



Identifying the Local Housing Markets of South East England

PART B: HOUSING MARKET COMMENTARY AND GUIDANCE





Identifying the Local Housing Markets of South East England

A Report

by



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1 THE SUB-REGIONAL HOUSING MARKETS IN OUTLINE

1.01 This report (Part B) follows on from the main findings of DTZ’s South East sub-regional housing markets study presented in the Part A summary report. A brief description of each of the sub-regional housing markets is presented below, which should be read in conjunction with the maps presented in Part A. This analysis draws upon the mapping and analysis of key datasets presented in the Part C report and insights gained through the consultation process. The next section of this report presents guidance on the most appropriate way forward for conducting and implementing HMAs in the South East.

Oxford City Region

1.02 The Oxford City Region covers a substantial component of the study area, covering an area extending almost to Banbury in the north through to Didcot in the south. The Oxford urban area, which includes parts of South Oxfordshire and West Oxfordshire, is the dominant centre of employment in Oxfordshire. Strong commuting flows from Cherwell, West Oxfordshire, Vale of White Horse into Oxford are evident in the travel to work statistics. Commuting patterns in South Oxfordshire show a pull into both Oxford and Reading.

1.03 As would be expected, the housing market maps closely onto the Oxford travel to work area. The delineation of the sub-region is also reflected in the substantial household migration movements taking place between Vale of White Horse, South Oxfordshire, West Oxfordshire and Cherwell, all of which are centred upon the City of Oxford. By contrast, household migration movements southwards and to areas outside of Oxfordshire are negligible. The area therefore displays a high level of self containment in terms of household movements.

1.04 The sub-regional housing market therefore covers most of Oxfordshire, but parts of South Oxfordshire and Vale of White Horse overlap with the Reading-M4 West housing market area. This overlap encompasses areas such as Wantage and Didcot. To the East there is overlap of the Oxfordshire City Region with the Inner North area, principally at the point where the two markets meet along the M40 corridor.

Milton Keynes and the South Midlands

1.05 The boundary of the MKSM sub-region reflects Milton Keynes emergence as the dominant sub-regional employment centre. Its dominance as an employment centre is manifest in the substantial commuting flows into Milton Keynes from each of its surrounding districts, as illustrated in travel to work patterns. The MKSM area is likely to widen as Milton Keynes becomes a still more dominant centre of employment over the next 25 years.

1.06 The sub-region covers much of Aylesbury Vale, overlapping with the Inner North sub-region just north of Aylesbury town. The sub-region extends north into areas outside the South East, including Corby, Kettering and Wellingborough. However, migration movements show a weak relationship of Milton Keynes with Northampton and Bedford, which mark the eastern and western extent of the MKSM sub-region.

1.07 Distinct travel to work areas and negligible migration movements between the MKSM and Oxford City regions suggest a relative absence of overlap between the two sub-regions. If the East-West rail link from Oxford to Bedford passing through Bletchley is reinstated, or improvements made to the A421 M40-Milton Keynes road, these would encourage greater integration and overlap between the Oxford and MKSM housing markets.

Reading-M4 West

- 1.08 The Reading M4-West sub-region is geographically one of the most extensive sub-regions in the South East, starting at the regional boundary in the west and encompassing the western M4 corridor through to Windsor and Maidenhead in the east, where it overlaps with the Slough Inner-North area.
- 1.09 Reading, including the major business parks on the edge of the Reading urban area (which are in Wokingham and West Berkshire UAs), acts as a major centre of employment in the region. Strong commuting patterns centred upon Reading are evident in the travel to work statistics and the number of significant employment nodes along the Reading-M4 Corridor is noticeable in the mapping of key regional employment nodes.
- 1.10 There are high levels of household movements between West Berkshire, Reading and Wokingham, though this will in part reflect the fact that the urban area of Reading includes areas which are part of the administrative districts of Wokingham and West Berkshire. There are weaker linkages in terms of household movements to the east. Thus the extent of the housing market area has a bias to the west if one thinks of it being centred on Reading . Given the tendency for house prices to be higher the closer one gets to London, those working in Reading are more likely to live westwards of Reading than eastwards where house prices are generally high and the influence of competing employment centres (eg Heathrow) are greater.
- 1.11 Patterns of household movement show a relative absence of movement between Reading and Basingstoke. Thus there seems to be quite distinct housing markets covering the two areas – and this is confirmed by the existence of distinct travel to work areas (labour markets), which in itself will in part be due to the lack of high-speed rail and road connections between the two towns. The spatial extent of the sub-regional overlap with the North Hampshire sub-region therefore lies along the northern district boundary of Basingstoke and Hart, and does not extend further into Basingstoke and the north Hampshire sub-region.

Swindon

- 1.12 The Swindon housing market impinges on parts of West Berkshire, Vale of White Horse and West Oxfordshire, though DTZ's sub-regional housing study in the South West shows the housing market area to extend further to the west than to the east. The evidence suggest that the Swindon housing market has more of an influence on Oxfordshire than Berkshire.

North Hampshire – M3

- 1.13 There is broad agreement that there is a housing market based on North Hampshire and associated with the M3/A303 and associated rail corridors. However the precise extent of this housing market area, and the degree of integration it exhibits are subject to debate, and the data analysis undertaken for the study does not answer all of the issues raised. In particular the view was expressed that the area comprises three relatively small housing markets focused on Andover (the northern part of Test Valley), Basingstoke and the Blackwater Valley area.
- 1.14 Migration patterns reveal high levels of household movement between areas within the Blackwater Valley, such as Hart and Rushmoor, and with Guildford and its sub-region, as well as westward household movements to Basingstoke. The Blackwater Valley therefore shows strong connectivity with both the Woking-Guildford sub-region and the rest of the North Hampshire sub-region. It is in effect the point of convergence between these two larger sub-regional areas.

- 1.15 However, the Blackwater Valley has no major concentrations of employment, and travel to work patterns represent a complex picture with residents commuting out of the area in many different directions. DTZ therefore believe that it is best to think of the Blackwater Valley as a large local market that crosses a number of local authority areas. Surrey County Council have also concluded that the Blackwater Valley area is not a sub-region on its own, but operates within the wider Western Corridor area when it made its response to consultation on the South East Plan.
- 1.16 The degree of overlap with adjacent housing market areas in the Blackwater Valley is one dimension of the North Hampshire – M3 sub-regional housing market. This complexity is acknowledged by showing the Blackwater Valley covered by chequered shading. The rest of the area has distinct local markets focused on Andover and Basingstoke, which have their own characteristics of these areas. This is reflected by the hatched circles on the sub-regional markets map presented in Part A.
- 1.17 The southern boundary of the North Hants sub-region overlaps with the South Hampshire market just above Winchester. Migration patterns highlight that Winchester has a greater connectivity with areas to the south such as Southampton and Portsmouth, with a relative absence of household movements to the north from Winchester to Basingstoke and Test Valley.

South Hampshire

- 1.18 The area as drawn embraces all of the South Hampshire Urban area and its rural hinterland. The boundary stretches from Winchester in the north and Petersfield in the north east, marking the points of overlap with the North Hampshire and Guildford-Woking sub-regions. The eastern extent of the sub-region converges with the Sussex Coast and Guildford and Woking sub-region roughly at Chichester.
- 1.19 It is clear from both the data analysis and the consultations that there are distinct but overlapping housing markets focused on the Portsmouth urban area (Gosport, Havant, Fareham and Portsmouth) and the Southampton-Eastleigh-Winchester urban area. Movement between these two clusters is restricted. This shows up in patterns of household movement and travel to work patterns. We reflect these two clusters by showing dotted circles focused on Southampton and Portsmouth.
- 1.20 However, there would be considerable practical difficulty in separating the two housing market so identified. Both Southampton and Portsmouth display similar housing characteristics in relation to current average house prices, change in house prices and affordability indices. It would appear, therefore, that the similarity in the characteristics of the respective markets has removed any real incentive or need to move between them. We would expect any differentials in house prices to be very rapidly eroded by household movements.
- 1.21 Thus despite the fact that there is limited household movements between the Southampton and Portsmouth markets, DTZ conclude it is nonetheless appropriate to embrace both areas within a single South Hampshire sub-region, as in reality the overlap between the two markets will be sufficiently extensive to merit a single HMA. The authorities in the area (Gosport, Portsmouth, Southampton, Havant, Fareham and Eastleigh) are also already working as a sub-region through the Partnership for Urban South Hants (PUSH) to essentially make the case for investment in the sub-region.

Bournemouth, Poole, Christchurch

- 1.22 The Bournemouth, Poole and Christchurch housing market area impinges on New Forest District, overlapping with the South Hampshire housing market but is not judged to extend as far as Test Valley District.

Isle of Wight

- 1.23 The IoW is a separate housing market, though this is more akin to a local housing market than a sub-regional housing market. Household movement patterns show a high level of self-containment on the Isle of Wight, with no cross-district/ cross-water migration movements of any significance recorded in the household movement data. Despite the existence of some commuting from the Isle to the mainland the Isle of Wight has its own distinct travel to work area. The Isle of Wight is also already designated a sub-region in SEEDA's Regional Economic Strategy, reflecting the Island's physical separation from the rest of the region and the unique factors which characterise the local economy.

Guildford-Woking

- 1.24 The Guildford-Woking sub-region stretches from Elmbridge on the border with London to Petersfield and Chichester in the south, running along the 'spine' of the A3M and the Portsmouth to London rail route. The sub-region covers Waverley district, stretches into the Blackwater Valley and overlaps with the Crawley-Gatwick, Sussex Coast and South and North Hampshire sub-regions. The spatial extent of the sub-region reflects strong household movement patterns between Woking and Guildford and Hart and Rushmoor in the Blackwater Valley, as well as household movements between the core of the area to and from Waverley and East Hampshire.

Sussex Coast

- 1.25 Based on analysis of household movement and commuting patterns the Sussex coastal area can be seen as operating as a single sub-region, with a concentration of significant household and travel to work movements from Chichester in the west to Lewes in the east. However, the way in which a linear sub-region operates is clearly different to the way in which a traditional city region market (such as the Oxford sub-regional housing market) operates.
- 1.26 The characteristics of a linear housing market is that there are a number of distinct and overlapping sub-markets, with little competition between the two extremities of the sub-region. Within the Sussex Coast sub-region one can identify three significant sub-markets as follows:

- Brighton (potentially from Newhaven in the east to Southwick in the west)
- Worthing (potentially from Southwick/Shoreham in the west to Littlehampton in the east)
- Chichester (potentially from Littlehampton in the east to Havant in the west)

Nevertheless, the housing markets in this coastal strip overlap to such a degree that it would be very difficult to define the precise extent of each of these sub-markets.

- 1.27 It is important to note that the analysis indicates that Eastbourne falls outside of the Sussex Coast sub-regional housing market – a reflection of the relatively poor transport links between Eastbourne and Lewes/Brighton. It is recognised that the influence of commuting to London has a strong northward influence on the housing market in Brighton/Hove, as well as Horsham, Haywards Heath/Burgess Hill, East Grinstead, Crawley, and other towns along the main north-south routes.

Crawley-Gatwick

- 1.28 The Crawley-Gatwick sub-region links Sussex with Surrey, extending into Mole Valley, Reigate and Banstead, and Tandridge districts to the north and into both East and West Sussex going as far south as the South Downs. The sub-region overlaps with the Sussex Coast market along and below the A272 in the south and with the Guildford-Woking sub-region to the west along the boundary of Chichester and Waverley. The North Downs define the northern extent of the sub-region.
- 1.29 The Crawley-Gatwick sub-region and all its associated activities is a major employer in the area and the 1998 Travel to Work data identified a well defined Crawley-Gatwick travel to work area that maps onto the area of the sub-regional housing market. Analysis of household movements indicates a high level of self-containment, with a distinct bias of household movements to the south rather than north.
- 1.30 In terms of overlap, the well defined housing markets in Brighton and the Sussex Coast, South London and the adjacent area to the north of the North Downs and the Guildford/Woking sub-region impinge on the edges of the Crawley/Gatwick sub-regional area. There are significant levels of commuting to and from the area to Brighton and Hove.

Eastbourne

- 1.31 Analysis of household movement patterns and travel to work patterns indicates that there is a small housing market focused on Eastbourne itself and its rural hinterland which comprises part of Wealden District. The household movement analysis and consultations indicated that Eastbourne has relatively little connectivity with Brighton or the Sussex Coast. To the extent there is a connection with an adjacent area, it is with the adjacent Hastings and Rother area.
- 1.32 This area is not large enough to be thought of as a sub-region but there is a lack of connectivity with other areas. However, the adjacent Hastings and Rother housing market has similar characteristics in terms of being a coastal town and its rural hinterland. There could be merit in looking at the Eastbourne and Hastings markets along with their rural hinterlands as part of one HMA, not because they form a single functional housing market, but because they are two adjacent housing markets facing very similar issues.

Hastings and Rother

- 1.33 The Hastings and Rother sub-region comprised Hastings and Bexhill and much of the rest of Rother District. Hastings and Rother themselves exhibit significant cross border household movements and share the same functional labour force with the two districts mapping onto the travel to work area for Hastings. As noted above there could be merit in looking at the Eastbourne and Hastings markets along with their rural hinterlands as part of one HMA, not because they form a single functional housing market, but because they are two adjacent housing markets facing very similar issues.

High Weald

- 1.34 The High Weald housing market is largely contained within Wealden District and hence is another relatively small market, too small to be deemed a sub-region. It overlaps into the Eastbourne and the Hastings and Rother sub-regions to the south, with the West Kent sub-region on the north east and to a limited extent with the Sussex Coast and Crawley-Gatwick sub-region. As with the Eastbourne, Hastings and Rother housing markets there is unlikely to be a strong case for undertaking an HMA solely for the High Weald market.

West Kent

- 1.35 The West Kent sub-regional housing market primarily comprises the districts of Sevenoaks, Tunbridge Wells and Tonbridge and Malling. There is a high level of connectivity between these three districts revealed in significant levels of household movements across these district boundaries.
- 1.36 The area shares common characteristics in terms of house prices, settlement structure, and planning designation (predominantly green belt). As a result of this commonality the 3 local authorities have already developed close working arrangements and joint projects.
- 1.37 The West Kent sub-region has a significant degree of overlap with the with the Maidstone sub-region which takes in part of Tonbridge and Malling districts. Household movement patterns show very high levels of annual household movement from Tonbridge and Malling district into Maidstone. To the south, there is also notable overlap with the High Weald sub-region due to strong household and commuting movement between Tunbridge Wells and Wealden district.

Maidstone

- 1.38 The relative absence of large-scale household movements between Maidstone and adjacent districts, and most notably Ashford, has led to the identification of Maidstone as having its own sub-regional housing market. This covers all of Maidstone Borough and extends into the Tonbridge and Malling district, reflecting the existence of significant levels of movement between the two districts.
- 1.39 Maidstone and Ashford display very limited cross border household and commuting movement patterns and have distinct and separate Travel to Work areas. This is likely to be reinforced by the growth of Ashford as an employment centre in its own right, a key feature of the growth plans; and the fact that Ashford will benefit from greatly improved rail services into London when domestic services on the CTRL are introduced.
- 1.40 Despite the evidence that the two areas have distinct housing markets Maidstone and Ashford Borough Councils are discussing the possibility of undertaking a Joint Housing Needs Survey in the current year.

Ashford

- 1.41 The Ashford housing market maps onto the area of Ashford Borough quite closely extending into the southern part of Shepway District. Household movements between Ashford and Shepway are relatively high and provide the only flow of cross district movement from Ashford of any significance. There is also considered to be some overlap with the Canterbury and East Kent housing market towards the east. Perhaps surprisingly there are limited household movements or commuting between Maidstone and Ashford Boroughs.
- 1.42 We anticipate that while there will be significant in-migration to Ashford as the plans for the growth area come to fruition this will reinforce the distinct characteristics of the Ashford housing market, and the level of self containment, though at the margins the area of influence exerted by Ashford may grow.

Canterbury and East Kent

- 1.43 East Kent forms a coherent sub-region in terms of its economic structure and socio-economic characteristics. The sub-regional housing market is associated with the Dover, Folkestone and Canterbury travel to work areas. It extends as far west as Faversham in

Swale and to the south of Folkestone. There are significant levels of household movement and commuting between Shepway and Dover.

North Kent

- 1.44 The North Kent sub-regional housing market covers the local authority areas of Swale, Medway, Gravesham, Dartford, the northern tip of Sevenoaks and stretches into the London Borough of Bexley. Medway is the dominant centre of employment for the sub-region, having the largest concentration of employment in Kent. The migration patterns reveal a distinct chain of household movement across this North Kent sub-regional area, with a particularly strong cluster of movement displayed between Bexley, Dartford, Gravesham and Medway. The inclusion of the northern part of Sevenoaks in the North Kent sub-region was felt appropriate as it has characteristics more akin to Dartford and Gravesham than to the rest of Sevenoaks.

Inner West- Slough and Hounslow

- 1.45 The Inner-West sub-region extends from Runnymede in the south to South Buckinghamshire in the north, encompassing Spelthorne, the eastern part of Bracknell district, the eastern part of Windsor and Maidenhead district, with a central nucleus focused on Slough. Slough, like many districts within and bordering this sub-region, has a housing market heavily influenced by its proximity to London, the economic strength of the Thames Valley, the relative affluence of neighbouring authorities and excellent road, rail and air links. As well as stretching into London, therefore, the inner-West area shows significant overlap on the western side with the Reading-M4 West sub-region.
- 1.46 However, the decision to define this area as a separate sub-region is largely influenced by the large quantity of employment located in the area, to such an extent that Slough has its own travel to work area. The presence of Heathrow as a major centre of employment in its own right and its influence on the surrounding area is an important characteristic of the market. Analysis of household movements display high levels of movements between Slough and Windsor and Maidenhead and South Buckinghamshire, but limited movement westwards to areas such as Wokingham and Reading. Travel to work patterns also indicate this area is a separate housing market to the Reading-M4 West sub-region.

Inner North- Aylesbury

- 1.47 The spatial extent of the Inner-North area maps closely onto the Aylesbury and Wycombe travel to work area. The sub-region stretches from its overlap with the MKSM market above Aylesbury in the north to High Wycombe in the south. The sub-region is heavily influenced by travel to work corridors to and from London, with many of its residents commuting into London to work, which generates overlap with the Inner-West area to the south.
- 1.48 There is also considerable overlap with the MKSM region to the north. It is possible that the growth of Milton Keynes as an employment centre may have had and will continue to have an increasing influence over the northern part of the area. However, DTZ expect that in common with other major centres outside of London, its influence will be stronger on areas more distant to London, than on those areas located between the centre and London.

Inner South

- 1.49 High employment concentrations located in Croydon, Bromley, and the southern London fringe exert a considerable sphere of influence over the northern parts of the neighbouring South East districts of Mole Valley, Reigate and Barnstead and Tandridge. Dependence

upon these employment sources is heightened by the relative absence of alternative nearby employment locations, with Crawley representing the only notable source of employment for these districts outside London.

- 1.50 Therefore, the Inner South sub-region extends across the London districts of Croydon, Sutton and Bromley into Epsom and Ewell and the northern areas of Mole Valley, Reigate and Tandridge. In a sense this area comprises an 'edge city' sub-region with its rural hinterland. The sub-region overlaps into Sevenoaks to the east and with Guildford, Woking and Elmbridge to the west; areas that also access and are reliant upon the employment opportunities positioned in the Boroughs of the southern London fringe.

Adjacent Areas Outside the Study Area

- 1.51 In addition to the sub-regional areas identified within the study area, DTZ have also outlined indicative sub-regions (where possible) in the area of surrounding regions that border the South East.
- 1.52 The delineation of the sub-regions outlined in the South West have been informed by the similar sub-regional study that DTZ undertook in the South West region. However, as no similar exercise has been undertaken in the East Midlands or East of England it has not been possible to show bordering sub-regions in these areas. DTZ have, however, provided an indicative Warwick/Leamington housing market based upon local knowledge of the area, rather than primary data analysis.
- 1.53 DTZ also examined the extent to which there is a relationship between north Kent and Essex in relation to workplace and household migration. However, the interaction between these areas was found to be very limited, with the River Thames acting as a significant barrier to travel to work and household movement patterns.

2 ROLLING OUT THE HMA PROCESS IN THE SOUTH EAST

2.01 The previous section described the structure of sub-regional housing markets in the South East of England. In this section, we turn to questions surrounding the conduct of HMAs, in particular:

- What areas should be covered by HMAs – and should HMAs be undertaken for every sub-regional housing market?
- Who should take the lead on preparation of HMAs – regional organisations or sub-regional partnerships?
- How should one frame the terms of reference for an HMA to maximise the benefits of the study?
- How important is consistency of approach between HMAs and how can this be achieved?
- What should be the relationship between HMAs and Housing Needs Studies?

2.02 The discussion in this section supplements the detailed guidance contained in the HMA Manual published by ODPM (and prepared on behalf of ODPM by DTZ) on how to prepare an HMA.¹ The Guidance remains valid for the conduct of HMAs in the South East, though new guidance bringing together existing guidance on the conduct of HMAs and updating guidance on Housing Needs Assessments is in preparation.

What areas should be covered by HMAs?

2.03 The HMA Guidance indicate that HMAs should, where they are to be conducted, be undertaken for identifiable sub-regional housing markets. The implication of this would be that potentially there is a requirement of 21 HMAs in the South East, given that there are 21 identifiable sub-regional housing markets. However, a number of the housing markets identified in the region are quite small. DTZ believes that there are a number of cases where it would be sensible, if an HMA is to be undertaken, for this to cover a number of markets.

2.04 The rationale for recommending in certain cases that the general rule of one HMA for each identified sub-regional housing market should not be followed is based on the following considerations:

- In some areas there are significant overlaps between housing markets. Where such overlaps exist it may well make sense to look at two areas at the same time, because there is a relatively large area which is subject to the influence of two markets. It helps to explain this concept if the reader thinks of a Venn diagram comprising two circles which have a significant area of overlap.
- For practical reasons it is desirable, if it can be sensibly avoided, in expecting authorities to be involved in two or more HMAs. Because of the extent to which housing markets overlap in the South East of England this will not be possible in every case to avoid, but in some cases by undertaking an HMA for two adjacent housing market areas this problem can be avoided.
- There are unquestionable economies of scale in undertaking HMAs, so that it will be more cost effective to undertake a combined HMA for two small market areas adjacent to one another, than to separately undertake two HMAs. This is so even if the brief makes it plain that the analysis should ensure that the different characteristics of the two markets need to be brought out.

¹ http://www.odpm.gov.uk/stellent/groups/odpm_communities/documents/downloadable/odpm_comm_027115.pdf

- One of the reasons for undertaking HMAs is to encourage joint working and sharing of best practice between authorities. The benefits of shared learning and the potential for joint working are lost if only one or two authorities undertake an HMA, even if the boundaries of those one or two authorities fully encompass the identified sub-regional housing market.
- There may be other policy related reasons why it is deemed desirable to undertake an HMA for an area comprising more than one housing market area. In the South East context for example a relevant consideration are the areas identified by the Regional Assembly for special study as part of the development of the Regional Spatial Strategy.

2.05 It is also important to note, however, that the above benefits can be offset if the size or number of housing markets examined as part of an HMA is so large, that the area has little coherence or the number of local authorities is so large that management of the process becomes very difficult. There are added difficulties where partnerships that would logically be responsible for HMAs involve authorities in different regions, and probably there are particular difficulties in working across the London boundary.

2.06 In view of these considerations, Table 2.1 identifies the areas and authorities that DTZ would regard as being party to different HMAs (assuming it is decided that an HMA should be undertaken). In the great majority of cases we recommend that the focus of an HMA is on a single identified sub-regional market. However in four cases we think there is a case for deviating from this norm:

- DTZ would recommend that a single HMA be undertaken for the Eastbourne (including part of Wealden) and Hastings and Rother housing markets, since there is overlap between the two markets and the housing markets probably have similar characteristics. We also believe that it makes no sense to undertake an HMA solely for the High Weald housing market, and on balance believe that consideration of this market should be included in the HMA undertaken for Eastbourne, Hastings and Rother, though it is acknowledged that Tunbridge Wells (in the West Kent market area) exerts an influence on part of the High Weald market.
- We believe there would be merit in undertaking a combined HMA of the West Kent and Maidstone housing market area, in part because of the overlap of these two market areas, and also because the Maidstone housing market embraces a significant part of Tonbridge and Malling District. As noted above we believe it preferable to avoid authorities having to participate in two (or more HMAs) and anticipate that there are benefits in having HMAs undertaken by more than two authorities in order to encourage greater sharing of learning and to achieve economies of scale.
- There could be merit in undertaking a combined HMA for the Ashford, and the Canterbury and East Kent housing markets, in part because of the overlap between the two markets; in part to avoid Shepway District Council having to play a major role in two separate HMA processes. A combined study would also mesh better with the Regional Assembly's East Kent study area being undertaken as part of the preparation of the Regional Spatial Strategy. A combined HMA could see to assess the implications of the growth of Ashford for East Kent in general.

2.07 Further discussions would need to be undertaken in every area to secure sign up to the proposals presented in this section for the conduct of HMAs. But in one area DTZ feels unable to make a definitive recommendation, and there would need to be further discussions to determine what will work best. This is in the Blackwater Valley area. As discussed in the preceding section this area does not operate fully as a defined sub-regional

housing market, having links with the Guildford-Woking market, the Reading-M4 market, and the North Hampshire market.

- 2.08 Inclusion in an HMA for the Reading-M4 housing market would not make sense. Inclusion within an HMA for the Guildford-Woking housing market would entail a very large partnership of diverse authorities, which might make the HMA process unmanageable. Other options would be to undertake an HMA for the Blackwater Valley (involving a core of 4 authorities) while acknowledging and examining the influences of the surrounding area (this option would probably be the preference of the core authorities); or to undertake an HMA for North Hampshire and the Blackwater Valley acknowledging the different characteristics of the Blackwater Valley, Basingstoke and Andover housing markets.
- 2.09 Based upon the preceding discussion and the analysis presented in Part C, the main potential HMA groupings for the South East are outlined in Table 2.1 below. Due to the integrated and overlapping nature of the sub-regions, a number of districts potentially fall into more than one HMA area. We recommend that these authorities participate in one HMA, but that part of the brief for that HMA is to examine the overlap with adjacent housing markets and the implication of this for strategy in the overlap areas.
- 2.10 The districts in the table in bold represent the primary/lead districts in each HMA area. The table also provides an indication (in italic) of the districts which are likely to need to be considered in terms of overlap in each of the HMAs. No district is a core district in more than one HMA area (apart from the main Blackwater Valley districts which for the reasons examined in paras 2.07 and 2.08 are not placed as core districts within a specific sub-region). Alternate colours are used to distinguish between the HMA areas (red/blue consecutively).

Table 2.1 Potential HMA Groupings in the South East

Table 4.1: Potential HMA Groupings in the South East				
HMA Area Name/ Map Number	Primary (Bold) and Secondary (Italics) Authorities	HMA Area	Primary (Bold) and Secondary (standard) Authorities	
Oxford City Region (2)	Oxford	Guildford-Woking (8) /Blackwater Valley	Guildford	
	Vale of White Horse		Woking	
	South Oxfordshire		Waverley	
	West Oxfordshire		Elmbridge	
	Cherwell		(Hart)	
MKSM (1)	Aylesbury Valley	Sussex Coast (13)	(Rushmoor)	
	Milton Keynes		(Surrey Heath)	
	South Northamptonshire		Chichester	
	Aylesbury Vale		Arun	
	Bedford		Lewes	
Inner North (3)	Mid-Bedfordshire	Crawley/Gatwick (12)	Worthing	
	Aylesbury Vale		Adur	
	Wycombe		Brighton and Hove	
	Chiltern		Horsham	
	South Buckinghamshire		Mid Sussex	
Reading M4 West (4)	Dacorum	Inner South (11)	Mole Valley	
	Reading		Reigate and Barnstead	
	West Berkshire		Tandridge	
	Wokingham		Epsom & Ewell	
	Windsor & Maidenhead		West Kent (14)/ Maidstone (18)	Sevenoaks
Bracknell Forest	Tunbridge Wells			
South Oxfordshire	Maidstone			
North Hampshire (7)/ Blackwater Valley (6)	Slough	North Kent (17)		Tonbridge and Malling
	South Buckinghamshire			Dartford
	Runnymede		Gravesham	
	Spelthorne		Medway	
	Windsor and Maidenhead		Swale	
South Hampshire (9)	Bracknell Forest	Hastings & Rother (19) /Eastbourne (16) /High Weald (15)	Wealden	
	Test Valley		Eastbourne	
	Basingstoke and Deane		Hastings	
	(Hart)		Rother	
	(Rushmoor)		Tunbridge Wells	
South Hampshire (9)	(Surrey Heath)	Ashford (20) /Canterbury & East Kent (21)	Ashford	
	East Hampshire		Canterbury	
	New Forest		Thanet	
	Southampton		Dover	
	Eastleigh		Shepway	
South Hampshire (9)	Fareham	Isle of Wight (10)	Isle of Wight	
	Winchester			
	Portsmouth			
	Havant			
	Gosport			
South Hampshire (9)	East Hampshire			
	Test Valley			

Who should take the lead on preparation of HMAs?

2.11 It is clear that the completion of HMAs have the potential to serve the needs of both regional organisations such as the Regional Assembly and the South East Housing Board and of sub-regional partnerships based primarily on local authorities but including other organisations. But the purposes for which regional and sub-regional organisations need HMAs are not identical.

- Regional organisations in particular need sub-regional analysis to inform the development of the Regional Housing Strategy and the Regional Spatial Strategy. They are also interested in using the information derived from HMAs to inform resource allocation decisions and for this they need information to be provided on a consistent and comparable basis.
- Sub-Regional Partnerships need to enhance their understanding of how the sub-regional housing market operates to inform local housing strategy and the development of joint working. They are also likely to be interested in the information to help them influence resource allocation decisions by highlighting the needs of their area over and above those of other areas.

2.12 There is clearly a significant overlap in the interests of regional organisations and sub-regional partnerships in conducting HMAs but the subtle differences in agendas could translate into differences of emphasis in the conduct of HMAs.

- For example regional organisations are likely to want to be able to compare and contrast the different sub-regional Housing Markets in the South East to understand how they differ and where they are similar, and to do so on a consistent basis. Consistency in data analysis (in terms of which sources are used, time periods for analysis, and creation of secondary variables) is vital if information is to inform resource allocation decisions.
- In contrast, sub-regional partnerships are likely to be more interested in differences within the sub-regional housing market – essentially the overlay of local market characteristics within the sub-regional housing market context. They may also wish to present data and analysis in a particular way to highlight the needs of the sub-region, and therefore if left to their own devices with no central guidance or control each area would present sub-regional data in a different way.

2.13 The question therefore arises: Should the RHB specify the format and content of HMAs to be undertaken in the South East? Or should sub-regional partnerships be allowed to develop briefs for HMAs that reflect the particular issues that are of most concern to that partnership and to adjust the approach to fit their requirements? These questions cannot be totally divorced from the question of ‘who pays for HMAs to be undertaken’?

2.14 Both a purely top down, prescriptive approach, and a bottom up, locally determined approach have strengths and weaknesses as outlined in the box below. The challenge is therefore to find an approach to the conduct of HMAs that harnesses the strengths of both the top down and the bottom up approach, and addresses the weaknesses of each approach. The right solution is clearly for regional organisations to work in partnership with sub-regional partnerships to create a win-win solution.

Advantages and Disadvantages of Top Down and Bottom Up Approaches to HMAs

	Top Down	Bottom Up
Strengths	<p>Can ensure consistency across sub-regions in terms of analysis</p> <p>Ensures transfer of best practice and learning between sub-regions</p> <p>Can help ensure that difficult political issues (eg scale and location of new housing development) are not ducked</p> <p>Helps to ensure consistent quality by development of central core of expertise in conduct of HMAs</p> <p>Provides the consistency and comparisons that are required for development of regional strategy and to inform resource allocation</p>	<p>Ensures the work is focused on issues of concern to sub-regional partners</p> <p>Likely to encourage sub-regional partners to make data available</p> <p>Fosters greater insights into local housing markets and differences within the sub-region</p> <p>Allows scope for sub-regional partners to make the case for investment in their area</p> <p>More likely to help focus local housing strategies</p> <p>Helps build partnership approaches and hence encourages joint working</p>
Weaknesses	<p>Can demotivate sub-regional partners who are important to the HMA process in terms of providing data and local insights</p> <p>May fail to explore issues of particular concern to the sub-region due to imposition of 'one size fits all' approach</p> <p>Lack of local ownership of the process can mean that the implications for local housing strategy are not drawn out</p> <p>May do nothing to foster joint working</p>	<p>Lack of consistency between HMAs undertaken for different sub-regions</p> <p>HMAs may contain an element of advocacy for the sub-region</p> <p>May as a consequence fail to be of value in informing resource allocation decisions</p> <p>Awkward but important issues that threaten partnership approaches (eg scale and location of new housing development) may be parked or sidelined</p> <p>More difficult to encourage learning in the conduct of HMAs and the adoption of best practice</p>

2.15 DTZ would recommend the following approach to the funding and roll out of HMAs in the South East region.

- The SEHB and Regional Assembly should maintain a strategic oversight of the entire HMA process and have responsibility for transferring good practice and ensuring a degree of consistency between all HMAs; but sub-regional partnerships should be fully engaged in the process of undertaking HMAs
- The preparation of HMAs should therefore be seen as a joint responsibility of the SEHB and sub-regional partnerships. Thus the SEHB should work with sub-regional partnerships to develop the brief for HMAs; where appropriate to appoint external consultants and participate fully on steering groups.
- This partnership should be reflected in funding arrangements with costs of preparing HMAs shared between the SEHB and sub-regional partnerships in equal measure. DTZ suggest that the SEHB should match the funding put up by sub-regional partnerships.
- DTZ recommend that the SEHB prepare a ‘Housing in the South East’ report containing a comprehensive analysis of those housing data sets available on a consistent basis across the whole of the South East. This document would be a core source of information for HMAs. We set out in more detail below what this document would contain. Such a study would take as its starting point the current study commissioned by the SEHB on “Developing the Evidence Base to Inform the Regional Housing Strategy,” which seeks to bring together a comprehensive and consistent database of housing statistics across the region.

How should one frame the terms of reference for an HMA to maximise the benefits of the study?

2.16 The approach we are advocating for the conduct of HMAs in the South East is a partnership approach between the SEHB and sub-regional partnerships. Implicit in this approach is that the scope and focus of HMAs can vary between sub-regions, so as to allow focus on the particular challenges and opportunities in that sub-region; but there will be a consistent core of information and analysis that will allow the regional bodies to derive a consistent overview of all sub-regional housing markets in the South East.

2.17 In view of this it is not possible to be prescriptive about the precise scope of each HMA. However DTZ would emphasise the importance of developing a clear brief for an HMA to ensure the quality of the eventual outputs. This applies whether or not the HMA is to be prepared using in-house staff or if an external organisation (eg. consultants or academic institution) is to be commissioned.

2.18 The process of developing the brief should be undertaken by a small group representing the key partners. Ideally you want to engage senior personnel in this since they are the ones most likely to see the big picture. The key to getting what you want out the HMA process is to know what you want out of the process at the start. There are a number of techniques that can be used to help partnerships develop a clear set of objectives for an HMA.

- Debate among the key partners why you are undertaking an HMA. In this it may be helpful to refer back to the potential functions of the HMA process outlined in Part A. Is your HMA more about addressing sub-regional housing and planning issues or is it more about identifying areas for joint action? Note that the approach that DTZ are recommending will in all cases yield a core of information that will inform resource allocation decisions.

- You may find it difficult to start the above discussion. In which case you may wish to take a step backwards and brainstorm to identify housing and planning related issues where you feel you have inadequate information. Then translate those into specific questions, in as much detail as possible, that you would like to have answers. Then prioritise those questions – which of these are ‘must know’ and which would be ‘nice to know’.
- Speculate about what the desired outcomes of the HMA might be. Specifically ask yourselves ‘what might we expect to do differently as a result of the information that the HMA will provide’. It may help to use hypotheses; ask yourself the question ‘if the HMA were to show that is the case, what would we expect to do about it? What options for intervention do we have? This will allow you to identify if there are specific hypotheses or anticipated interventions that you want the HMA to test.

2.19 Once the core team is clear about the objectives of the HMA you can turn to other parts of the brief. Key elements of the process of developing the brief are:

- Consider how you would anticipate that the objectives of the study will be met. If you anticipate using external contractors to prepare the HMA, then you need only to outline the key elements of the approach – you can ask the contractors to outline their recommendations. However if there are certain ‘must have’ components of work (eg analysis of a common core of data, any surveys etc) these should be specified.
- Consider the level of resource required to complete the study. There is a rule of thumb that is worth observing in commissioning external consultants.
- If you can be very specific about the work you require, then there is no benefit in giving consultants a guide price. You should receive tenders that are directly comparable against your specification and where you can compare prices on a like for like basis.
- If you wish to get ideas from consultants about how best to meet your (clearly specified) objectives, then you should think about providing a guide budget. Failure to do so may result in you receiving tenders that are very difficult to compare because they vary considerably in scope and price.

How important is consistency of approach between HMAs and how can this be achieved?

2.20 Consistent information is important particularly to regional organisations since they need to understand the differences in the character, needs and opportunities of the different sub-regional housing markets in the South East. It is also of value to sub-regional partnerships to know how they differ from other sub-regions and which sub-regions they are similar to, since this will cause them to think about whether certain interventions made elsewhere may be appropriate to their sub-region or not.

2.21 It is also the case that some ways of analysing information are simply more robust or communicate better with the audience than others. For example it is always preferable to look at trends over time rather than a snapshot of information for one year. There are also insights into the quirks of data that are not always widely understood – for example it is not possible to undertake a straight forward comparison of households living in the private rented sector between the 2001 and 1991 Censuses because of changes in the treatment of tied accommodation.

- 2.22 For both these reasons DTZ recommend that the SEHB produce a 'Housing in the South East' report that would analyse the standard data sets available for each local authority and for housing associations on a common basis for all sub-regional housing markets in the South East. Data could be aggregated up for sub-regional housing markets, using a best fit between local authority areas and housing markets. This study would need to look at a wider range of economic datasets than those currently being examined in the "Developing the Evidence Base to Inform the Regional Housing Strategy" project. Nevertheless, once completed this report will provide a significant amount of the information and key data for the recommended study.
- 2.23 Undertaking the analysis for the whole region at the same time would not only provide consistency but be more cost effective and comprehensive than doing this as part of the preparation of individual HMAs. Material would be presented through a mix of tables, charts and maps. It would be underpinned by a set of easily accessible spreadsheets that would allow analysis by local authority.
- 2.24 This 'Housing in the South East' digest would provide each HMA partnership with a common core of information that they could incorporate into their HMA. As part of the HMA process additional quantitative and qualitative information would be used to supplement the core statistical information provided in the 'Housing in the South East' digest. Individual HMAs would use this additional information to provide greater depth of analysis and an interpretation of the drivers and characteristics of the sub-regional housing market.
- 2.25 Further work is required to develop the specification for the Housing in the South East report but an initial indication of the data and sources which such a digest should bring together is given in Table 2.2.

Table 2.2
Proposed Datasets to be Collected at a Regional Level

Section	Indicator	Source
Demographic Drivers of Demand	Population Trends	Census/ Mid year Population Estimates
	Population Projections	ONS/ ODPM
	Age Structure/ trends	Census/ Mid year Population Estimates
	Migration- origin/destination	NHS- soon to be Census
	Migration- origin/destination- Age	NHS- soon to be Census
Demographic Structure	Household Composition/ trends	Census
	Household Composition Projections	ODPM
	Household Size/ Trend	Census
	Household size projections	ODPM
Economic Drivers of Demand	GDP per Head	ONS
	Employment trends	ABI
	Employment projections	ONS
	Economic Activity Levels	Census/ LFS
	Socio-economic Structure	Census
	Household Incomes	Inland Revenue
	Commuter Patterns	Census
	GVA Projections	ONS
	Workforce/ Employment Projections	DETR/ TEMPRO database
Scale and Structure of Supply	Stock by Tenure- ownership	Community Data Services
	Type of Dwelling	Census
	Council Tax Band	Census/ LA revenue services
	Type of Occupancy	Census
	Tenure	Census
	Analysis of Social Housing	LAs, CORE, Housing Corporation, Housing Needs Surveys
Supply Trends	Housing Stock Trends	Community Data Services
	Completion Levels	LAs
	Development Sites	LAs
	Capacity Levels	Local Plans, Urban Capacity studies etc
	Planning Targets	RPG, Local plans etc
Demand meets Supply	House Prices/ Trends	Land Registry
	Sales Levels/ Trends	Land Registry
	Affordability	Joseph Rowntree Foundation/ Land Registry + Inland Revenue
	Homeless Applications/ acceptances	LAs
	Housing Register Data- trends	LAs

What should be the relationship between HMAs and Housing Needs Assessments?

2.26 It is generally unlikely to be the case that HMAs will include much in the way of primary research². Nor can HMAs generally provide the sort of detailed information on housing needs provided by Housing Needs Assessments, since they tend to focus on the big picture. For the foreseeable future there will be an ongoing requirement for Housing Needs Assessments to provide the sort of detailed information that local authority planning staff need in order to back up their planning policies on affordable housing and their negotiation with developers.

2.27 However there is a clear need to integrate HMAs and HNAs and to address some of the weaknesses of HNAs undertaken in the past. ODPM is currently preparing revised guidance on HNAs and how they should relate to HMAs and we cannot prejudge what this will recommend. However in the interim, the SEHB should clearly promote good practice. We would suggest that the SEHB should encourage:

- The commissioning of Joint Housing Needs Assessments. There is little merit in undertaking HNAs for single authorities, though it is accepted that local authorities may need to ensure that data can be analysed solely for their area. This can be done by ensuring that all survey data is geo-coded (probably using 7 figure post codes). By working in partnership, local authorities should be able to secure better value for money, as well as creating the opportunity to compare and contrast needs with adjacent areas. It would clearly make sense to promote HNA for sub-regional housing markets – though providing data is geo-coded and capable of analysis for sub-regional housing markets – it may well make sense to undertake surveys for even larger areas than this such as counties.
- The SEHB has an interest in ensuring that development of consistent and comparable information emerges from the HNAs, just as it does in ensuring consistent and comparable information emerges from HMAs. The SEHB should therefore take a role in promoting best practice, and the transfer of experience between local authorities. There would be merit in exploring if there is scope to develop a common core to the survey questionnaires used, and a general acceptance of what is best practice in terms of sampling methodology, data storage and analysis.
- It is of increasing importance that HNAs not only provide crude numbers of households in need of affordable housing, but information on tenure preferences and ability to afford intermediate housing products such as shared ownership and other forms of subsidised housing other than conventional social rented housing. This implies developing effective means of collecting information on household income and wealth (particularly existing housing equity) and greater sophistication in analysing the ability to afford different sub-market housing products.

² The West of England HMA was perhaps unusual that around 40% of the total budget was used to undertake qualitative research into the housing aspirations and perceptions of consumers. This entailed the organisation of 17 focus groups with people at different lifestages, in different tenures and in different parts of the sub-region.