

## Government's calculation of the number of homes needed in Cotswold District as of December 2024

The government calculates the minimum number of homes needed in each local planning authority area in England using a formula – known as the Standard Method. This is set out in the [Planning Practice Guidance on Housing and economic needs assessment \(MHCLG, December 2024\)](#).

It is a mandatory requirement for all councils to use the Standard Method. The government removed the previous 'exceptional circumstances' for using an alternative method when it updated the National Planning Policy Framework (NPPF) in December 2024. The district also does **not** have any of the 'special circumstances' for using an alternative method listed within paragraph 14 of the Planning Practice Guidance (these relate to a limit number of specific circumstances, including where the strategic policy-making authorities do not align with local authority boundaries – e.g. National Parks – or the data required for the Standard Method are not available).

The government last published the [Standard Method housing need calculation](#) for all local planning authorities in December 2024 alongside the updated NPPF. This increased Cotswold's housing target to **1,036 homes per year**.

The Standard Method formula follows two steps:

### Step 1 - Setting the baseline

- Calculated using 0.8% of [existing dwelling stock](#) for the area
- Cotswold had 46,213 homes in 2024

### Step 2 - Adjustment to account for affordability

- Applies an adjustment factor (specified in the Planning Practice Guidance), which is based on the average [ratio of median house prices vs median gross annual workplace-based earnings](#) over the last 5 years. This is summarised below.

$$\text{Adjustment factor} = \left( \frac{\text{five year average affordability ratio} - 5}{5} \right) \times 0.95 + 1$$

- Cotswold is one of the least affordable areas in the country and, averaged over the last five years, the median house price is 14.49 times the median wage.

The two steps are applied below:

- **Step 1:** 0.8% of 46,213 = 369.704 homes
- **Step 2:** Five year average of affordability ratio = 14.49  
Adjustment Factor =  $((14.19 - 5) / 5) \times 0.95 + 1 = 2.8023$
- **Local Housing Need** = 369.704 x 2.8023 = **1,036 homes per year**

Given the Cotswold District Local Plan Update runs from 2025 to 2043 – a period of 18 years - this district has a total housing target of 18,650 homes (i.e. 1,036 x 18 years).

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The Standard Method housing need figure is updated at least twice a year to reflect new household estimates and housing affordability figures. The housing need figure for the district is currently being reassessed in the Gloucestershire Housing and Economic Needs Assessment, which is expected in spring 2026.

Although it is mandatory to use the Standard Method to calculate the minimum number of homes needed in the district, **the final housing requirement figure used in the Local Plan can be lower than the Standard Method figure.** For example, constraints such as the Cotswolds National Landscape may limit land availability to deliver the government's target. The government's calculation of the minimum number of homes needed in the district is therefore only the starting point for determining the Local Plan housing requirement figure.

Despite this, until the new Local Plan is adopted, **the Standard Method figure must be used to measure the Council's five year housing land supply and Housing Delivery Test score.**