

Shropshire Council

Local Housing Need Assessment

Base Date: 31st March 2026



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1. Introduction

National Policy on Housing Need

- 1.1. The National Planning Policy Framework (NPPF) sets out Government's planning policies for England and how these should be applied.
- 1.2. With regard to housing need, the NPPF states that *"To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning practice guidance. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for."*¹
- 1.3. The resultant minimum housing need identified through this assessment is termed Local Housing Need (LHN).

National Guidance on Housing Need

- 1.4. Alongside the NPPF, Government has prepared National Planning Practice Guidance (NPPG), which supports the application of the NPPF.
- 1.5. The NPPG on Housing and Economic Needs Assessment (ID2a) includes a definition of housing need and details the standard methodology for assessing LHN.

What is Local Housing Need

- 1.6. LHN is defined within ID2a as *"an unconstrained assessment of the minimum number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations."*²

Why a 'Standard Methodology'

- 1.7. A standard methodology for assessing LHN was first introduced in 2018. Its intention is to:
 - a. Provide a clear and transparent process for local people and other interests to understand.
 - b. Base the assessment on publicly available data.
 - c. Ensure the assessment is realistic and reflects the actual need for homes in each area, taking into account the affordability of homes locally.

¹MHCLG, (2024), The NPPF – Paragraph 62

²MHCLG, (Last Updated 2024), The NPPG: HENA – Paragraph: 001 Reference ID: 2a-001-20241212

1.8. Since its first introduction, there have been several amendments to the 'standard methodology', the most significant of which occurred in December 2024.

What is the 'Standard Methodology'

1.9. ID2a explains that the 'standard methodology' utilises a "*formula that incorporates a baseline of local housing stock which is then adjusted upwards to reflect local affordability pressures to identify the minimum number of homes expected to be planned for.*"³

1.10. ID2a then provides the details of how the two-stage 'standard methodology' process is to be undertaken. The process can be summarised as follows:

Figure 1: Summary: 'Standard Methodology' to Assess Local Housing Need

	Data Source	Methodology
Step 1: Setting the Baseline	Existing housing stock	The baseline consists of 0.8% of existing housing stock for the area. Most recent available data should be utilised.
Step 2: Affordability Adjustment	Median workplace-based affordability ratio	An affordability adjustment is applied where the most recent five year average affordability ratio for the area is greater than 5. Where an adjustment is required, the factor of the adjustment is calculated as follows: Adjustment Factor = $\frac{(\text{five year average affordability ratio} - 5) \times 0.95 + 1}{5}$
Local Housing Need	Steps 1 and 2	The adjustment factor is applied to the baseline to calculate Local Housing Need.

³MHCLG, (Last Updated 2024), The NPPG: HENA – Paragraph: 002 Reference ID: 2a-002-202412122

2. Calculating Local Housing Need in Shropshire

Introduction

- 2.1. Shropshire Council has undertaken an assessment of Local Housing Need (LHN) for Shropshire⁴, utilising Government’s standard methodology as detailed within ID2a.

Assessment

Step 1: Setting the Baseline

- 2.2. Consistent with the standard methodology outlined in ID2a, the baseline for this calculation consists of 0.8% of the existing housing stock (within most recently published data).
- 2.3. The most recently published data on existing housing stock by Local Authority is that for 2024 (published in May 2025). This indicates that there are 152,203 dwellings in Shropshire.
- 2.4. The calculation of the baseline for Shropshire is therefore as follows:

Figure 2: Baseline Figure

Total Existing Housing Stock	Calculation	Baseline
152,203	0.8% of Total Housing Stock $152,203 / 100 \times 0.8 =$	1,218

Figures are rounded.

- 2.5. As such the baseline (0.8% of existing housing stock) for Shropshire is some **1,218 dwellings**.

Step 2: Affordability Adjustment

- 2.6. Consistent with the standard methodology outlined in ID2a, the second step requires consideration of the need for an affordability adjustment. This adjustment is intended to respond to ‘market signals’ regarding the need for housing in an area.
- 2.7. An adjustment is required in circumstances where the latest five year average affordability ratio is greater than 5.
- 2.8. The five year average affordability ratio is calculated based on the most recent five years of the workplace-based median house price to median earnings ratio available at a Local Authority level.
- 2.9. The most recently published data on affordability ratios by Local Authority is 2025 data (published in March 2026). This indicates that the latest five year average affordability ratio in Shropshire is 8.51. As this is greater than 5, an adjustment is required.

⁴ All references to Shropshire relate to Shropshire Council’s administrative area.

2.10. The calculation of the adjustment factor is also specified within the ID2a, as follows:

$$\text{Adjustment Factor} = \frac{(\text{Five Year Average Affordability Ratio} - 5)}{5} \times 0.95 + 1$$

2.11. The calculation of the adjustment factor for Shropshire is as follows:

Figure 3: Affordability Adjustment Factor

Five Year Average Affordability Ratio	Calculation	Adjustment Factor
8.51	$\frac{(\text{Five Year Average Affordability Ratio} - 5)}{5} \times 0.95 + 1$ $\frac{(8.51 - 5)}{5} \times 0.95 + 1 =$	1.6669

Figures are rounded.

2.12. As such the adjustment factor for Shropshire is **1.6669**.

Local Housing Need

2.13. Consistent with the standard methodology outlined in ID2a, Local Housing Need is calculated by multiplying the Baseline (Step 1) by the Adjustment Factor (Step 2).

2.14. The calculation of LHN for Shropshire is therefore as follows:

Figure 4: Calculation of Annual Local Housing Need

Baseline		Affordability Adjustment		Local Housing Need (Annual)
1,218	X	1.6669	=	2,030

Figures are rounded.

2.15. As such the annual LHN in Shropshire is **2,030 dwellings**.

Local Housing Need Over the Proposed Plan Period

2.16. The LHN for a longer period can be calculated by multiplying it by the number of years in the period.

2.17. Over the proposed plan period to **2046** (20 years from the 2026 base date), this calculation is as follows:

Figure 5: Calculation of Plan Period Local Housing Need

Local Housing Need		Years to 2046		Local Housing Need to 2046
2,030	X	20	=	40,600

Figures are rounded.

2.18. As such, the LHN for Shropshire over the proposed plan period to 2046 is **40,600 dwellings**.

3. Previous Calculations of LHN

3.1. Shropshire Council regularly reviews Local Housing Need for Shropshire. The results of these assessments since the introduction of the significant reforms to the 'standard methodology' in December 2024 are summarised below:

Figure 6: Changes to the Calculation of Local Housing Need in Shropshire

Year of Assessment	Time of Calculation	Step 1: Setting the Baseline		Step 2: Market Signals			Step 3: Local Housing Need
		Existing Housing Stock	0.8% of Existing Housing Stock	Affordability Ratio	Calculation	Adjustment Factor	Annual LHN
2024	December 2024	2023	1,206	2023	$\frac{(8.44-5)}{5} \times 0.95 + 1$	1.6540	1,994
2025	April 2025	2023	1,206	2024	$\frac{(8.49-5)}{5} \times 0.95 + 1$	1.6631	2,005
2025	June 2025	2024	1,218	2024	$\frac{(8.49-5)}{5} \times 0.95 + 1$	1.6631	2,025
2026	March 2026	2024	1218	2025	$\frac{(8.51-5)}{5} \times 0.95 + 1$	1.6669	2,030

Please Note:

- Figures are rounded.
- The Housing Stock and Affordability Ratio utilised was the most up-to-date at the time.

4. LHN for Shropshire

4.1. Shropshire Council has identified the LHN for Shropshire using the standard methodology identified by Government within ID2a.

4.2. Consistent with this methodology, the assessment has utilised:

Step 1: The most recent existing housing stock data at a Local Authority level to establish the baseline.

Step 2: The most recent workplace-based median house price to median earnings ratio available at a Local Authority level to identify the need for and extent of the adjustment factor.

Local Housing Need: Multiplied Step 1 and Step 2 to identify LHN.

4.3. The results of this assessment are summarised within the figure below:

Figure 7: Shropshire Local Housing Need

Shropshire Local Housing Need Calculation			
Step 1: Setting the Baseline	Existing Dwelling Stock	Calculation	Baseline
	152,203	$152,203 / 100 \times 0.8 =$	1,218
Step 2: Affordability Adjustment	Five Year Average Affordability Ratio	Calculation	Affordability Adjustment
	8.51	$\frac{(8.51 - 5) \times 0.95 + 1}{5} =$	1.6669
Annual Local Housing Need	Baseline	Affordability Adjustment	Local Housing Need (Annual)
	1,218 x	1.6669 =	2,030
Plan Period Local Housing Need	Annual Local Housing Need	Years to End of Plan Period	Local Housing Need (Plan Period)
	2,030 x	20 =	40,600

Figures are rounded.

4.4. As such the annual LHN in Shropshire is **2,030 dwellings**.

4.5. Over the proposed plan period to **2046**, this LHN equates to **40,600 dwellings**.