

Note for the Inspector

Affordability Ratios

1. This Note provides an update on the lower quartile workplace-based affordability ratios which are discussed at paragraphs 7.18 and 7.19 of my Proof of Evidence. They are also referenced at paragraph 9.6 in the Conclusions and section xv of the Executive Summary.
2. Paragraph 7.18 of the Proof of Evidence states that: “For those seeking a lower quartile priced property (typically considered to be the ‘more affordable’ segment of the housing market), the ratio of lower quartile house price to incomes stood at 8.31 in 2019, a 6% increase since the start of the JCS period in 2011 where it stood at 7.84”.
3. On 25 March 2021 the Office for National Statistics published affordability ratios for 2020. For Cheltenham, the lower quartile ratio has increased and now stands at **8.94 times earnings**. Previous years’ data have been revised slightly. Figure 1 below shows the updated ratios between 2011 and 2020.

Figure 1: Lower quartile house prices to lower quartile gross annual workplace based earnings, Cheltenham, 2011 - 2020

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ratio	7.84	7.44	7.78	8.41	8.05	8.58	8.96	8.60	8.29	8.94

Source: ONS

4. The ratio of lower quartile house prices to incomes now represents a 14% increase since the start of the JCS period in 2011 where it stood at 7.84. Those on the lowest incomes in the Borough seeking to purchase a home in the lower end of the property market now need to find almost nine times their annual income to do so.

JAMES STACEY
Tetlow King Planning
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