1. Executive summary

The Liverpool City Region comprises the Core City of Liverpool and local authority districts of St Helens, Wirral, Knowsley, Sefton, and Halton plus the adjacent areas of Warrington, Chester, Ellesmere Port and Neston (West Cheshire), and North Wales (across to Denbighshire and down to Wrexham) and West Lancashire (beyond Skelmersdale and north to Burscough). The City Region has a population of 2 Million people. There are also strong economic interrelationships with the Manchester City Region. Its markets interact over a much wider catchment area; 6.75 million people live within 60 minutes drive time from Liverpool City Centre.

The Liverpool City Region Housing Strategy is a **strategic "planning for housing"** document. It is distinguished from traditional housing strategy in respect of its multi-authority perspective and purpose. It deals with the housing supply and demand issues which need to be addressed collectively by local authorities and their partners in order to respond to the economic growth plans set out in the CRDP, the emerging pattern of household needs and the requirement to plan for balanced, sustainable housing markets.

2. Background to strategy

Partners across the Liverpool City Region have been working collaboratively to fully understand the way in which their housing markets work, interact and complement one another. Recent changes in the economy and demographics of the City Region have added impetus to the need to jointly understand and plan for the right choice of housing in the right locations. These are not insignificant drivers of change. The City Region authorities and their partners have therefore worked collaboratively to devise a Housing Strategy that responds to the opportunities and challenges that are likely to arise from the growth of the City Region's economy.

The Strategy is informed by a series of strategic "Housing Market Assessments" (HMAs) covering all local authorities within the City Region. These HMAs have been prepared in accordance with DCLG guidance.

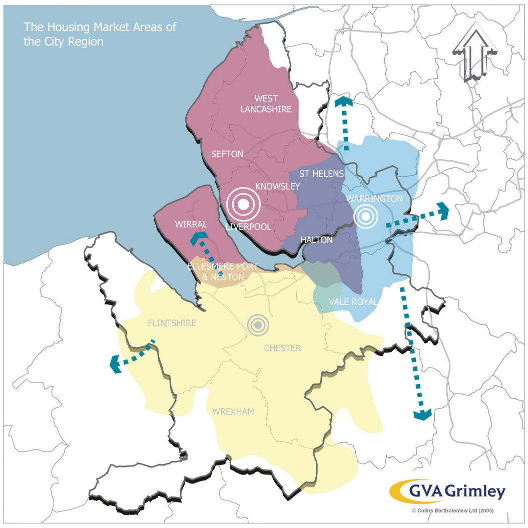
This is the first City Regional Housing Strategy to be prepared and represents joint working and a shared vision between thirteen local authorities, across two countries and a range of stakeholder groups.

3. Strategic policy links

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

At a sub-regional level it will be instrumental in the delivery of the City Region Development Programme, ensuring that the right housing is supplied in the right locations to meet need and demand as it arises. The Liverpool City Region Development Programme (CRDP) sets a framework for developing a creative and competitive economy and provides a platform for partners to: help stimulate private sector involvement and investment; influence public investment planning and co-ordination; establish collaboration across the City Region and develop pan-northern opportunities. The City Region Housing Strategy is a key element of delivering the Sustainable Communities workstream within the CRDP.

4. Definition of functional markets



Three functional housing markets have been identified as being in operation in the City Region. They are illustrated in the plan above and are centred on the Core City of Liverpool in the north, Chester in the southern area and

Warrington in the east of the City Region. Within each of these functional market areas there is a high level of connection and links between the following authorities:

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

The City Region Housing Strategy uses these three functional market areas as a sustainable basis upon which to plan for household demand emanating from indigenous household need and economically derived demand.

5. Opportunities and challenges

Northern Housing Market

The Northern Housing Market's economy has experienced profound structural changes as it has moved out of the manufacturing economy and developed in the service sector economy. Evidence contained within this Strategy suggests that despite the recent period of economic and housing market growth, the NewHeartlands Housing Market Renewal areas remain the most structurally vulnerable to market change in the City Region. This suggests that the shadow of low demand and market vulnerability will continue to exert an influence on performance of the inner areas of Liverpool, Sefton and Wirral while the Pathfinder programme works through its long-term programme of transformation.

Social rented housing continues to feature prominently across the Northern Market Area. Demand for this sector has increased over the last five years and will remain an important tenure projecting into the future and taking demographic and economic factors into consideration. Large parts of the Northern Housing Market also continue to be characterised by the prevalence of smaller terraced properties and comparatively low levels of larger family housing. This skewed stock profile is likely to affect the ability of the market area to respond to changing occupational household demand and aspirations in the future.

However, despite these apparent challenges, the level of infrastructure, proximity to employment and quality of service provision make the Northern

Market Area a sustainable location to live. It offers great potential to facilitate economic growth through the accommodation of new households. However, the poor neighbourhood conditions within the core areas are continuing to push those actively moving within the housing market towards more peripheral areas where the overall quality of place is perceived to be better, and where larger stock types are more prevalent. The Housing Strategy aims to focus and direct demand to achieve the economic regeneration of the City Region.

Southern Housing Market

The Southern Area is well positioned in terms of its economy, with business sector strengths that provide competitive advantages and will continue to deliver growth over the forthcoming period. Economic growth in the past has been associated with strong population growth and in –migration creating pressure on the housing market. House prices have risen to levels which indicate the desirability of the area and the intense pressures on the housing stock.

The Southern market on the whole enjoys a very strong positive image and represents an aspirational housing market for much of Merseyside and Greater Manchester. Demand for property is therefore very high with the success of Chester displacing demand further into the North East Wales authorities. These market pressures have driven up house prices fuelling affordability issues across the area. The Southern Market Area records the highest affordability ratios within the City Region and includes a significant area in which it very difficult to locate affordable housing.

The area contains a low proportion of social sector housing and this relative “shortage” of stock means that the ‘safety net’ offered by this tenure could be considered deficient. Combined with relatively high average prices this has an effect on the accessibility of the market to new entrants. Affordable properties are largely limited to flatted accommodation with developers continuing to increase this stock type, suggesting a lack of choice in the ‘entry level’ market.

Eastern Market Area

Housing choice across the Eastern Market Area is generally balanced. The southern areas (parts of Warrington) are distinguished by higher than average levels of detached properties with smaller terraced and semi-detached properties represented in North Warrington and St. Helens. Significant house price rises within the Eastern market area coupled with a number of localised areas of low household income mean that affordability is becoming an increasing problem within this housing market area. This has particular relevance to the southern part of the market area.

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

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

6. Future potential

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

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

- Northern HMA: 74,700
- Southern HMA: 14,900
- Eastern HMA: 25,900
- This level of household growth potential represents a significant opportunity for the City Region to build sustainable communities and regenerate the most vulnerable parts of its housing market.

7. Vision

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

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

8. The strategy

Seven "Strategic Enablers" have been developed in order to focus policy, investment and to achieve the Strategy Vision. The purpose of each one of these is to support and maximise the contribution that housing can make to the economic growth, regeneration and social inclusion agendas of the City Region. Each of the enablers and associated policy recommendations are summarised below:

Strategic Enabler 1: Planning for a Sustainable Level of Growth

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

LCR 1.1	Plan to accommodate the minimum level of growth required to support CRDP project delivery within each functional market area
LCR 1.2	Joint authority protocols to enable effective "sharing" of housing figures within functional market areas to prevent over/ under supply
LCR 1.3	Local Authorities work jointly to ensure consistent and up-to-date Housing Needs Surveys within each functional market area
LCR 1.4	Monitoring of economic growth and housing supply at functional market area level to identify mismatch between supply and demand

Strategic Enabler 2: Sustainable Growth Locations

The level of economic growth forecast poses a series of delivery challenges and opportunities for the City Region. Most importantly there is the opportunity to capture household based demand within the City Region and to ensure that the requirement for "imported" labour and in-commuting is minimised. Planning at the level of functional housing markets is a sustainable basis to move delivery of the CRDP forward.

LCR 2.1	Prioritise housing development on land surrounding the Regional Centre to support recovery and growth of NewHeartlands area
LCR 2.2	Outside the Pathfinder, develop complementary LDF policies within functional market areas to prioritise housing to: • Priority Regeneration Areas • Areas proximate and accessible to CRDP economic growth locations
LCR 2.3	In the Southern market area, co-ordinate LDF policies to support economic growth of Chester and Deeside Hub
LCR 2.4	In the Eastern market area, co-ordinate LDF policies to support economic growth of Warrington

Strategic Enabler 3: Priority Regeneration Areas

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

LCR 3.1	The Pathfinder will remain the primary focus for public investment and housing provision in the City Region
LCR 3.2	Pathfinder authorities and NewHeartlands will continue to direct investment to provide the housing that will create balanced markets in the inner core neighbourhoods
LCR 3.3	Pathfinder authorities and NewHeartlands will work to improve the worst neighbourhood and environmental conditions in the Northern market area
LCR 3.4	Pathfinder authorities and NewHeartlands will work with skills and training agencies to ensure that economically marginalised residents are equipped to benefit from CRDP growth
LCR 3.5	Pathfinder authorities will make policy provisions linking rate of housing supply to that required to deliver regeneration and build a critical mass of population to sustain neighbourhood services
LCR 3.6	Outside the NewHeartlands Areas, partners will work together to devise a City Region regeneration programme prioritising from within the 15% most vulnerable neighbourhoods, in support of Priority 1.4 of the Regional Housing Strategy
LCR 3.7	The 15% most vulnerable areas (inclusive of NewHeartlands neighbourhoods) are identified within the Strategy
LCR 3.8	The most vulnerable areas in the City Region provide a basis to target complementary action and investment under the CRDP worklessness, skills and training agendas

Strategic Enabler 4: Creating Balanced Markets

In order to "capture" household demand effectively it is necessary to link economic growth to the requirements of particular households which are likely to be created, attracted and retained in the City Region. Mismatches between supply and demand may cause areas of strong demand to be reinforced and areas of market vulnerability to be further exposed. The Strategy seeks to "balance" housing markets across the functional market areas, addressing historic deficiencies in stock types and responding to occupationally driven demand for housing.

LCR 4.1	Secure a balanced mix of house types in all new developments to encourage mixed income, inclusive communities
LCR 4.2	Support economic growth by: Prioritising development of a range of larger aspirational house types in the Northern market area to address demand and stock deficits Prioritising development of a range of smaller, family housing and "move-on" accommodation in the Southern market area to meet emerging requirements Develop a range of larger aspirational house types in the Eastern market area to address demand and stock deficits
LCR 4.3	Pathfinder authorities to explore potential MAA including provisions to prioritise supply of larger aspriational housing to NewHeartlands area
LCR 4.4	Diversify housing within mono-tenure estates which are vulnerable to market change and do not meet the requirements of residents
LCR 4.5	Further research to be undertaken into the effects of private rented sector activity on each of the three functional markets

Strategic Enabler 5: Delivering a Better Choice of Affordable Housing

The rapid increase in house prices across the City Region has far outstripped the growth of average household earnings. It is well reported that this has left many FTB unable to enter the property market and also left lower income households struggling to find suitably sized properties in the locations they wish to live in.

Increases in population, changes in headship rates and the nature of growth in the City Regional economy will lead to increasing demand for affordable housing. Social housing provides a safety net for households unable to secure private market housing. Increasingly, under the climate of sustained house price rises, social rented housing has started to play an enhanced role at the beginning of the housing "lifetime" – providing an accessible resource and a decent standard of accommodation. Where affordability issues prevail, social housing can also provide appropriately sized accommodation for households as they grow and move on. The role of intermediate housing options also needs to be considered in terms of meeting subsections of affordable housing need and in terms of building real choice of tenure.

LCR 5.1	Within functional market areas, local authorities will develop complementary LDF policies to deliver an appropriate level of affordable housing
LCR 5.2	Within the Southern market area, local authorities will investigate developing complementary LDF policies to provide Local Occupancy Housing in smaller, rural settlements
LCR 5.3	Enhanced provision of affordable housing through s106 agreements • Develop a shared approach to calculating affordable house prices as a basis for speeding up delivery of affordable housing • Develop consistent policies to stipulate preference for on-site provision of affordable housing
LCR 5.4	Local authorities to audit land/ property holdings to identify resources which can assist delivery of affordable housing
LCR 5.5	Local authorities to work with non-statutory, land holding bodies to identify resources which can assist in delivery of affordable housing
LCR 5.6	Local authorities to consider reallocation of surplus employment land for affordable housing development
LCR 5.7	Review/ update Empty Property Strategies to ensure full coverage of functional market areas
LCR 5.8	LAs to develop required mix of social and intermediate housing based upon up to date and consistent Housing Needs Surveys
LCR 5.9	Protect and invest in areas of sustainable social rented stock as an integral part of the City Region housing stock
LCR 5.10	Prioritise new social housing stock in areas of low stock and demonstrable need In the Southern market area, focus Social Housing Grant upon improving affordable housing choice
LCR 5.11	RSL partners to improve the neighbourhood environment of social housing estates in tandem with improvements to the housing stock
LCR 5.12	LA and RSL partners to explore the potential to develop joint choice based lettings policy within functional market areas
LCR 5.13	RSLs to develop Social HomeBuy models in order to build tenure choice in mono-tenure estates
LCR 5.14	RSLs to develop a programme of New Build HomeBuy in areas of acute affordable housing need
LCR 5.15	Local authorities and NewHeartlands will continue to develop a range of Low Cost Home Ownership products

Strategic Enabler 6: Delivering Quality Neighbourhoods

The City Region is one of “sharp contrasts”, and this attribute is particularly apparent in relation to the quality and diversity of its neighbourhoods. Overall, the Northern market area exhibits the poorest neighbourhood quality in the

City Region, and the highest concentration of poor quality neighbourhoods. Areas of low neighbourhood quality relate to the NewHeartlands neighbourhoods in the Inner Core of Liverpool, South Sefton and Wirral as well as areas of predominantly social rented stock in peripheral locations. Patterns of poor neighbourhood quality are more diffuse in the southern and eastern housing market areas.

The strategy will require joint action from housing providers, statutory bodies and service providers acting within neighbourhoods to address these deficiencies.

LCR 6.1	Develop a protocol for multi-agency delivery of the Strategy
LCR 6.2	Embed spatial and regeneration priorities within operational business plans of service providers
LCR 6.3	Work with service providers to ensure co-ordinated/ sequenced investment in neighbourhoods alongside housing
LCR 6.4	Establish/ enhance neighbourhood management initiatives to complement planned housing investment
LCR 6.5	Target funding to improve the worst quality neighbourhood environments using the Vulnerability Index

Strategic Enabler 7: Equality and Diversity

The City Region is made up of a diversity of groups with individual housing needs, aspirations and differing abilities to realise their housing requirements. Original research informing this Strategy has looked at the issues facing BME communities and Gypsy and Traveller households. It has served to demonstrate that BME communities have distinct need profiles that are influenced by a combination of cultural, economic (income) and community related factors. The research has also shown that BME housing issues are played out at a relatively localised level within the City Region given the concentrations of communities within the inner urban areas and particularly focused on Liverpool. This has been taken into consideration in developing appropriate policy recommendations.

LCR 7.1	Produce BME household demographic projections at local authority level to inform evidence based policy
LCR 7.2	Produce a shared specification for Housing Needs Surveys to ensure the BME household data is collected on a consistent basis
LCR 7.3	Establish local authority housing “stakeholder forums” in areas of identified BME household need
LCR 7.4	RSLs to focus on marketing themselves and tailoring their products to meet HME household requirements
LCR 7.5	Within market areas local authorities will jointly review provision of sites for Gypsy and Traveller communities
LCR 7.6	Ensure CRDP skills and labour market plans take account of the barriers facing BME and Gypsy and Traveller communities in terms of labour market participation
LCR 7.7	Within functional market areas, joint research will be undertaken to understand the household needs of migrant workers
LCR 7.8	Encourage co-ordination of joint Supporting People Strategies at the level of functional market areas to build greater choice in provision
LCR 7.9	Joint commissioning of research to understand supported housing needs by client group, where there are currently gaps in the consistent/ reliable information

9. Delivering the strategy

Governance and monitoring frameworks accompany the Strategy and will be key to ensuring accountability in decision making and the ongoing relevance of the evidence base which informs policy decisions.

Following publication of the Strategy, partners have made a commitment to work within their respective functional market areas to develop “action plans” for implementation of the Strategy and its policy recommendations.