

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

Christine Whitehead
London School of Economics

La vente des logements sociaux à l'épreuve de la recherche française et européenne

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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.

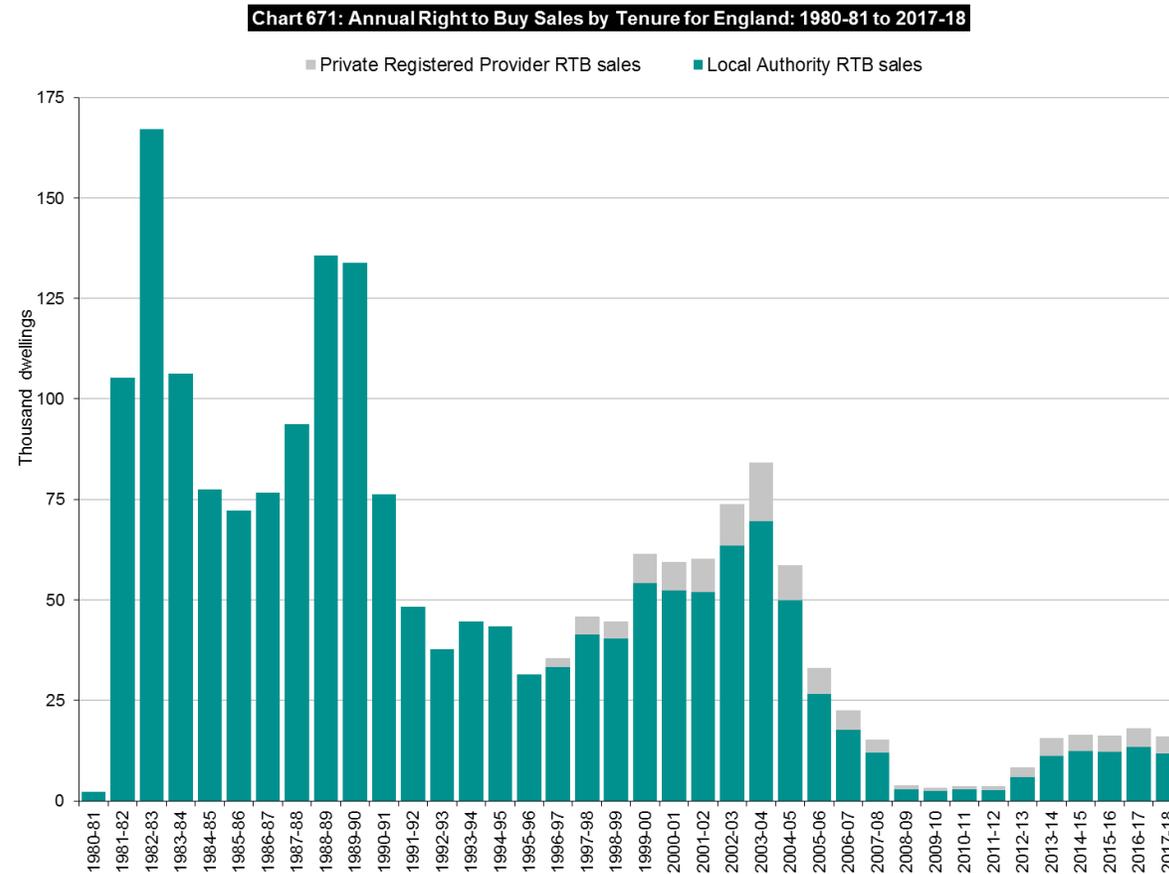
Six main government reasons for Right to Buy

- 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.

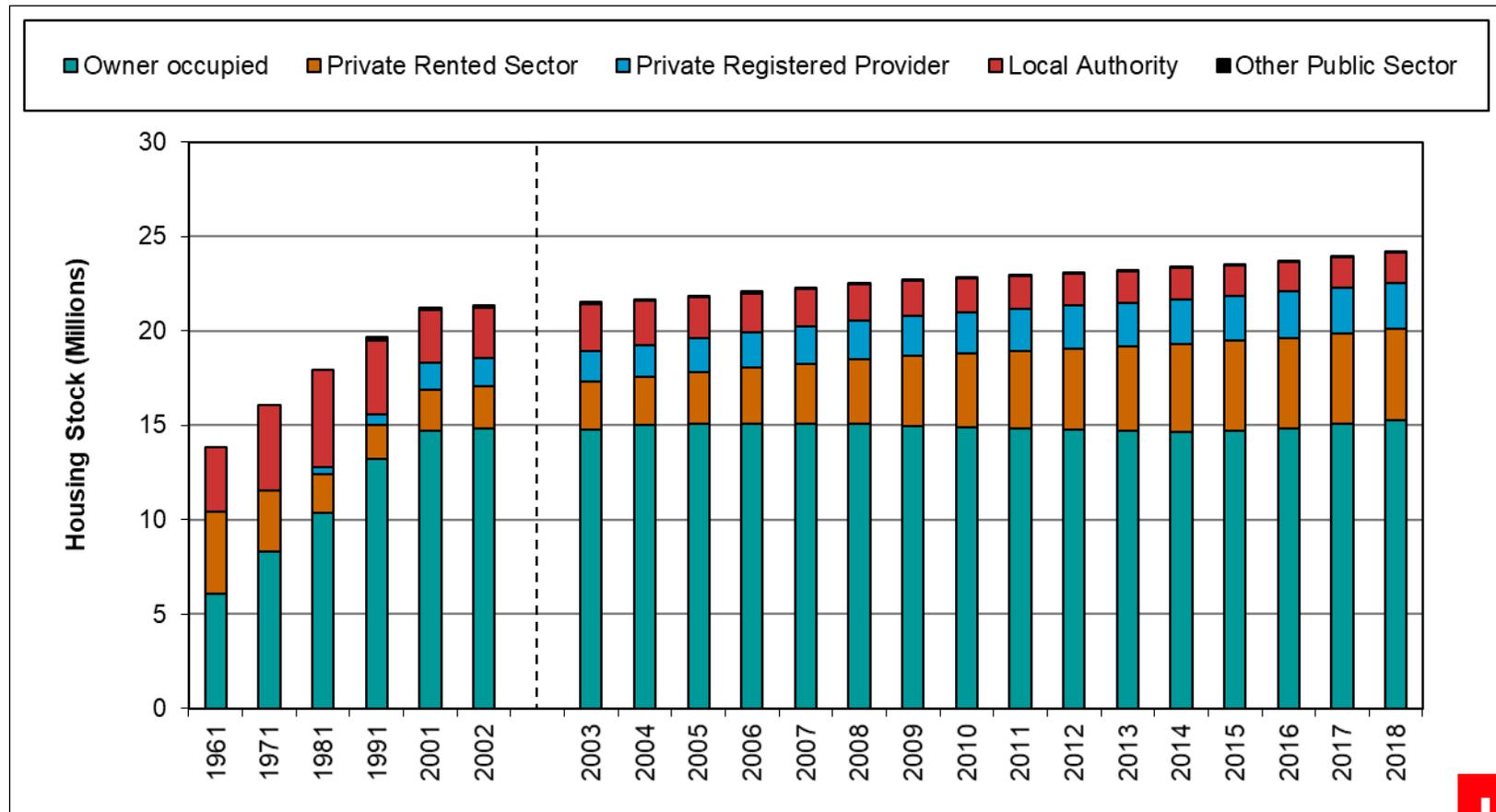
Scale of individual subsidy and revenue uses

- 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



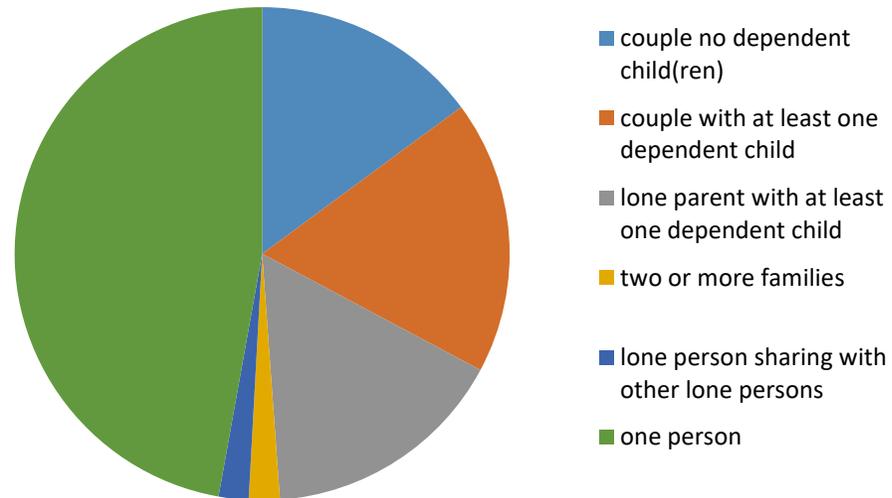
Housing Stock by Tenure England



What was sold?

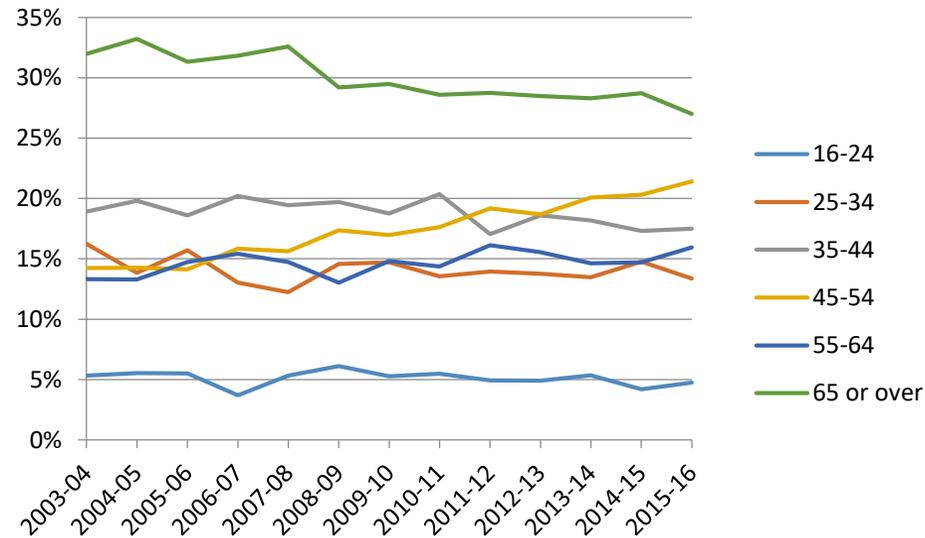
- Those who bought mainly the better off within the sector – or by families of poorer tenants;
- Mostly single family homes;
- More in the South of England and richer areas more generally;
- Problems with apartments because of service changes and renovation costs;
- Result has been higher concentrations 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.