Recommended HMA Boundaries: implications for spatial planning

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Introduction

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

The three sets of recommended HMA geographies are:

1. **Framework HMAs (75%)**: based on the commuting self-containment threshold of 75%; within which the Local HMAs are derived on the basis of a migration threshold of 55%;

2. **Framework HMAs (77.5%)**: based on the commuting self-containment threshold of 77.5%; within which the Local HMAs are derived on the basis of:
   - (a) 55% migration threshold, and
   - (b) 50% migration threshold;

3. **Framework HMAs (72.5%)**: based on a combination of migration (55%) and commuting (72.5%) self-containment thresholds and there is no Local HMAs derived under these areas.

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

Within each of the first two sets of Framework HMA geography, there is a set of more localised HMAs known as **Local HMAs**. In addition, for each of the three sets of Framework boundaries, another set of boundaries based on the **Best-fit** of local authority district boundaries are produced. This means that there are a total of 9 sets of boundary to be assessed.

The appraisal was based on GIS analysis to calibrate the relationships between different administrative geographies and planning policy geographies (e.g. existing SHMA areas, growth areas and growth points, national parks and green belt). The 4 sets of recommended HMA geography (including Framework, Local and Best-fit) are compared and contrasted to highlight their similarities and differences and how these are related to different types of planning policy application.

The appraisal focuses on discussing:

- Fitting with existing administrative boundaries: Government Office Regions and local authority boundaries;
- Suitability for strategic planning and local planning; and
- Monitoring of housing markets and spatial planning policies.
Part I
Fitting with existing administrative boundaries

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

**Government Office Regions**

In order to ascertain to which extent different sets of recommended HMA boundaries cut across existing regional boundaries, the analysis focuses on examining the Framework HMA geographies at 75%, 77.5% and 72.5% commuting thresholds as well as their respective Best-fit local authority geographies.

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

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

- The Manchester HMA stretching into High Peak: North West & East Midlands;
- The Chester HMA stretching into Flintshire: North West & Wales;
- The Stoke-on-Trent HMA stretching into Crewe and Nantwich: West Midlands & North West;
- The Sheffield HMA stretching into Workshop and Chesterfield: Yorkshire and Humber and East Midlands;
- The Derby HMA stretching into Burton-on-Trent: East Midlands & West Midlands;
- The HMA covers areas around Rutland and Peterborough: Eastern Region & East Midlands;
- The Milton Keynes HMA covers the area around Bedfordshire: South East & Eastern Region; and
- The extension of the London HMA with the wider area in the South East and the Eastern Region: London, South East and Eastern Region.

Since different methodology was used, the Best-fit Framework HMAs (72.5%) have some similar cross-regional issues (see Figure 6) as the other two sets:

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

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

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

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

Local Authority Boundaries

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

1. Best-fit Framework HMAs for all 3 commuting thresholds with respect to local authority administrative boundaries; and
2. Local HMAs derived from the first two sets of Framework HMAs with respect to local authority boundaries.

Best-fit Framework HMAs

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

• West of Kent joins the London HMA at 77.5% commuting threshold rather than being a separate HMA under the 75% threshold; and the London HMA at
77.5% threshold covers Chilten but missing Surrey Heath when comparing with that of 75% threshold.

- Wear Valley, Sedgefield, Darlington and Teesdale form a separate HMA at 75% threshold, but they are part of the wider HMA including Northumberland, Tyne-and-Wear and the rest of County Durham at 77.5% threshold.
- Blackpool, Wyre and Fylde are one HMA at 75% threshold, but they merge with Preston, Chorley and South Ribble as one HMA at 77.5% threshold.
- Ribble Valley, Blackburn with Darwen, Hyndburn and Rossendale – take Burnley and Pendle at 75% threshold but lose Rossendale to the Manchester HMA at 77.5% threshold.
- Craven, Bradford, Calderdale are in one HMA while Kirklees joins Harrogate, Leeds, Wakefield, Barnsley in another HMA at 77.5% threshold; however, Calderdale and Kirklees form a separate HMA at 75% threshold.
- South Staffordshire, Cannock Chase, Wolverhampton, Lichfield, Walsall form a separate HMA at 75% threshold, but they are part of the wider HMA including the West Midlands conurbation and Stratford-on-Avon at 77.5% threshold.
- South Shropshire is a separate HMA at 75% threshold, but merged with Herefordshire at 77.5% threshold.
- Tewkesbury and Cheltenham is a separate HMA at 75%, but merged with Gloucester, Forest of Dean and Stroud as one HMA at 77.5%.
- Torridge and North Devon are two separate HMAs at 75% threshold, but they are one HMA at 77.5%.
- Peterborough is with Rutland and South Kesteven as one HMA at 75% threshold, but Peterborough joins Fenland to form a separate HMA at 77.5% threshold.

It is clear that the Best-fit geographies of Framework HMAs (77.5%) produces larger HMAs and a smaller number of them; in particular, a bigger London HMA including half of Kent, a mega HMA in the North East, a very large HMA covering the West Midlands conurbation and Stratford-on-Avon, as well as merging Lancashire into two big HMAs.

In addition, comparisons are made between the Best-fit Framework HMAs (72.5%) and those at 75% (in Figure 8) and 77.5% (in Figure 9) thresholds. It is clear that the situations are very similar, though slightly more cross-cuttings are found between 72.5% and 77.5% overlay in Figure 9.

**Local HMAs**

The analysis then turns to examine the fitting between the Local HMAs nested below the two sets of Framework HMAs: 55% migration threshold under 75% Framework HMAs in Figure 10; 55% migration threshold in Figure 11 and 50% migration threshold in Figure 12 under 77.5% Framework HMAs. It is clear that there are many
cross-cutting between the Local HMAs and the local authority administrative boundaries in Figures 10 to 12 and there is no clear evidence to suggest that one set of boundaries are neater than the other.

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

Figure 14 compares the 2 sets of Local HMAs with different migration thresholds of 50% and 55% under the Framework HMAs (77.5%). It is clear from the map that most Local HMAs are very similar under both thresholds, though in large urban areas such as London and Tyne and Wear, the 50% threshold clearly produces smaller and a larger number of Local HMAs.

In summary, there is no clear preference between the lower tier geographies as the large majority of them are very similar and the differences tend to be found in the large conurbations. However, the lower tier geographies genuinely reflect the local housing behaviour of residents. The cross-cutting of Local HMAs and local authority boundaries will be very useful for local policy monitoring and for informing planning application decisions, especially when major residential development schemes are submitted to one local authority but within a wider Framework HMA that will bear implications to the neighbouring local authorities.
Figure 1 Regional Boundaries and Framework HMAs (75%)
Figure 2 Regional Boundaries and Best-fit Framework HMAs (75%)
Figure 4 Regional Boundaries and Best-fit Framework HMAs (77.5%)
Figure 5 Regional Boundaries and Framework HMAs (72.5%)
Figure 6 Regional Boundaries and Best-fit Framework HMAs (72.5%)
Figure 7 Local Authority Districts and Best-fit Framework HMAs (75% and 77.5%)
Figure 8 Local Authority Districts and Best-fit Framework HMAs (72.5% and 75%)
Figure 9 Local Authority Districts and Best-fit Framework HMAs (72.5% and 77.5%)
Figure 10 Local HMAs (55% migration threshold under Framework HMAs 75%) with Local Authority Boundaries
Figure 11 Local HMAs (55% migration threshold under Framework HMAs 77.5%) with Local Authority Boundaries
Figure 12 Local HMAs (50% migration threshold under Framework HMAs 77.5%) with Local Authority Boundaries
Figure 13 Local HMAs at 55% migration threshold under 75% and 77.5% Framework HMAs and Local Authority Boundaries
Figure 14 Local HMAs at 50% and 55% migration threshold under 77.5% Framework HMAs and Local Authority Boundaries
Part II
Suitability for strategic planning and local planning

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

- TTWAs;
- SHMAs;
- National Parks and Green Belt; and
- Growth Areas and Growth Points.

**Travel to Work Areas**

The main functional boundaries that are closely related to planning for housing are the ONS Travel-to-Work Areas (TTWAs). Figures 15, 16 and 17 illustrate the relationship between TTWAs and the recommended Framework HMA geographies. Since both TTWAs and the Framework HMA geographies are based on ward commuting data as the building block, the comparisons here are based on the pure version of Framework HMAs.

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

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

**SHMAs**

The current set of Strategic Housing Market Areas (SHMAs), devised by the local authorities, has been based on a mix of methodologies and partnership working relationships. They could be seen as a hybrid of technical and policy areas. These areas have been used to inform housing policy monitoring and partnership working across all English regions. Due to the pragmatic nature of the SHMAs, they tend to follow local authority district boundaries and thus, when examining them with the pure versions of Framework HMAs (see Figures 18 and 19) built from the wards, there are significant cross-cutting issues.

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

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

**National Parks and Green Belt**

With regard to the relationship between the two sets of recommended HMA geography and the National Parks and Green Belt, Figures 26, 27 and 28 shows the Best-fit boundaries Framework HMAs at different thresholds (75%, 77.5% and 72.5%).

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

The patterns become more fragmented in Figure 28 when the commuting threshold is at 72.5%. The London HMA produced under this threshold no longer contain the ring of the green belt and a significant area of the London greenbelt now overflows to other HMAs in the South East and the Eastern Region. The implications to greenbelt elsewhere in England the National Parks at 72.5% commuting thresholds are not significantly different from Figures 26 and 27 at higher thresholds.

**Growth Areas and Growth Points**

The recommended Best-fit HMA boundaries are overlaid on the Growth Areas and Growth Points in Figures 29, 30 and 31 for the respective commuting thresholds of 75%, 77.5% and 72.5%.

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

With regard to the London-Stansted-Cambridge-Peterborough Growth Area, currently covered by 6 SHMAs, still involves 5 HMAs for both 75% and 77.5% thresholds. The Thames Gateway is currently covered by 5 SHMAs, but it is covered by 2 HMAs at 75% commuting threshold and totally covered by the London HMA at 77.5% commuting threshold.

However, the HMAs produced at threshold 72.5% (see Figure 31) tend to create smaller HMAs and result in greater fragmentation by splitting the growth areas into different HMAs when comparing with the situation in Figures 29 and 30. It is, however, important to note that this set of boundaries at 72.5% do not have much comparative advantage over the existing SHMAs in terms of the number of areas involved.
Figure 15: TTWAs and Framework HMAs (75%)
Figure 16 TTWAs and Framework HMAs (77.5%)
Figure 17 TTWAs and Framework HMAs (72.5%)
Figure 18 SHMAs and Framework HMAs (75% and 77.5%)
Figure 19 SHMAs and Framework HMAs (72.5%)
Figure 20 SHMAs and Best-fit Framework HMAs (75%)
Figure 21 SHMAs and Best-fit Framework HMAs (77.5%)
Figure 22 SHMAs and Best-fit Framework HMAs (72.5%)
Figure 23 SHMAs and Best-fit Framework HMAs (75% and 77.5%)
Figure 24 SHMAs and Best-fit Framework HMAs (72.5% and 75%)
Figure 25 SHMAs and Best-fit Framework HMAs (72.5% and 77.5%)
Figure 26 Best-fit Framework HMAs (75%) and National Parks and Green Belt
Figure 27 Best-fit Framework HMAs (77.5%) and National Parks and Green Belt
Figure 28 Best-fit Framework HMAs (72.5%) and National Parks and Green Belt
Figure 29 Best-fit Framework HMAs (75%) and Growth Areas and Growth Points
Figure 30 Best-fit Framework HMAs (77.5%) and Growth Areas and Growth Points
Figure 31 Best-fit Framework HMAs (72.5%) and Growth Areas and Growth Points
Figure 32 SHMAs and Growth Areas and Growth Points
Part III
Monitoring of housing markets and spatial planning policies

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

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

- House prices (Figures 33 to 36);
- Brownfield residential development sites (Figures 37 to 40); and
- Index of Multiple Deprivation (Figures 41 to 44).

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

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

Another interesting point from the monitoring perspective is that the two-tier approach will allow policy-makers to master the intra-Framework HMA distribution patterns of housing market changes and policy challenges, which in turn help to inform the more strategic policy decisions to be taken at the wider Framework HMA. The reuse of brownfield land for residential development in Figures 37-39 is a very good example to illustrate this point.

More importantly, the provision of a single tier of Framework HMAs will provide a very sharp demarcation of one HMA from another. By having the Local tier, it highlights the fact that there is, in reality, not such sharp boundaries and that local
authorities should collaborate at multiple levels and that policy monitoring and
decision-making should take into account the conditions within the same strategic
HMA (the Framework tier), but also paying attention to cross boundary issues with
their neighbours where the more localised HMAs do not necessary fall within the
same Framework HMA. Both the brownfield sites and the Index of Multiple
Deprivation (Figures 41-44) serve as good illustrations of this point.
Figure 33 House Prices and Framework HMAs (75%) & Local HMAs (55%)
Figure 34 House Prices and Framework HMAs (77.5%) & Local HMAs (55%)
Figure 35 House Prices and Framework HMAs (77.5%) & Local HMAs (50%)
Figure 36 House Prices and Framework HMAs (72.5%)
Figure 37 Brownfield Reuse Sites and Framework HMAs (75%) & Local HMAs (55%)
Figure 38 Brownfield Reuse Sites and Framework HMAs (77.5%) & Local HMAs (55%)
Figure 39 Brownfield Reuse Sites and Framework HMAs (77.5%) & Local HMAs (50%)
Figure 40 Brownfield Reuse Sites and Framework HMAs (72.5%)
Figure 41 Deprivation and Framework HMAs (75%) & Local HMAs (55%)
Figure 42 Deprivation and Framework HMAs (77.5%) & Local HMAs (55%)
Figure 43 Deprivation and Framework HMAs (77.5%) & Local HMAs (50%)
Figure 44 Deprivation and Framework HMAs (72.5%)
Implications to Spatial Planning

The value of a nationally-derived set of HMAs...

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

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

‘Two-tier’ versus ‘single-tier’ HMA approaches...

However, the subsequent research also identified a number of challenges in terms of the implications for spatial planning and local analysis. These include the difficulty of settling on one set of nationally-defined HMAs that are equally suited to national/cross-regional and more strategic sub-regional analysis whilst, at the same time, providing a sufficiently fine-grained basis for more locally based analysis and policy formulation in respect of, for example, issues relating to affordability and/or core strategy/LDF preparation and monitoring by individual local planning authorities. More generally, there was also a feeling that strategic housing market assessments did not always provide a sufficiently fine-grained analysis of the issues faced by the more
rural parts of the country, with the housing issues in these areas often obscured by the
greater influence of the more urbanised parts of their shared housing market areas.

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

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

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

To address this difficulty, if only a single set of Framework HMAs is supplied, we
need to give very strong guidance that within these Framework HMAs, monitoring
indicators should also be compiled (locally) at finer spatial scales (e.g. MSOAs,
Postcode geography etc.). But this might prove challenging – evidence to date
suggests that such an ideal has not been achieved even with LAD’s Annual
Monitoring Reports. In reality, the problem remains that the ‘framework HMAs’ will
become the de facto new rigid boundaries and many (most?) local authorities will
forget that there is still a need to take account of more localised issues in the
neighbouring ‘framework HMAs’ even though at the heart of the spatial planning
concept is that in planning for a local authority area you should take into account the
spatial context and outcomes (positive, negative, displacement effects) of the
surrounding areas.

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

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

However, there is still the alternative consideration of a single set of national HMA boundaries across England. This would have the advantage of keeping the message simple to local authorities with respect to their partnership working and reduce the complexities of dealing with discrepancies between the defined HMAs at the two tiers. However, as shown in the three sets of boundaries and discussed above, the larger size HMAs produced by the 77.5% threshold tend to produce more strategic areas, but will run the risk of producing less useful housing monitoring indicator values to diagnose the more local dynamic changes in the housing market as the different spatial effects within local markets will be averaged out. Conversely, the use of the 72.5% threshold as a single tier tends to produce more fragmented HMA boundaries. Thus, our feeling is that the larger sized HMA boundaries produced by the 77.5% threshold should only be used if they are to be put forward as the upper tier of a two-tier approach. However, if only a single tier of HMA boundaries is adopted, then lowering the commuting threshold to the 75% level will arguably provide the best compromise out of the 3 sets of boundaries considered.

*Technical versus pragmatic considerations: to ‘best-fit’ or not to ‘best fit’…*

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

‘... regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for sub-regional housing market areas...’.

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

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

Getting the appropriate balance between technical and pragmatic considerations is not easy. However, our analysis suggests that, if a two-tier approach is adopted, for the ‘upper-tier’ or ‘framework’ HMAs, there is a strong case for adopting a ‘best-fit’ approach that aligns the resulting HMAs with groupings of local authorities. At the strategic level, this would allow easier partnership and collaboration between authorities in terms of sub-regional analysis and policy development. Since the ‘Framework HMAs’ have been defined on a consistent basis at the national level (as opposed to inconsistencies between regions as is presently the case), the resulting groupings of local authorities are not artificially cut-off at regional boundaries as tends to be the case with the existing regionally derived HMAs. Without ‘best fitting’ there were about twice as many cross-regional border issues identified than when these ‘Framework HMA’ boundaries are aligned with local authority boundaries. Many of these are of a minor nature and, for the purposes of comparison and spatial policy formulation at the national and regional level, the differences between the initial ‘Framework HMA’ geographies and the subsequent ‘Best-fit Framework HMAs’ are not so marked as to significantly undermine such analysis. However, given that the best-fitting process has already ironed-out a number of more minor cross-regional issues, where the ‘Best-fit Framework HMAs’ still cross regional boundaries (as identified above) it is clearly crucial that they are given serious consideration in subsequent spatial analysis and planning policy formulation.

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

So, for the more fine grained analysis necessary for, for example, building the evidence base for LDF preparation and the monitoring of spatial policies, the suggestion is that an additional nationally derived set of lower-tier ‘Local HMAs’ should be defined. These would provide for more nuanced and robust analysis of issues such as local affordability at the local and sub-regional scale. Unlike the
Framework HMAs, it would not be appropriate to attempt to ‘best-fit’ these local HMAs to local authority boundaries – derived from the amalgamation of ward level data, the smaller size of these local HMAs would mean that, even if it was technically feasible, any attempt to best-fit such HMAs to local authority boundaries would often simply result in identifying individual local authority areas. However, this would lose the rationale behind the use of HMAs for policy analysis in the first place. Instead, the value of defining these local HMAs would be to provide local policymakers with a more detailed understanding of the reality that local housing markets frequently cut across administrative boundaries. Although these Local HMAs should not therefore be aligned with local administrative boundaries, it is possible from a technical perspective to either ‘nest’ these local HMAs within the larger ‘Framework HMAs’ (but not ‘best-fit framework HMAs’) or to define them independently of the ‘Framework HMA’ geographies. Although the former approach might be somewhat neater and show more clearly how groups of neighbouring ‘Local HMAs’ relate to the upper-tier ‘Framework HMAs’, the greater separation of ‘Local’ and ‘Framework’ HMAs would help to identify locations where the ‘Framework HMAs’ might obscure some locally significant cross boundary issues and where, in reality, HMA borders are actually a bit ‘fuzzier’ than the map of ‘Framework HMAs’ otherwise suggests.

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

Some conclusions and recommendations...

In conclusion, from a spatial planning perspective, the adoption of a two-tier set of nationally-defined HMAs would provide for both a set of strategic Framework HMAs, well suited to national analysis, inter-regional comparisons and regional/strategic sub-regional analysis, monitoring and spatial strategy development, as well as offering greater flexibility and robustness for a variety of analyses, monitoring, policy formulation and planning decisions at the sub-regional and local authority
scale. In doing so, the utilisation of ‘Best-fit Framework HMAs’ at the upper tier (defined from the 77.5% threshold level) would provide a much neater and pragmatic basis for local authority co-operation and partnership at the sub-regional and strategic level as it would be based around groupings of identified local authority areas. In most cases, these groupings would fall within a single region. However, where the identified ‘Best-fit Framework HMAs’ do cross regional boundaries, these should be fully taken account of in terms of cross-regional working and spatial strategy development. At the lower tier, either wholly independent or nested ‘Local HMAs’ would provide a much finer level of robust information for spatial policy development and monitoring at the sub-regional and local authority level and emphasise the reality that local HMAs seldom fully respect artificially determined political and administrative boundaries. In doing so, they would hopefully facilitate improved joint working between neighbouring authorities that share parts of the same ‘Local HMA’ as well as encouraging local authorities and other stakeholders to gain a much better appreciation and understanding of the housing market geographies that operate within their areas.

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

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

In summary, our recommendations are as follows:

(1) If the choice is to produce two-tiers of HMA boundaries (this would be our preferred choice), the combination of an upper tier of ‘Best-Fit Framework HMAs’ produced at the 77.5% commuting threshold and the Local HMAs derived from migration data (probably the 50% level as there are more Local HMAs) would provide the optimum solution for spatial planning purposes at national, strategic and more localised scales. For the local HMAs, both the nested and non-nested versions
are acceptable, though the non-nested version seems to be more theoretically grounded while the nested version is a more pragmatic approach.

(2) If, however, the choice is for a single set of HMAs, ‘Framework HMAs’ at 75% commuting threshold would provide the best all-round compromise for both strategic and more local analysis. These should be based on pure HMA boundaries and not ‘best-fitted’.

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

<table>
<thead>
<tr>
<th>Methodological definition of HMA areas</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>77.5% threshold (pure)</td>
<td>Well suited to national, regional and more strategic analysis</td>
<td>Insufficiently fine-grained for more localised spatial planning and analysis – HMA areas are too large</td>
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<td></td>
<td>Identifies all cross boundary / region issues where HMA boundaries do not coincide with administrative boundaries</td>
<td>No clear identification of strategic groupings of local authority areas for collaborative partnership purposes</td>
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<td></td>
<td>Well suited as ‘upper-tier’ of a ‘two-tier’ HMA approach</td>
<td>Not well suited as a ‘single-tier’ HMA approach</td>
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<td></td>
<td>Identifies most significant cross regional issues</td>
<td>Best fitting potentially obscures some locally important cross boundary issues</td>
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<td></td>
<td>Identifies strategic groupings of local authority areas to aid formation of collaborative partnerships</td>
<td>Not well suited as a ‘single-tier’ HMA approach</td>
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<tr>
<td>75% threshold (pure)</td>
<td>Reasonably suited to national, regional and more strategic analysis</td>
<td>Something of a compromise – potential for analysis at both strategic and local scales but not best at either</td>
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<td></td>
<td>Reasonably suited to more localised spatial planning and analysis</td>
<td>Insufficiently fine grained for robust local analysis as areas still rather large</td>
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<td></td>
<td>Identifies significant cross boundary (regional and sub-regional) issues</td>
<td>No clear identification of groupings of local authorities for strategic partnership</td>
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<td>Best choice if single-tier HMA approach is adopted</td>
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<tr>
<td>Method</td>
<td>Just about adequate for more localised spatial planning and analysis</td>
<td>not best at either.</td>
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<td></td>
<td>Can be used to identify strategic groupings of local authority areas to aid formation of collaborative strategic partnerships</td>
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<td></td>
<td>Best choice if single-tier HMA approach is adopted</td>
<td>‘Best-fitting’ potentially obscures some strategic and locally important cross boundary issues and exacerbates problems of local analysis</td>
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<td><strong>72.5% threshold (pure)</strong></td>
<td>Reasonable (if not ideal) for more localised spatial planning and analysis</td>
<td>Produces rather fragmented HMAs which in some regions may not be well suited to more strategic / national / regional analysis</td>
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<td>Smaller size of HMAs makes identification of strategic groupings of local authority areas to aid formation of strategic partnerships more difficult</td>
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<td><strong>Local HMAs (independent) (either 50% or 55% levels)</strong></td>
<td>Good scale for local analysis of issues such as affordability and local spatial planning and decision-making</td>
<td>Far too small for purposes of strategic analysis and identifying strategic partnerships between neighbouring authorities</td>
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<td>Helps identify range of locally-important cross-boundary issues that should be taken into account</td>
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<tr>
<td><strong>Local HMAs (nested) (either 50% or 55% levels)</strong></td>
<td>Good scale for local analysis of issues such as affordability and local spatial planning and decision-making</td>
<td>Far too small for purposes of strategic analysis and identifying strategic partnerships between neighbouring authorities.</td>
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<td>Nesting provides for easy continuity with ‘upper-tier’ strategic framework HMAs</td>
<td>Only suitable for local analysis as part of a ‘two-tier’ HMA approach.</td>
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<td>Nesting approach obscures important cross-boundary issues at local level</td>
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