretation of this Strategy in relation to the overall provision of housing:

- The City Region Housing Strategy is a non-statutory document. The Regional Spatial Strategy for the Northwest and the Wales Spatial Plan will set the level of overall housing provision for the City Region authorities;

- The Housing Strategy specifies the level and range of housing required to accommodate growth specifically generated by the CRDP transformational projects;

- Local authorities in the Southern Market area have developed a Sub Regional Spatial Plan which includes provision for economic development and household growth which is in excess of the CRDP project delivery scenario. The housing figures included within this City Region Housing Strategy will therefore form a minimum threshold that needs to be met in order for the City Region Development projects to be delivered; and

- This does not preclude higher levels of housing provision being pursued within each of the three functional housing market areas as determined by regional and sub-regional spatial strategies.

Policy Recommendations

LCR 1.1 **Plan for a minimum level of housing growth required to support CRDP project delivery within each Functional Housing Market Area. Over the period 2006-2021 plan to provide a <u>minimum threshold</u> of:**

- **74,700 homes in the Northern Market Area**
- **29,200 homes in the Southern Market Area**
- **25,900 homes in the Eastern Market Area**

LCR 1.2 **Joint-authority protocols to be developed to enable sharing of housing figures within Functional Housing Markets in order to compensate for potential undersupply/ oversupply of housing relative to the level of economic growth**

- **LCR 1.2.1: In the zones of flexibility it is recommended that Halton and St Helens consider joint working relationships with Warrington. Vale Royal**

works with authorities in the Southern Market Area to ensure balanced housing markets.

LCR 1.3 **Local authority partners work jointly to ensure production of consistent and up-to-date local Housing Needs Surveys within each Functional Market Area. The results of which will be used to refine housing requirements and distribution of new stock**

LCR 1.4 **Monitoring of economic growth and housing delivery indicators to be undertaken at Housing Market Area level in order to identify potential mismatches between supply and demand factors as they arise**

Strategic Enabler 2: Sustainable Growth Locations

Relevant Objective:

- To identify sustainable locations for growth, linked to economic development capacity, sustainable levels of infrastructure/ service and housing development capacity

- To maximise the contribution that regeneration areas can make in supporting the economic development of the City Region;

Rationale

8.8 The level of economic growth forecast poses a series of delivery challenges and opportunities for the City Region. Most importantly there is the opportunity to capture household based demand within the City Region and to ensure that the requirement for "imported" labour and in-commuting is minimised. The economic benefits of containing household demand are multifaceted. They include increased demand for businesses and services and enhanced levels of spending power and investment in communities. By capturing household demand the City Region also has the opportunity to repopulate its regeneration areas that have long suffered from the outflow of households to suburban locations.

8.9 However the challenges are more fundamental than simply planning for an appropriate supply of housing within the City Region. Research informing this strategy has served to demonstrate the operation of three functional housing markets which are constituted by shared travel to work, socio-economic and housing market characteristics. They form the building blocks of the City Region in which the majority of "living and working" choices and trade-offs are made.

8.10 First and foremost, planning for a sustainable housing locations necessitates consideration of the opportunities to **capture demand at this level of functional housing markets** and to provide an appropriate choice of products and neighbourhoods.

8.11 Second there is a requirement to look at sustainable locations for growth within these defined market areas and ensure that local housing markets are balanced.

Key Evidence

8.12 Major employment generating projects within the CRDP have been mapped and vulnerable housing markets overlaid. The purpose of this plan is to show where there is potential to co-locate employment growth generators and new housing to meet arising household demand.

8.13 In many areas across the City Region, the most vulnerable areas and communities are located close to locations where major employment growth will occur. The Housing Strategy takes into account the real opportunity to link economic opportunity with areas of need and sets policies accordingly. There are apparent opportunities in the following areas:

- To link the NewHeartlands neighbourhoods into the growth and development of the Revitalised Regional Centre, ensuring that they play an integral role in capturing household demand arising;
- To link economic growth generators in South Liverpool (for example the Airport expansion) to the regeneration of vulnerable neighbourhoods such as Speke;
- To harness the Mersey Gateway crossing as a catalyst for area based regeneration in Halton Borough (for example South Widnes/ Runcorn New Town Estates); and
- To link Knowsley Innovation Park and Rail Freight Terminal to neighbourhood regeneration in Kirkby and North Huyton
- Regeneration of the Dock Estate to the benefit of regeneration areas in North Liverpool,South Sefton
- Parkside to benefit communities in St Helens Borough.

8.14 However, workless communities are only likely to be able to access and benefit from these opportunities through targeted neighbourhood level schemes to address skills and employability barriers to working.

Policy Recommendations

LCR 2.1 **Prioritise housing development on land surrounding the Regional Centre to support the recovery and growth of the NewHeartlands area and the contribution that it can make to the economic regeneration of the City Region**

LCR 2.2 **Outside the Regional Centre, develop consistent LDF housing policies to prioritise housing growth according to the following sequential test:**

- **Within Priority Regeneration Areas (see Strategic Enabler 3);**
- **In areas which are proximate and accessible to CRDP employment growth locations identified (see the plan entitled "Employment Growth Drivers")**
- **Other sustainable locations in accordance with PPS3 sequential criteria;**

LCR 2.3 **Develop complementary LDF housing policies within the Southern Market Area to support the economic growth of Chester and the Deeside Hub and recognise the environmental and Green Belt constraints limiting housing land capacity. Local partners to agree sustainable locations for growth on the basis of the LCR 2.2 criteria.**

LCR 2.4 **Support the economic growth of Warrington and recognise land availability constraints by the co-ordination of LDF housing policies which seek to distribute housing growth to functionally linked authorities (St. Helens/ Halton)**

Strategic Enabler 3: Priority Regeneration Areas

Relevant Objective:

- To maximise the contribution that regeneration areas can make in supporting the economic development of the City Region

Rationale

8.15 The performance of regeneration areas is integral to the wider success of City Region economy and will help to determine whether it reaches its full potential. Analysis underpinning this strategy has shown that many of the City Region's regeneration areas enjoy good levels of accessibility to neighbourhood services and proximity to major employment opportunities under the CRDP strategy. As such they are considered to be sustainable locations for growth and an efficient re-use of land.

8.16 Failure to invest in regeneration areas carries an opportunity cost in terms of labour force, earnings potential, housing and environmental capital foregone. If left unaddressed these areas will potentially dilute the effect of economic development in the City Region, damage perceptions of the area and limit its ability to capture household demand emanating from economic change.

8.17 The need to balance housing markets and offer a range of housing that will appeal to household demand arising from economic growth is key to the overall success of the City Region's regeneration areas.

Key Evidence

8.18 Research informing this Strategy has confirmed the co-existence of a range of factors which suggest that the Housing Market Renewal Pathfinder area is rightly identified as a primary regeneration priority for the City Region. The New Heartlands HMR Pathfinder Areas of Liverpool, South Sefton and Wirral coincide with concentrations of socio-economic disadvantage, labour market exclusion, tenure and house type imbalances and poor quality of place. However, there are areas outside the NewHeartlands HMR Pathfinder which also exhibit problems of severe multiple deprivation, poor choice and quality of housing and poor neighbourhood quality.

8.19 An independent review of vulnerable market markets undertaken by the University of Salford Housing and Urban Studies Unit and GVA Grimley has confirmed the validity of the areas identified to be at risk of low and changing demand by the CURS report. Given the underlying vulnerabilities in the housing stock, tenure mix and neighbourhood quality, the conclusion reached by Salford University is that the areas identified by CURS remain an appropriate regeneration focus for the City Region. Further work to investigate the drivers of market vulnerability has exposed the twin-action of poor housing choice, conditions and socio-economic deprivation which expose the Pathfinder neighbourhoods to changes in market demand.

8.20 But the case for continuing to prioritise the NewHearlands area is also, and most importantly, founded on the contribution that it can make to achieving a sustainable pattern of housing that is spatially “aligned” to economic growth. In particular the inner core areas surrounding Liverpool City Centre offer an unparalleled opportunity to provide for household demand where it arises. The development and investment in the City Centre will provide a nucleus of employment, cultural, leisure and shopping opportunities. The HMRI areas adjoining the City Centre can provide a range of accommodation to meet the household requirements of those people finding employment in the City Centre and aspiring an accessible location with national connections.

8.21 The research has also revealed that the interplay between multiple deprivation and limited choice of housing is a particular feature of market vulnerability outside the NewHeartlands HMR Pathfinder area. For example in Knowsley, ranked as the third most deprived authority nationally and containing wards in the 10% most deprived band across all of its townships, there are severe problems associated with the regeneration of peripheral social housing estates. This distinct regeneration need has been recognised in area based initiatives such as the North Huyton New Deal Programme.

8.22 In such areas of acute multiple deprivation and regeneration need, priority should be assigned to tackling the housing/ non-housing causes of deprivation alongside measures to improve the choice and quality of housing available.

8.23 Work to establish regeneration priority areas within the City Region has also identified the following areas of regeneration need and potential:

- The index of market vulnerability has identified areas outside the Pathfinder which are vulnerable to change and considered to be within the 15% most vulnerable neighbourhoods across the City Region. The Strategy recommends that local authorities work across boundaries to devise a prioritised and phased programme of regeneration in these areas.

- In addition to these priority areas, a series of peripheral and monolithic social housing estates have been identified on the fringes of Liverpool, Sefton and Knowsley (including areas of Huyton and Prescot). These estates fail to offer the range of house types and tenure choices that are the hallmarks of “balanced” neighbourhoods. They are exposed to changes in market demand and vulnerable to shifts in housing consumer preferences. Where there is a coincidence between these peripheral estates and measures of severe and concentrated multiple deprivation, regeneration should be prioritised;

Policy Recommendations

LCR 3.1 **The primary regeneration priority for the City Region is the recovery of neighbourhoods in the NewHeartlands area and the growth of its**

population. The Pathfinder will therefore remain the primary focus for public investment and housing provision in the City Region:

- **LCR 3.11: Within the Pathfinder recognition for the potential of City Centre North, South and Wavertree Intervention Areas to support economic growth of the City Centre and provide a balanced mix of aspirational homes**

LCR 3.2 **The three Pathfinder authorities and NewHeartlands will continue to direct investment within the Intervention Area over its full 15 year programme. It will channel investment to provide the housing that will create "balanced" markets and make the inner core of neighbourhoods attractive to existing and incoming households.**

LCR 3.3 **The three Pathfinder authorities and NewHeartlands will work to improve some of the worst neighbourhood and environmental conditions in the City Region by complementary investment in the public realm, open spaces and streetscape alongside new and refurbished housing.**

LCR 3.4 **The three Pathfinder authorities and NewHeartlands will work with agencies responsible for skills and training delivery to ensure that the most economically marginalised residents are equipped to benefit from employment opportunities created within the Regional Centre.**

LCR 3.5 **Local Authorities within the Northern market area will work together to support delivery of the Pathfinder programme and the regeneration of the most vulnerable neighbourhoods outside the Pathfinder. Specific provisions should be made to link the annual rate of housing supply within the Pathfinder authorities to the level of housing required to 1) deliver regeneration and 2) reach a critical mass of population to sustain essential neighbourhood services. This will include the exploration of a Multi Area Agreement.**

LCR 3.6 **Outside the NewHeartlands Areas, partners will work together to devise a City Region regeneration programme prioritising from within the 15% most vulnerable neighbourhoods, in support of Priority 1.4 of the Regional Housing Strategy to prevent low demand, tackle inappropriate supply and support Neighbourhood Renewal in other areas at risk of market failure.**

- **LCR 3.6.1: The primary factor for assessing regeneration priority outside the HMR Pathfinder area should be those areas experiencing the highest levels of deprivation and concentration of deprivation[9]**

- **LCR 3.6.2: The assessment should also examine contribution to delivery of Priority 1 – Delivering Urban Renaissance, within the Regional Housing Strategy**

[9] The level of deprivation refers to the "relative" level of deprivation as measured by national indices such as the Index of Deprivation (2004). The term "concentration of deprivation" refers to the number of neighbourhoods in multiple deprivation located within a single area or neighbourhood.

LCR 3.6.2: **In addition to levels of deprivation, prioritisation of specific areas should take account of:**

- **Areas at risk of low housing demand or characterised by inappropriate housing supply;**
- **The contribution that the regeneration of individual areas can make to the economic growth and inclusion agendas of the CRDP;**
- **The contribution that the regeneration of individual areas can make to the diversity of neighbourhoods and the choice of housing within the City Region;**
- **The opportunity to lever major private sector investment to lead the regeneration process in the context of limited public funding availability;**
- **The coexistence of other regeneration programmes/ investments which will boost the impact of housing-led regeneration;**
- **The support of key partners in delivery/ funding;**
- **The level of additional investment required in neighbourhood facilities and services in order to make sustainable neighbourhoods; and**
- **Value for Money of the interventions proposed**

LCR 3.6.3 **The Strategy will be further developed to include a table of sub-regional priority areas (aligned with Regional Housing Strategy Priorities) and Local Priority areas.**

LCR 3.7 **The 15% most vulnerable areas (inclusive of NewHeartlands) are identified below. These are not listed in order of priority or severity of vulnerability:**

- **West Lancashire – Skelmersdale**
- **Sefton – Stanley Road corridor through Bootle; Seaforth, Litherland, Netherton. Strong correlation with NewHeartlands Pathfinder area**
- **Wirral – Mersey shore and Docklands between Tranmere, Wallesay and North Birkenhead, also New Brighton. Strong correlation with NewHeartlands Pathfinder area**
- **Ellesmere Port – neighbourhoods adjacent to Poole Hall Industrial Estate and Rossmore Industrial Estate**
- **Chester – Blacon**
- **Halton – Widnes waterfront from West Bank to Crow Wood, central Widnes around Kingsway, social estates around Ditton/Coronation Drive and Hough**

Green; Runcorn New Town Estates around Castlefields and Brookvale and Windmill Hill.

- **Warrington –Bewsey and Hulme**
- **St. Helens – Wargrave area of Earlestown, Parr and parts of Central St Helens**
- **Knowsley – Kirkby: Northwood, Westvale, Ruffwood, James Holt Avenue, Mill Farm, Southdene, Roughdale, Broad Lane, Tower Hill, Brookfield**
  - **Huyton: Woolfall Health, Horn Smithies, Ficham St Edmunds, Longview, Stockbridge Village, Huyton House, Page Moss, Bakers Green, Salerno Drive, Hillside, Oxford Rd, Seel Rd, Quarry, Meadow Drive, Stadmoers Park,**
  - **Prescot, Town Centre,**
  - **Whiston Kingsway, Cross Lane, Driveway,**
  - **Halewood, Leathers Lane, Sherborne Avenue, Torrington Avenue**
  - **Liverpool – Strong correlation with the NewHeartlands Pathdfinder area. Swathe from Dingle and Toxteth north of Ullet/Rathbone Road through Smithdown/Picton and Wavertree to the A57 at Dovecot. This wraps around the restored Georgian district of Canning and the City Centre, covering Edge Hill, Kensington, Anfield, Everton and the Stanley Road/Scotland Road/Dock Road corridor through Kirkdale to Walton and across the Sefton boundary. Speke, Garston, Netherley/Belle Vale, Norris Green, Croxteth, Gilmoss, Fazakerley – all outside the Pathfinder area.**

LCR 3.8 **Use the most vulnerable areas in the City Region to target complementary actions under the worklessness, skills and training agendas of the CRDP. This will help people resident in vulnerable neighbourhoods to access the employment opportunities of the City Region.**

Strategic Enabler 4: Creating Balanced Markets

Relevant Objective

- To provide a choice of housing that will contribute to and sustain the economic growth of the City Region

Rationale

8.24 In order to “capture” household demand effectively it is necessary to link economic growth to the requirements of particular households which are likely to be created, attracted and retained in the City Region. Mismatches between supply and demand may cause areas of strong demand to be reinforced and areas of market vulnerability to be further exposed.

Key Evidence

8.25 The Strategy is informed by an analysis of the relationship between occupational groups operating in the economy and their revealed preferences for different types of housing. This analysis allows the changing occupational structure of the City Region to be mapped onto the range of house types and conclusions to be drawn in relation to the likely mix requirements in future years.

8.26 In terms of occupational trends the economy is forecast to deliver growth at both ends of the spectrum. It is anticipated that higher managerial, professional and associate professional groupings will grow as a proportion of overall occupational demand. At the other end of the occupational scale, elementary occupations associated with service sector activity are also forecast to grow. The forecasts tell a story of a “hollowing out” of the economy with suggested losses in skilled trades – consistent with the long-term restructuring of the economy from a manufacturing base.

8.27 Each functional market area is forecast to experience different levels of economic growth and associated occupational structures. This will manifest in different requirements for housing products by market area:

- Given the occupation structure that is likely to prevail under the Project Delivery scenario, the Northern and Eastern Market Areas are likely to experience strengthened demand for larger, family housing, as revealed by the housing preferences of occupational groups in growth sectors. This type of housing is currently under-represented in the stock of the Northern and Eastern Markets.

- The economic/ occupational growth profile associated with the Southern Market Area is distinct and denotes higher levels of retail and consumer service sector employment. Under these growth conditions (combined with a trend towards smaller household sizes) it will be necessary to supply a range of smaller family properties. Smaller properties are currently under-represented in the stock mix of the Southern Market Area.

Policy Recommendations

LCR 4.1 Secure a balanced mix of house types in all new developments to encourage the development of mixed income, inclusive communities

LCR 4.2: Support economic growth and resulting occupational and household requirements by:

- **LCR 4.2.1: Prioritising development of a range of larger “aspirational” house types within the Northern Housing Market to meet requirements linked to economic growth and to address stock deficits**

- **LCR 4.2.2: Prioritising development of smaller family housing in the Southern Market Area to meet emerging household requirements and address the lack of smaller stock in the area**

- **LCR 4.2.3: Prioritising a range of affordable "move-on" accommodation (3 bed +) to cater for household requirements in the Southern Market Area and to redress current stock deficits**

- **LCR 4.2.4: Developing a range of larger "aspirational" house types in the Eastern Market Area to cater for emerging household requirements linked to economic growth**

LCR 4.3 **Local authorities in the Pathfinder authorities to explore a MAA including, provisions to prioritise the supply of larger, aspirational forms of housing within the NewHeartlands area in the early years of CRDP delivery. This will enable household demand to be channelled effectively to the City Region's priority regeneration area.**

LCR 4.4 **Diversify housing within mono-tenure estates which are vulnerable to market change[10] and do not meet the current requirements of residents:**

- **LCR 4.4.1: RSL partners in the Northern Market Area to identify opportunities within their estate portfolios to diversify tenure through introducing a mix of Low Cost Home Ownership (where financially sustainable for tenants) and new market housing for sale.**

LCR 4.5 **Within functional housing market areas, research will be jointly commissioned to establish the long-term impacts of property market speculation and buy-to-let activity on the sustainability and tenure balance of neighbourhoods.**

Strategic Enabler 5: Delivering a Better Choice of Affordable Housing

Relevant Objectives:

- To improve the role that social housing plays in meeting existing and emerging household requirements and aspirations

- To provide for a range of affordable intermediate housing products across the City Region in recognition of the growing mismatch between income levels and lowest quartile house prices

Rationale

8.28 The ability of households to access owner-occupied housing has become a national problem with the Government continuing to explore mechanisms and policy approaches which can assist First Time Buyers (FTBs) and other market segments to enter and move within this tenure.

8.29 The rapid increase in house prices across the nation has far outstripped the growth of average household earnings. It is well reported that this has left many FTB unable to enter the property market

[10] The 15% most vulnerable neighbourhoods in the City Region as defined by this Strategy

and also left lower income households struggling to find suitably sized properties in the locations they wish to live in.

8.30 These households play a critical role in ensuring the continuity of the housing market. If households are unable to buy entry level properties other elements of the 'housing chain' cannot operate smoothly, impacting on all components of the housing market. Under-supplying affordable housing also increases the risk of household demand being displaced to locations outside the City Region.

8.31 Increases in population, changes in headship rates and the nature of growth in the City Regional economy has been proven to lead to an increasing demand for affordable housing. Consideration of National funding streams and recent evidence suggests that there is unlikely to be significant social stock additions within the City Region. Therefore it is necessary to consider other tenure options for households on low incomes.

8.32 Social housing provides a safety net for households unable to secure private market housing. Increasingly, under the climate of sustained house price rises, social rented housing has started to play an enhanced role at the beginning of the housing "lifetime" – providing an accessible resource and a decent standard of accommodation. Where affordability issues prevail, social housing can also provide appropriately sized accommodation for households as they grow and move on. There have been improvements to the stock and performance of social housing in recent years, notably:

- The Decent Homes programme to 2010 - addressing physical deficiencies in the stock and its modernity;
- Right to Buy sales have diversified tenure on monolithic housing estates and enabled tenants to build an equity stake in a property; and
- Choice Based Lettings (CBL) policy has led to increasing levels on waiting lists and has added an element of consumer choice to the tenure

8.33 However, there remains a predisposition for owner occupation as the tenure of preference. Social housing remains stigmatised in terms of wider consumer perceptions. The environmental and neighbourhood conditions associated with much of the City Region's social stock means that it is not performing to its full potential in terms of meeting household need and demand.

8.34 In summary, social housing will have an increasingly important role to play in accommodating City Regional growth. However the current image of the sector combined with environmental qualities of estates and compounded by socio-economic deprivation are constraining factors that the Strategy must address.

Key Evidence

8.35 The Strategy is informed by estimates of tenure demand, based on the propensity of households to need affordable housing. The estimates are an overall requirement and should be interpreted at a local level on the basis of need. Where up-to-date Housing Needs Assessments are in place these documents should take precedence in determining locally derived need for affordable housing.

8.36 The following affordable housing requirements should be treated as the minimum threshold that is required across the City Region in order to implement the CRDP Project Delivery Scenario. It is fully acknowledged that in areas which exhibit acute affordability problems it will be necessary to set higher rates of affordable housing provision. This is particularly the case in the Southern Market area where the stock of affordable housing relative to demand levels is imbalanced.

Housing Market Area	**Minimum Affordable Housing Thresholds (2006-2021)**
Northern	17,600
Southern	3,300
Eastern	5,600

Source: Deloitte

8.37 Within these estimates local authorities will look to secure elements of improved stock and new build social housing in addition to intermediate housing products.

8.38 Evidence of housing affordability is provided in the analysis of local incomes and house prices. The table presented below demonstrates that areas of both high and low demand suffer from acute affordability problems due to the interaction of low incomes and high house prices. The relationship between average incomes and average house prices[11] is illustrated in the table below.

District	Average ratio (Income to Price)	Minimum ratio	Maximum ratio
Chester	5.7	2.5	12.2
Flintshire	4.7	2.2	10.5
Ellesmere Port and Neston	5.2	2.5	16.1
Wirral	5.2	2.1	13.8
Vale Royal	5.1	2.1	14.1
Liverpool	4.9	1.8	17.2
Knowsley	4.8	2.4	10.5
Sefton	5.4	2.1	15.5
Halton	4.3	2.0	9.6
West Lancashire	5.0	1.8	9.7
St. Helens	4.5	2.3	10.9
Wrexham	5.0	2.5	9.2
Warrington	4.9	2.2	10.3
City Region Average		1.8	17.2

[11] Note: house prices exclude detached prices

Policy Recommendations

- LCR 5.1 Within functional markets, local authorities will develop complementary LDF policies in order to jointly deliver appropriate levels of affordable housing (social and intermediate) based on housing needs survey evidence.

LCR 5.2 **Planning authorities within the Southern Market Area will investigate developing LDF policies covering provision of Local Occupancy Housing in smaller rural settlements to meet local need**

LCR 5.3 **Enhanced provision of affordable housing through the use of s106 agreements:**

- **LCR 5.3.1: Local authority partners to develop a shared approach to calculating "affordable" house prices as a basis for quickly negotiating s106 contributions and speeding up delivery of affordable housing**[12]

- **LCR 5.3.2: Local authorities to develop consistent policies stipulating a preference for on-site provision of affordable housing over and above forms of off-site provision and commuted sums**

LCR 5.4 **Local authorities to audit land and property holdings to identify assets which can potentially be released at sub-market values in order to support the development of affordable housing**

LCR 5.5 **Local authorities to work with non-statutory bodies (such as Communities England/ MOD) to establish potential release of land holdings at sub-market values to support development of affordable housing**

LCR 5.6 **Local authorities to consider the reallocation of surplus employment land for affordable housing development in areas of acute affordable housing need:**

- **LCR 5.10.1: Local authorities to identify surplus employment land through the Employment Land Review Process informing preparation of LDFs**

[12] Shared approaches to calculating affordable housing prices – the use of standardised household income data and affordability ratios across the City Region would enable a higher level of consistency in the approach to calculation

LCR 5.7 **Review and update Empty Property Strategies within functional market areas to ensure full coverage and to maximise the opportunities for stock re-occupation.**

Policy Recommendations (Social Housing)

LCR 5.8 **Up-to-date Housing Needs Surveys will provide a basis for estimating the required mix of social and intermediate housing at a local level as well as informing local affordable housing policies. A common specification for the preparation of Housing Needs Assessments will be prepared to ensure consistency of approach across the City Region**

LCR 5.9 **Protect and invest in areas of sustainable social rented stock as an integral part of the City Region's future affordable housing offer**

LCR 5.10 **Prioritise new social housing provision within areas of existing low stock and demonstrable housing need:**

- **LCR 5.10.1: In the Southern Area Social Housing Grant[13] should be focused on improving affordable housing choice**

LCR 5.11 **RSL partners to improve the environment of social housing estates in tandem with improvements to the housing stock in order to provide attractive and appealing neighbourhoods.**

LCR 5.12 **Local Authority and RSL partners within each functional Market Area will explore the potential for combined choice based lettings policies, in order to increase mobility and housing options .**

Policy Recommendations (Intermediate Housing)

LCR 5.13: **RSLs to develop and offer Social HomeBuy models in order to enable tenants to build an equity stake in their home.**

LCR 5.14 **RSLS to develop and offer a programme of New Build Homebuy in areas of acute affordable housing need and in support of programmes to diversify tenure and promote wider access to home ownership.**

LCR 5.15: **Local authorities and NewHeartlands will continue to develop a range of Low Cost Home Ownership products serving the specific requirements of low income households. In the Northern Market Area, the potential to co-ordinate approaches to funders will be explored with the Merseyside Housing Forum.**

[13] Social Housing Grant is a capital grant provided by the Housing Corporation to fund Registered Social Landlords to develop social housing.

Strategic Enabler 6: Delivering Quality Neighbourhoods

Relevant Objective:

- To secure investment in the quality of neighbourhoods as a major economic asset of the City Region in attracting and retaining population.

Rationale

8.39 The City Region is one of “sharp contrasts”, and this attribute is particularly apparent in relation to the quality and diversity of its neighbourhoods. The concept of Quality of Place has gained growing importance in thinking about the sustainability of neighbourhoods. In early 2006 the Northern Way Sustainable Communities team commissioned research to establish the role that quality of place plays in constraining or enabling economic growth potential.

8.40 The Northern Way research has served to increase recognition that housing, place making and economic investment should be mutually supporting. This necessarily requires a housing offer and quality of place that is capable of attracting and retaining skilled labour force and a strong business base that is required for economic growth.

8.41 Quality of place is defined as:

- **Residential Offer** –range, quality and value for money;

- **Quality of Place –**culture, local environment, public realm, housing, community safety, access, health – which together make somewhere an attractive place to live[14]

8.42 Through co-ordinated investment in the City Region’s residential offer and quality of place, a strong basis for capturing and retaining economically derived household growth can be created.

Key Evidence

8.43 A quality of place assessment has been undertaken for the City Region, applying the Northern Way methodology at a low level of analysis. This has revealed the “sharp contrasts” in the City Region’s neighbourhoods. Given the notable differences that prevail, key findings from each of the functional housing markets are summarised below:

Northern Market Area

- A significant offer in terms of ‘Value for Money’ with a large amount of areas still accessible for first time buyers

- Liverpool and the area extending out towards St Helens offer very good access to services. These areas also offer good access to the main employment opportunities within Liverpool City Centre which his continuing to expand.

[14] Yorkshire Forward *Renaissance Town and Cities Programme*

- A concentration of neighbourhoods exhibiting poor quality of place and environmental quality. This is particularly true of many neighbourhoods in North Liverpool. This represents the under-realisation of a significant asset in terms of economic growth with these areas representing potential for contributing to sustainable locations for housing.

- Poor environmental conditions are continuing to push those actively moving within the housing market towards areas more on the fringe where the overall QOP is perceived as being better.

Southern Market Area

- In terms of 'Value for Money' the Southern housing market area is the least accessible to First Time Buyers (FTBs) and households on low incomes. There are very few areas classed as 'affordable' and there is a limited supply of housing which falls below the value of £125,000. The existence of localised issues around overcrowding maybe the result of concealed households unable to access the housing market.

- The quality of place and life enjoyed by households within the market area is a key driving factor in producing a high 'Quality' residential offer. Many areas enjoy being located within easy access of quality greenspace and there are relatively few areas which have poor quality housing stock.

- Many of the areas score poorly in terms of access to services, by virtue of the rurality of the Southern Market Area. This raises questions about their future capacity to absorb higher levels of new development.

Eastern Market Area

- The Eastern housing market area still contains areas classed as 'affordable'. These tend to be concentrated in and around the urban centres of St Helens and Warrington. However these areas perform relatively poorly against quality of place and life indicators.

- Given the buoyancy of parts of the housing market within the Eastern area it is likely that these areas will increasingly become attractive to FTBs looking to find affordable property within sustainable neighbourhoods. This in turn is likely to have a positive effect in terms of improving the neighbourhoods within these areas. The fact these areas also score highly in terms of 'access to services' suggest that they are sustainable locations for new development.

- Warrington occupies a complex position, located between the significant economic drivers of Manchester and Liverpool. Economic growth is forecast for both of these metropoles (in addition to Warrington itself) and it is likely that given its easy commuter links and good 'residential offer' that it will continue to prove to be attractive to a range of households.

Policy Recommendations

LCR 6.1 **Develop a protocol for multi-agency delivery of the Housing Strategy**

LCR 6.2 **Work with service delivery agencies to ensure that the spatial and regeneration priorities of the Housing Strategy are reflected in their operational business plans**

LCR 6.3: **Work with service providers to sequence their investment in neighbourhood services to coincide with planned investment in the housing stock of priority regeneration areas (NewHeartlands + 15% most vulnerable areas)**

LCR 6.4 **Establish or enhance neighbourhood management initiatives to complement and support housing investment in the City Region's most vulnerable neighbourhoods:**

- **LCR 6.4.1: Neighbourhood Management programmes to be identified and implemented through Local Strategic Partnerships**

LCR 6.5 **Use the Market Vulnerability Index to identify areas and target funding and resources at the areas of poorest environmental quality in the City Region:**

- **LCR 6.5.1: In the Northern market area, focus funding on Regeneration Priority Areas which demonstrate the poorest quality neighbourhood environments in the City Region**

Strategic Enabler 7: Equality and Diversity

Relevant Objective:

- To develop an understanding of and respond to the needs of diverse groups within the housing market

Rationale

8.44 The City Region is made up of a diversity of groups with individual housing needs, aspirations and differing abilities to realise their housing requirements.

8.45 Original research informing this Strategy has looked at the issues facing BME communities and Gypsy Traveller households. This research has demonstrated the need for a more robust basis for estimating future BME housing needs. It has served to demonstrate that BME communities have distinct need profiles that are influenced by a combination of cultural, economic (income) and community related factors. Thus it is not effective to target policy on the basis of partial or incomplete evidence. The research has also shown that BME housing issues are played out at a relatively localised level within the City Region given the concentrations of communities within the inner urban areas and particularly focused on Liverpool. This has been taken into consideration in developing appropriate policy recommendations.

8.46 Similar issues surround a detailed understanding of the needs of Gypsy and Traveller households. However, under measures included in the Housing Act 2004 it will be necessary for all local authorities to carry out Accommodation Needs Assessment inclusive of these client groups. Therefore more comprehensive data will inform subsequent iterations of the Housing Strategy and will enable policies to be targeted to specific housing needs and gaps in supply.

8.47 The strategy recognises the needs of vulnerable groups identified within the Supporting People Strategies covering the City Region and endorses their policy recommendations at a local level;

8.48 This strategy also recognises the needs of the growing elderly population within the City Region and the need to improve the range of housing available aligned to care and support options.

Policy Recommendations

LCR 7.1 **Produce a series of BME household demographic projections at a local level. Demographic projections to be used to inform evidence-based policy at a local level**

LCR 7.2 **Develop a common specification Housing Needs Surveys in order to ensure BME needs data is collected on a consistent basis across the City Region**

LCR 7.3 **Establish local-authority level "stakeholder forums" in areas of identified BME household need in order to gather primary evidence and as a conduit for conducting wider consultation exercises**

LCR 7.4 **RSLs to focus on marketing themselves and tailoring their products/ services to BME housing needs, with specific focus on RSL stock in Liverpool**

LCR 7.5 **Within functional market areas local authorities will jointly review provision of sites for Gypsy and Traveller communities in order to ensure adequate provision**

- **LCR 7.5.1: Each local authority to consider the needs of the Gypsy and Traveller communities under the provisions of the Housing Act 2004**

LCR 7.6 **Ensure that CRDP-related skills and labour market plans take account of the barriers to economic participation that affect BME and Gypsy and Traveller households and target support accordingly**

LCR 7.7 **Local Authority Partners within functional market areas to jointly commission research to understand the movements of migrant workers and their associated housing needs**

LCR 7.8 **Encourage co-ordination of Joint "Supporting People Strategies" at the level of functional market areas in order to realise economies and build a greater level of choice in provision**

LCR 7.9 **Joint commissioning of research to investigate supported housing needs by client group where reliable/ consistent information does not currently exist**

9 Monitoring Framework

9.1 The Housing Strategy has been informed by three Housing Market Assessments. These documents have benchmarked performance, assessed trends and identified key drivers of change. This has then been drawn together to consider, based upon the best evidence available now, the future trajectory of change.

9.2 Housing markets are though, by their very nature, dynamic. The Partners within the City Region will therefore need to monitor trends and activity in the housing market in a co-ordinated and timely manner. This reflects the Government's 'plan, monitor and manage' approach to the planning system and the need to be responsive to changes in the economic and demographic assumptions underpinning the Strategy.

9.3 DCLG guidance[15] suggests that monitoring helps to address the following questions:

- Are policies achieving their objectives and in particular are they delivering sustainable development?
- Have polices had unintended consequences?
- Are the assumptions and objectives behind policies still relevant?
- Are the targets being achieved?

9.4 With reference to this Housing Strategy the objective of monitoring is to validate and identify fluctuations within the trajectory of the housing market. A consistent assessment of indicators provides an indication where change is occurring and the direction of that change therefore allowing for corrections to be made and the development of responsive policy. It is therefore intended to be a continuous and proactive process which informs policy development and how and when policies are implemented.

9.5 Government guidance[16] suggests four broad principles which should underpin the development of monitoring frameworks:

- Making use of existing information;
- Being consistent – in particular with regional and national monitoring;
- Setting objectives, policies, targets and indicators; and
- Taking a forward looking approach – in line with 'plan, monitor and manage', monitoring should take an analytical and action-oriented approach.

9.6 The scale of the Liverpool City Region means that comprehensive monitoring is likely to be a time and resource-intensive process. It is therefore critical as stated within the first principle that there is an

[15] Local Development Framework Monitoring: A Good Practice Guide – ODPM, March 2005
[16] ibid

emphasis on efficiency with existing mechanisms and resources used wherever possible. This has informed our suggested approach and the identification of indicators which should be monitored.

Scope of Current Monitoring Activity Across the City Region

9.7 Recently emerging national planning guidance has placed increasing emphasis on developing a robust evidence base from which to develop strategy, evaluate delivery levels and assess planning applications against. The vast majority of authorities are therefore now monitoring key indicators relating to society, **housing** and employment and produce Annual Monitoring Reports summarising and interpreting the data.

LA annual monitoring reports

9.8 All authorities are required to produce annual monitoring reports establishing progress against a range of planning indicators. This includes updating the housing trajectory through an examination of the supply of properties against the assigned housing requirement figure provided through Regional Planning Guidance. A compilation of housing supply data is therefore provided, including the level of houses built over the past year (completions) and the number of planning permissions which have been approved (pipeline). An assessment is also made of the level of housing land available within the authority reflecting development.

9.9 A number of other multi-authority data collection exercises are already in place within the City Region. A quick summary is provided below of the major examples.

RSL monitoring

9.10 RSLs record their own letting information as an ongoing process. The CORE (COntinuous REcording) information source collects together data from over 700 Housing Associations. Those involved submit consistent data which covers a vast range of categories of information and enables the assessment of change over time.

Mott MacDonald MIS

9.11 The six Merseyside Authorities have a framework agreement with Mott MacDonald MIS. Mott MacDonald MIS act as the custodian of an evidence base for these authorities and provide regular reports that provide analysis and monitor information for the sub-region. The objective is to ensure a consistent evidence base that can be analysed and reported on in a flexible way to meet changing priorities and programs.

Liverpool Asset Management Project (LAMP)

9.12 LAMP is working with the three HMR Pathfinder authorities, Liverpool, Sefton and Wirral, to gather consistent data for analysis aimed at picking up key signals of market change. This Sustainability Index is currently being developed across Liverpool and through the involvement of NewHeartlands Market Intelligence Service (NewMIS) will also cover the NewHeartlands area in Sefton and Wirral. The intention is to collect data against 24 indicators which cover a range of key market factors such as:

- Commercial market price and turnover;
- Environmental factors such as green space, leisure facilities and derelict land;
- Development site availability;
- Demand indicators such as planning applications;
- Social indicators such as crime and poverty

9.13 The intention is to collect contemporary data to ensure that dynamic change is identified.

NewHeartlands HMRI

9.14 The NewHeartlands Pathfinder has commissioned and continues to commission a significant amount of detailed analysis into the housing markets and socio-economic profile of neighbourhoods falling within this national programme. Data collection has extended beyond secondary sources with a range of primary surveys commissioned, the aim being to build up a comprehensive evidence base with which to target interventions.

9.15 The Pathfinder is currently undergoing a long term evaluation which will provide an ongoing assessment of the impact of the programme at the national and regional level, city region and sub-regional level, pathfinder level, project/intervention level, process/governance level, and the strategic added value level.

Mersey-Dee Alliance

9.16 The Mersey-Dee Alliance has over recent years commissioned studies which examine the sub-regional area of North East Wales and West Cheshire. This has involved the collection of consistent data across this area. The focus is currently on economic development indicators, with consistent economic forecast data held for the sub-region. However, the intention is to strengthen the agreements and extend analysis to include consistent assessment of housing need. The intention is also to develop connections with Merseyside therefore assisting in enhancing City Region linkages.

Cheshire and Warrington Economic Alliance (CWEA)

9.17 CWEA is one of five Sub Regional Partnerships (SRPs) in the Northwest working with partners to help deliver the Northwest Regional Economic Strategy (RES). As the designated SRP it is the conduit for economic development strategies, activity and funding across Cheshire and Warrington.

9.18 CWEA monitors the economic performance of the sub-region (incorporating parts of the City Region) and economic development projects therein.

9.19 There is clearly considerable work already being undertaken in collecting data beyond local authority boundaries within the Liverpool City Region offering a significant resource from which to draw. However, currently this is relatively disjointed and the data collection process is on the whole not consistent.

The Housing Strategy Monitoring Framework

9.20 The following monitoring framework is established on the basis of future partnership working between the authorities which make up the Liverpool City Region. The first component examines the governance arrangements required to ensure the delivery and monitoring of the Housing Strategy. This suggested arrangement requires further detailed dialogue between partners.

9.21 The second element of the monitoring framework looks to establish the core drivers of the housing market across the city region and establish a structure based around these themes for the purposes of monitoring. This is followed by the identification of key indicators which should be assessed on a regular basis in order to continually validate the objectives of the Housing Strategy.

9.22 Recommendations are included regarding future protocol and the use of resources to implement the process of monitoring across the City Region. The final section involves the identification of a number of key workstreams under which further research should be commissioned to improve the partners understanding of complex and inter-related issues influencing balanced housing markets.

Governance

9.23 The Strategy requires multi-authority co-operation and commitments in order to ensure its successful delivery. It is apparent that a more sophisticated and formal working relationship is required in the future to ensure economic development and housing provision are mutually reinforcing. The current system of local authority level delivery and informal agreements between authorities will need to be reviewed in order to assess its “fitness for purpose” in implementing the recommendations of this Housing Strategy.

9.24 However, it should be noted that housing and sustainable communities are only one component of the City Region Development Programme. It is important that any review of governance and delivery takes account of wider context of the City Regional governance structures in order to avoid over-complication and duplication.

9.25 The Housing Strategy focuses upon real economic and housing market geographies - the three functional market areas of the City Region. These are the areas in which the majority of people work, move and make housing choices.

9.26 It is proposed that these functional areas be adopted as the building blocks for delivery and monitoring activities associated with the City Region Housing Strategy. Delivery at this level will ensure that functionally linked groups of local authorities are able to track and respond to the household demands caused by a changing economy. This will also enable strong partnerships between local authorities to develop and delivery partners in the private, social-rented and voluntary sectors to be engaged on a consistent and meaningful basis.

9.27 It is proposed that the following local authorities work collaboratively to deliver the City Region Housing Strategy for their functional housing market areas:

North	South	East
Liverpool Sefton Wirral Knowsley West Lancashire	Chester Ellesmere Port Wrexham Flintshire Vale Royal	Warrington St Helens Halton

9.28 The preferred governance arrangement for the delivery of the Strategy is to create a cabinet of leaders from Merseyside. Initially this will include the six Greater Merseyside authorities – the former Merseyside Metropolitan county districts plus Halton. In the future the intention would be to look to extend this further to include a combined Chester / Ellesmere Port and Neston unitary authority.

9.29 A Leader of the Cabinet will be chosen with a two-year tenure to act as a spokesperson for the cabinet. Members of the cabinet will be given portfolio responsibilities for areas overseen by sub-boards. These are proposed for:

- Transport
- Health & Social Care
- Housing & Spatial Planning
- Waste
- Police and Fire Authorities

9.30 The Mersey Partnership will effectively become the Liverpool City Region Economic Development Partnership. The Liverpool City Region Business Forum will be established to engage the private sector.

9.31 The current proposal is that sub-boards will be formed at a fairly senior LA officer level; members (including the cabinet member) will have an overview and scrutiny role.

9.32 Sub-board membership may be drawn from a wider area than the six Merseyside authorities; for example, the Housing and Spatial Planning sub-board would ideally cover the same area as the Liverpool City Region Housing Strategy (which is also the Liverpool City Region defined in draft Regional Spatial Strategy). This would therefore ensure that the remaining authorities - West Lancashire, Warrington, Vale Royal, Flintshire and Wrexham – had the option of representation.

9.33 Clearly, much work will need to be done to integrate the myriad groups currently working across the sub-region and the city region. The case could be made that the Liverpool City Region Housing Strategy

Steering Group continues to function to oversee implementation and monitoring of the Strategy until such time as the sub-board is up and running.

Market Drivers

9.34 The evidence constructed within the Housing Market Assessments has led to the identification of key strategic drivers impacting upon the housing market within the Liverpool City Region.

9.35 Consideration is required of the wider demographic and economic trends which influence the operation of the housing market alongside measuring changes in market dynamics (including supply, demand and price variables) and housing land availability.

9.36 These factors can be broadly captured under five themes. These themes linked to the drivers of change establish the framework for monitoring.

1. **Market Performance** – the housing market is dynamic and this is reflected in changes within the market. Market change has significant implications for the development of new stock and the ability for people to access different sections of the market;

2. **Demographic Factors** – housing need is partially driven by varying demographic dynamics. The Liverpool City Region and in particular Merseyside, aims to continue the reverse of long-term trends of decline and population loss. Assessing the dynamic characteristics of change (including household size) is therefore a key component of pressure on the housing market.

3. **Economy and Labour Market** – the changing nature of the economy and the linked labour market is a key component in assessing housing need. A growth programme is being implemented through the CRDP to transform the City Region's economy. New housing pressures will result from this programme and ensuring a clear understanding of the direction of change is vital if housing is to be provided in tandem.

4. **Supply Trends** – the dynamics between demand and supply of stock represents the critical issue for developing balanced and sustainable housing markets. Evaluating the level of housebuilding and the type of product delivered is a core element of monitoring the 'health' of the housing market.

5. **Capacity** – development within the housing market has implications for future capacity. Existing infrastructure (communications and services) and land availability represent finite inhibitors of future development. The monitoring of supply and demand should be performed in line with an assessment of the capacity of areas to deliver development. The intention being to identify areas where capacity is becoming an issue but also recognising where it represents an opportunity (under-used or new schemes).

Key Indicators for Monitoring

9.37 Using the five established themes the following table outlines the key indicators for monitoring across the City Region.

- **Monitoring Framework**

Theme	Indicator	Geography	Data Source	Monitoring Frequency	Responsibility
Demographic Factors	Total Population	City Region Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate
	Population by Age Cohort	City Region Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate
	Components of Population Change (I.e. Natural Change/Migration Balance)	City Region Local Authority	ONS Mid-Year Population Estimates	Annual	Corporate
	Spatial Patterns of Migration	City Region Local Authority	NHS CHR (Table 2a available on request from ONS)	Annual	Housing
	International Migration	City Region Local Authority	ONS	Annual	Housing
Economy & Labour Market	GVA per Head	City Region Local Authority	ONS/ Cambridge Econometrics	Annual	Economic Development
	Numbers in employment (Resident and Workplace based)	City Region Local Authority	Annual Business Inquiry	Annual	Economic Development
	Economic Activity Rates	City Region Local Authority	Annual Population Survey	Annual	Economic Development
	Employment by Sector	City Region Local Authority	Annual Business Inquiry	Annual	Economic Development
	Workplace-based Earnings	City Region Local Authority	Annual Survey of Hours & Earnings	Annual	Economic Development
	Residence-based Earnings	City Region Local Authority	Annual Survey of Hours & Earnings	Annual	Economic Development
	Household Incomes	City Region Local Authority (six-digit postcode)	CACI Paycheck	Annual	Housing/Economic Development
	Jobseekers Claimant Count	City Region Local Authority	NOMIS	Annual	Economic Development
	Incapacity Benefit/Severe Disability Allowance Claimants - Joint Measure	City Region Local Authority	Department for Work & Pensions	Annual	Economic Development
Housing Supply Trends	Completions	City Region Local Authority Geographic specific	Planning Dept.	Annual	Planning
	Completions by Tenure and Size	City Region Local Authority Geographic specific	Planning Dept.	Annual	Planning
	Housing Trajectory	City Region Local Authority	Planning Dept.	Annual	Planning

	Delivery of Affordable Housing	City Region Local Authority	Planning Dept.	Annual	Planning
Housing Market Performance	Average House Prices	City Region Local Authority Postcode sector	HM Land Registry	Annual (Quarterly)	Housing
	Lowest Quartile House Prices	City Region Local Authority	DCLG	Annual (Quarterly)	Housing
	Assessment of affordability (entry-level)	City Region Local Authority	HM Land Registry, CACI Paycheck (or alternative income dataset)	Annual (Quarterly checks against house price)	
	% Private Renting	City Region Local Authority Geographic specific	Council Tax Records	Annual	Housing
	Private Sector Rents	City Region Local Authority	Local Estate Agents Rightmove	Annual	Housing
	Social Sector Turnover	City Region Local Authority	RSLs/ CORE	Annual	Housing
	Qualitative Information on market performance and trends	Local Authority	Local Estate Agents	Annual	Housing
	Levels of homelessness	City Region Local Authority	Housing Strategy Dept.	Annual	Housing
	Vacancy by Tenure	City Region Local Authority	Council Tax Records/ RSLs/ CORE	Annual	Housing
Capacity	Housing Land Supply	City Region Local Authority	Planning Dept.	Annual	Planning
	Investment in Infrastructure	City Region Local Authority	Planning Dept.	Annual	Planning

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Additional future indicators

9.38 The research undertaken by Salford University in identifying potential future ‘vulnerable’ housing market areas indicated that in order to further develop understanding of this issue a number of new indicators should be given consideration. The analysis started to challenge the potential future location of vulnerable markets with new areas of potential concern including City Centre markets. The list below includes a number of additional indicators which should be given consideration in future monitoring activity.

9.39 These indicators reflect the current housing market conditions which are increasingly dominated by affordability issues and the emerging buy-to-let phenomenon which has emerged following the introduction of new and more flexible lending products by mortgage lenders.

- Number and location of Buy-to-Let mortgages;
- Level of investor owned properties at low geographies;
- Aggregated household incomes to identify critical sections of the market (e.g. first time buyers);
- Detailed information regarding movers (those active within the housing market) e.g. reason for movement, position within the 'housing ladder', and type of property vacated and purchased; and
- Levels of repossessions.

9.40 The Merseyside Household Movers' Survey offers a potential valuable resource for assessing the dynamics of the housing market and addressing the fourth point above. It is therefore important that this continues to be progressed.

Spatial Geographies

9.41 The Housing Market Assessments use new spatial geographies in the form of functional housing market areas. One of the key issues identified in using these new spatial areas was the lack of up-to-date baseline information which could be dis-aggregated to a sufficient level to build up composite averages.

9.42 Census data on the whole offered the only possibility for compiling data as it provided unique low level spatial data, however, this is increasingly out of data and given its ten year updating period does not provide a useful tool for monitoring short-term change. A number of the indicators above, assuming that they are geo-referenced, could be compiled for small spatial geographies which in turn could be assimilated into market areas. This would include housing stock development as well as a number of socio-economic indicators. It is understood that MIS looks to aim to provide this geo-referenced lower level data across the Merseyside authorities and this could therefore offer a valuable monitoring tool for assessing the ongoing development of the housing market areas.

9.43 With this data collection analysis in place it is proposed that where possible the indicators listed above should be monitored for the housing market areas if these are to be given increasing weight in policy formation.

9.44 The compiling of data within the Housing Market Assessments also identified the clear disparities in the manner in which data is collected in the Welsh authorities. Historical data is not held consistently within the Welsh authorities making trend analysis difficult to undertake in a consistent manner with the English authorities. Discrepancies also exist in terms of the definitions used and the time periods over which data is collected. This cross-border lack of current consistency is a key issue identified in the delivery component of this section.

Commissioned Research

9.45 Local authorities currently commission research into factors impacting on the housing market as and when updates are required. Where research is directly relevant to monitoring the Housing Strategy consideration should be given to ensuring similar research questions and approaches are used between authorities.

9.46 In particular this is likely to include Housing Needs Surveys and Housing Stock Condition Surveys. The analysis within the Housing Market Assessments indicated that there was significant discrepancy in terms of the timescales of the production of the Surveys across the City Region with some authorities not having an up-to-date piece of research.

9.47 Future commissioning of these surveys, and other relevant pieces of research, should be undertaken following an agreed detailed brief formulated by the partners within the Liverpool City Region. This brief should set out the minimum questions to be posed, with authorities free to add additional questions required to meet their own unique problems and research goals.

9.48 As new DCLG guidance regarding the production of Strategic Housing Market Assessments is issued, the common frameworks for commissioned research is likely to require re-addressing.

Monitoring Period/ VFM

9.49 The indicators listed in the previous section can largely be updated on an annual basis. However, a number of them are unlikely to represent significant change on a year-to-year basis.

9.50 The approach taken to monitoring should ensure that those factors, which have changed over the year, are clearly identifiable. A short report assessing those indicators where significant change has been apparent should be produced on an annual basis.

9.51 Periodic ‘Strategic Driver’ monitoring reports examining key drivers of the housing market would be required in order to assess the implications of change. These would look to cover issues such as demographic change (including migration) and economic growth. Clearly with regard economic growth there would be a need to tie in with the monitoring framework for the CRDP which would look to update growth scenarios and reflect changes to the action plan in terms of project delivery and new additional projects.

9.52 The possibility of aligning the update of housing needs assessments across the authorities within the City Region would permit the assessment of their implications for the area as a whole. Therefore a monitoring report would be required drawing together the outcomes of these studies to arrive at a City Region assessment.

9.53 In order to reflect the longer-term cycles within the housing market it is proposed that a 3-year evaluation be produced as part of the rolling programme. This would assess in detail the levels of change identified evaluating the fluctuations within the overall supply demand dynamic and variance from the conclusions reached in the Housing Market Assessments.

Output Specification

Output	Timing/ Frequency	Spatial Units	Content
Annual monitoring reports	Annual (publish to a compatible timescale to the monitoring reports produced as part of the planning process)	City Region Housing Market Areas Local Authority Priority Areas (Pathfinder)	Short report to identify annual progress against the key monitoring indicators identified above. The report would highlight the indicators showing significant change over the year. Where the indicators impact upon projections used within the future housing model assessment, the level of digression in reality from the HMA projections would be clearly shown and the implications evaluated.
Thematic 'Strategic Driver' Monitoring Reports	To be agreed dependent upon the variable measured. Timescales are likely to be driven by the release of new national datasets and linked monitoring frameworks for example the CRDP.	Dependent upon the geographical level of the dataset released	These reports would look to analyse the implications of significant updates with regard to the key strategic drivers of the housing market. Therefore reports would be required assessing the implications of the publication of new population and household projections by the ONS. The implications of updated Housing Needs Assessments would also form the content of a monitoring report. This would look to reference overall housing need and affordability requirements. Subsequent updates of the CRDP would also require assessment in terms of the implications for the housing market. In particular reviews of the economic projections underpinning the programme and the updating of the action plan would require studies to assess their implications for the housing

			'offer'. •
Thematic Monitoring Reports	As required but likely to be on a 2-3 year basis	Data level dependent	Theme specific. Likely themes to include: • Housing Stock (update following stock condition surveys etc…) • Housing Need (update following release of new surveys)
Full Strategy Review	Every five years	City Region	Noted requirements for changes to policy recommendations driven by changing trends within the evidence base. This would need to reflect regeneration goals achieved, and economic growth realised.

9.54

Data Collection and Protocols

9.55 The Merseyside partners have undertaken a data collection pilot intended to provide a consistent geo-referenced evidence base across the authorities.

9.56 It is suggested that this approach be extended to cover the other geographical functional market areas, as it will offer an efficient and labour-saving opportunity. Agreement would need to be reached as to where the responsibility for management of this resource would fall (i.e. a nominated lead authority or SRP).

9.57 For this single monitoring arrangement to be implemented a number of actions would be required:

- Agreement between the local authorities within the City Region as to a standard proforma for data collection. This would ensure consistent data was assimilated and therefore permit comparable analysis to be undertaken across the City Region.
- A required data specification would need to be agreed between the partners and completed by relevant elements of the authority. This would then guide data collection from planning, economic development and housing departments.

- Clear protocols would need to be established for sending data onto the centralised collection point This would require a clear framework of responsibility within the authorities with a nominated contact responsible for assimilating internal data from the relevant departments. Local authorities would need to identify a suitable lead officer to co-ordinate data and submit this to the data management agency.
- An agreed timetable for collection would be required in order to facilitate annual monitoring of the key indicators. It is proposed that the existing timetable for collection of data to feed into annual monitoring reports would provide a clear template to follow and ensure that data was collected with the maximum of efficiency and causing minimal extra work within the authorities.
- The body responsible for central control of data would be responsible for liasing with authorities and ensuring that data collection milestones are met.

Skills and Human Resource Implications

9.58 The monitoring framework has at its core the need to develop an efficient process which does not produce significant additional pressure on local authority resources.

9.59 It is proposed that an external service provider be appointed to manage data collection, monitoring and analysis.

9.60 Under this arrangement, local authorities would need to nominate a dedicated manager who would be responsible for ensuring that data is compiled within the authority following the agreed approach and established proforma. This staff member would also be responsible for ensuring that tendered additional research is commissioned in a consistent manner (for example new Housing Needs and House Condition Surveys).

9.61 In addition to this managerial position local authorities would need to ensure that there was sufficient staff time available for collating and compiling the data. Departments are currently required to consolidate key data for the production of Annual Monitoring Reports and will be required to contribute evidence to RSS monitoring, therefore relatively little additional time would be required within departments.

Research Workstreams

9.62 Detailed research and analysis that makes use of the most up-to-date and consistent data available underpin the Housing Strategy. However, the research undertaken also raises a number of questions which will require additional research in the future.

9.63 Authorities should focus over the next 18 months on delivering the Housing Strategy and ensuring that it becomes embedded within the emerging local development frameworks/ local development plans. However, following this period further research should be commissioned in order to answer key questions.

9.64 A number of the areas of research are directly linked to future monitoring as they require ongoing review of the strength of relationships and tracking the dynamic movement of the housing market.

9.65 In order to focus ongoing and additional research three proposed workstreams have been established. Working groups representing each of these workstreams should be established. Local authority partners should ensure representation within these working groups based on areas of expertise and experience. Where necessary external bodies should be invited to contribute to the working groups.

- **Workstream 1. The Dynamic between the Economy and Housing –** PPS 3 and the Northern Way places significant weight on ensuring that consideration is given to the link between the economy and housing with policy required to ensure that housing assists in facilitating economic growth. The Housing Strategy is based upon this linkage, however, review of the strength of this connection should be assessed once the Strategy has been in place for a period of time. The dynamic will also have implications for the changing boundaries of functional housing markets which are based upon economic linkages. The workgroup should investigate the impact of economic change on the fluid boundaries of these spatial geographies.
- **Workstream 2. Delivery of Balanced Housing Markets –** Ensuring balanced future housing markets is a core component of the Housing Strategy as directed by national guidance and policy and there are direct connections to the Sustainable Communities theme within the CRDP. The constitution of a balanced market can change as a result of demographic and economic pressures as well as regeneration initiatives and neighbourhood renewal strategies. This working group would assess progress made toward creating balanced housing markets from the baseline position set out in the HMAs.
- **Workstream 3. Equality and Diversity –** The analysis of BME households specific needs and the emerging unique needs of international migrants revealed a lack of robust data upon which to base focused policy responses. Further research is required of both quantitative data as it is released and qualitative analysis based on dialogue with key representatives across the City Region. The working group would look to assimilate a more thorough understanding of the specific needs of minority ethnic groups and other additional groups with specific needs.