

« 30 ans après le Right to Buy, quels effets sur le parc immobilier et les acteurs du logement social ? »

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# The Starting Point

- Vast public building for rent ( and slum clearance) programme from 1950 to 1970s
- Led by local authorities with open-ended revenue subsidies from central government
- From early 1970s numerical deficit overcome – leading to a new less generous subsidy regime which in turn led to a slow down in LA building;
- Also attempts to increase rents which were based on historic costs and could not cover administrative and improvement costs;
- Labour had first suggested sale to tenants in 1959 election – they lost;
- Discounted sales to tenants becoming popular in late 1970s;
- In 1980 the Thatcher government introduced the Right to Buy - the first large privatisation and for many years the largest.

# The situation in 1979

- In England in 1979 there were over 5 million public sector homes, just under 30% of the total stock.
- In addition 2% were owned by Housing Associations; 10% by private landlords; and 57% owner-occupied.
- The majority were single family homes although there were large numbers of flats built in the 1960s and 1970s in London and other major cities.
- Income growth had been relatively rapid in the 1960s and early 70s.
- Financial liberalisation had started in the early 1970s – enabling the growth in owner-occupation through (relatively) high loan to value mortgages.
- Tenants included large numbers of working households with good incomes as well as more vulnerable households. Home ownership was an aspiration for many.

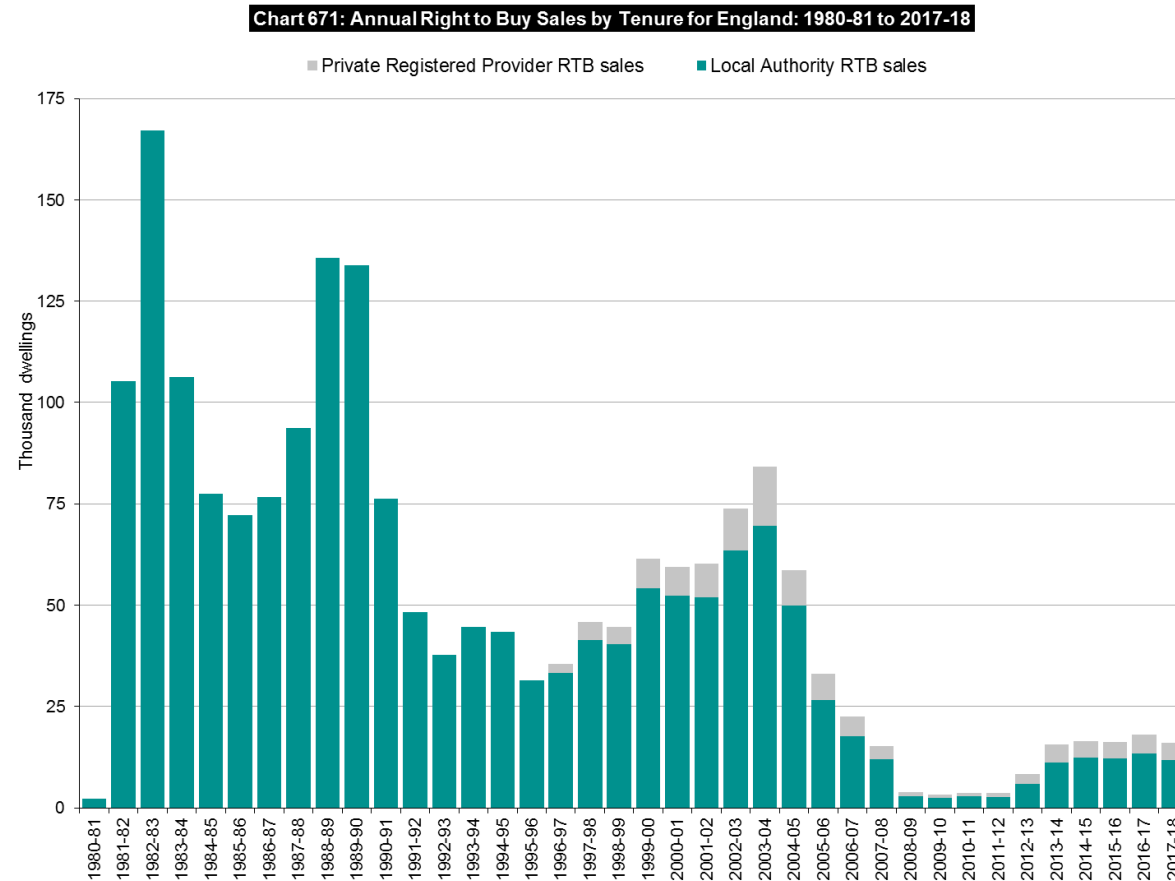
# Six main government reasons for Right to Buy

- Support individual aspirations;
- Realise significant income for the Treasury – called by many ‘selling off the family silver’;
- Transfer the cost of maintaining and improving properties to owner-occupiers;
- Reduce union activism – ‘people with mortgages don’t strike’;
- Incentivising households to vote conservative; and
- Build a property owning democracy.

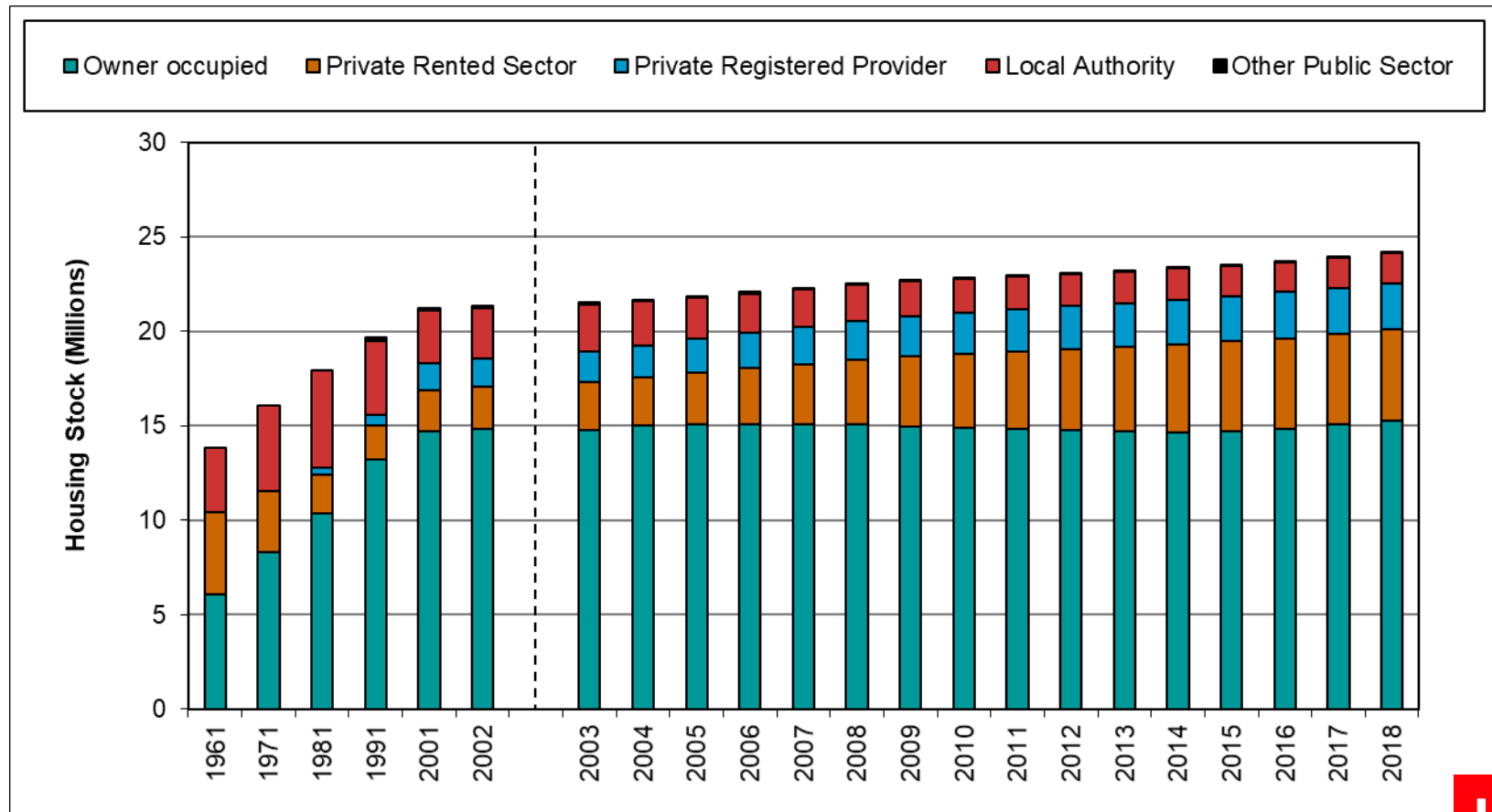
# Scale of individual subsidy and revenue uses

- Almost all secure tenants of three years standing eligible;
- Discount started at 33% increasing by 1% for each year of tenancy;
- Maximum discount was 50% of value or £50,000;
- Tenant could not resell for 5 years;
- 50% of revenues to local authorities – but mainly to be used for paying off debt; 50% to Treasury;
- Rules have changed many times – now require replacement units but not necessarily same size or location.
- (In last few years Right to Acquire piloted for Housing Associations)

# Right to Buy Sales in England 1980-81 to 2017-8



# Housing Stock by Tenure England

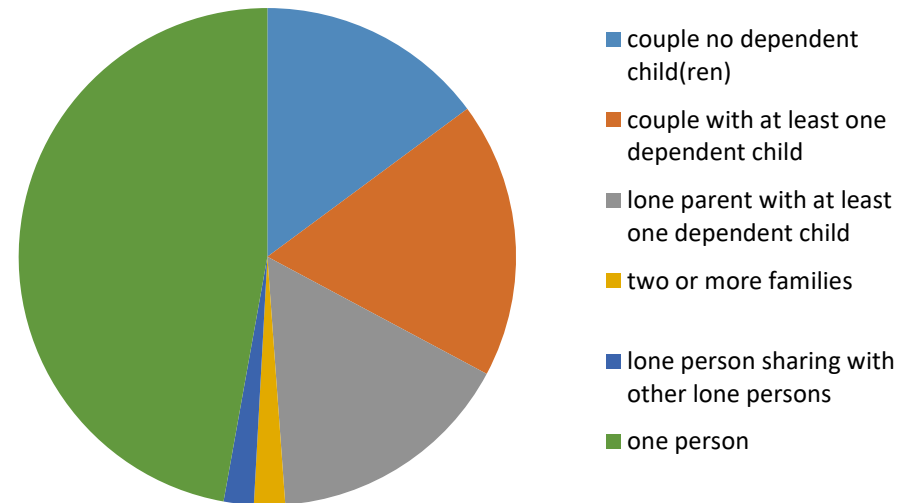


# What was sold?

- Those who bought mainly the better off within the sector – or by families of poorer tenants;
- Mostly single family homes;
- More in the South of England and richer areas more generally;
- Problems with apartments because of service changes and renovation costs;
- Result has been higher concentrations of poverty and vulnerability in local authority housing (but also other policies to help vulnerable households;
- But LESS spatial concentration of poverty on estates;
- Also large scale voluntary transfers to Has – so HA sector larger than LA sector.

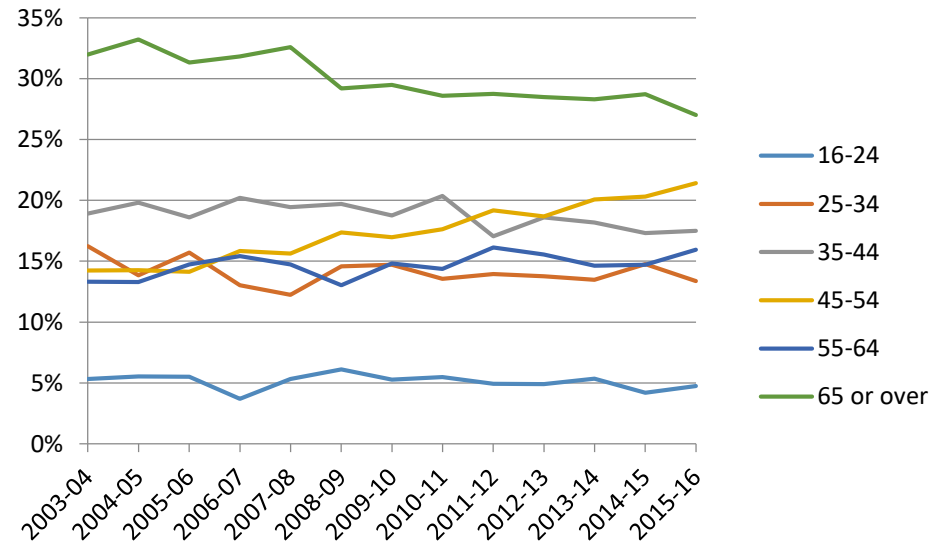


# Household types among social tenants (simplified)



Source: English Housing Survey 2015/16

# Proportion of social tenants by age cohort, 2003-04 – 2015-16



Source: English Housing Survey various years

# Current concerns: More than 40% of former council homes in London now rented out by private landlords

- The findings of an analysis of Freedom of Information data also show that:
- Tens of millions of pounds are being paid by local authorities to rent former council homes in order to house growing numbers of homeless families.
- Some councils have bought back their former homes at more than six times the amount they sold them for.
- Estimated numbers across the country are very similar.

# Final Comments

- Mainly a very popular policy including among who knew they would lose out.
- Certainly helped owner-occupation to reach 70% - but now under 65% - although beginning to raise again slowly.
- Those who bought in the early years have usually done well – some later purchasers have had problems.
- Problems with leasehold arrangements and costs for leaseholders especially in apartment blocks. Legislation to limit annual costs.
- Now major concerns about availability of social housing – calls for large scale programme of new build.
- According to the Resolution Foundation thinktank, local authorities and housing associations in England under the latest scheme have built one home for every two sold under the right-to-buy scheme.

# Housing Subsidies from 1980 - now

- Thatcher years onward –Right to Buy; transfer of new build responsibilities to housing associations; restrictions on LAs right to borrow
- Up front capital grants plus capacity for non-profit HAs to raise funds on retail and wholesale markets;
- 1990 Introduction of S106: LA can require a proportion of social and affordable housing on residential sites;
- 1990s onward: competition for grant among housing associations as an attempt to build in efficiency;
- From 2010, downward pressure on direct subsidies and new build cross-subsidy model plus growing role of for-profit HAs;
- Now local authorities can again borrow to build social (HRA) housing plus right to borrow to build non HRA housing.