

**THE RIGHT TO BUY:**  
**Analysis & Evaluation of a Housing Policy**  
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The most significant act of privatisation of any UK government (a steady earner for 25 years) – almost one third of all dwellings were state sector in 1970s, a greater role than many other countries.

Badly managed private lettings had been main provider to w/c, so State-let and private home-owning were seen as good mix, slowly eating into private lets. But as that source dried up in mid 1970s, and as finance-deals favouring home-ownership grew (building societies, estate agents, tax incentives) so the environment changed. Also, Conservative Party disliked the hold LP had on large housing estates populations. Ideological rather than funding of exchequer accounts for very good terms of sale in RtoB.

**The Differing Roles of Council Housing**

1. to address housing shortage.
2. demonstrate quality building to private rented sector.
3. slum re-housing
4. main provider of housing for working class
5. general provider of mixed housing (after WWII)

As early as 1970s concerns voiced about residualisation on certain estates.

**The History:**

**1851** Lodging Houses Act (first incursion) and later, gave LAs power to clear and build but reluctance to use powers. Council-built houses in development areas had to be sold by ten years. By 1914 on 24K houses built by LAs.

**1915:** Rent control introduced, & volatile w/c, so private investors reluctant.

**1919: subsidy from exchequer for council housing.** Lloyd George pledged “homes fit for heroes to live in” – “the money we are going to spend on housing is an insurance against Bolshevism and Revolution”

(Parliamentary Secretary to the local government board – in Rodger, R (ed) 1992. *Housing Strategies in Europe, 1880-1930* Leicester Uni Press)

1915-1938: England and Wales private rented went from 90% of households to 58%.

**1938:** by now only 1.1 million council dwellings built (10% of housing stock) but owner occupation had really expanded (new built and changing from private rented to home ownership) The war ruined lots of buildings.

**1945: Nye Bevan, Labour Minister of Health.** “we propose to lay the main emphasis of our programme upon building houses to let. That means that we shall ask local authorities to be the main instruments for the building programme.” (House of Commons 1946) Building for sale restricted by licence and LAs encouraged to build mixed communities “segregation of the different income groups is a wholly evil thing.. It is a monstrous infliction upon the essential psychological and biological one-ness of the community. (HofC) Completions in '45 were 3,364, in 1948 they were 190,368

1946-51: three-bedroom average was 37% larger area than pre-war.

**1951: Tories: Harold Macmillan, Minister of Housing.** Had preached a “a property owning democracy”. During 50s council house sizes reduced by 13% because ‘circulation space’ and equipment reduced. But increased build target to 300K pa and increased build subsidies. Also, private build licensing abolished in 1954 and return to slum-clearance policy rather than houses for all.

“local authorities alone can clear and rehouse the slums, while the general housing need can be met, as it was to a great extent before the war, by private enterprise.” (Speech to Urban District Councils Association, June 1954 – quoted in Samuel et al 1962) – market philosophy.

**Slum clearance:** 29K in '55, rising to 71K in 1964.

**High-rise:** 1956 Housing Subsidies Act reduced LA build targets for general needs, but encouraged by subsidy multi-storey to rehouse slum clearance. Widespread adoption of ‘systems building’ with concern about quality.

1968: Ronan Point, five fatalities. Tenders for below 5-storeys rose.

Council house sales were increasing part of Tory policy because they feared the “huge municipal domains” of Labour voters.

**1964: Harold Wilson**

1968: Labour restriction on Council House sales.

**1970: Heath**

**1972: Housing Finance Acts:** Return to market principles. Abolished sales restriction. LAs could no longer determine rents but market through pegging to 'fair rent' system already in place for private landlords. As rents increased they introduced mandatory system of council-tenant rebates. This failed and only served, along with rise in interest rates, to raise house prices and slump private building. Rebates and supports did mean that council housing no longer only for more affluent working-class, but also very poor.

1972: 46K council houses sold - this was the peak sale year at market price.

1973: 34K sold.

**1974: Minority Labour Govt:** repealed 1972. Thousands of new houses bought into LA from private developers. Older houses too municipalised.

Labour's housing expenditure rose 7% in their term but IMF borrowing etc. #

1977: Labour govt housing review opted for home-ownership and little policy on Council Housing. Consensus had won out.

New Town building shuddering to a halt.

**THE RIGHT TO BUY:** More than 2 million dwellings sold to date. All sold on leasehold basis (with service charge if flats, etc.)

**1979: Thatcher comes to power.** Manifesto said RtoB was to support family life, and no reference to new building, homelessness or housing need, which were brushed aside. Discounted market value by 33% for three years tenancy and 1% more for every additional tenancy year up to max of 50%! If resale occurred within five years then only sliding scale proportion of discount would be repaid. 9/10 were to be financed by private sector loans.

Statutory Right replaced LA discretion. Centralist approach.

**Rents increased** sharply for remaining tenants because of reduced subsidies. In England: 1981 rent was 6.9% of average earnings, 1991 – 10.7%, 2002 – 13.3% thus producing surplus 94-2001, but now at loss.

**RtoB Soon extended** becoming ever more confusing. (& 4 nations different)

**1984:** to 60% subsidy and only 2 years tenancy required for 32%.

**1986 Flats:** 44% after only two years rising to 70% max.

**1997 Blair:** slightly restricted resale and 5 year qualification returned, seeking to curb abuses by property developers and tenants. Increased complexity of the RtoB. 'Assured tenants' not qualified, only 'secured tenants'.

**House building:** LA building fewer yearly until 2005 – low hundreds. Housing Associations since 1998 output 20K per annum average and many are for special needs.

**Stock Transfer:** Sitting tenants thereby became assured tenants but retained the RtoB, new assured tenants still did not qualify.

2005 Labour increasingly concerned about affordability, key workers and rural areas.

### **Right to Buy has Transformed Social Housing**

Council Housing has halved (including stock transfer & demolition) with empties remaining same at 1.2-1.6%.

If purchasers don't sell on, little effect. But tended to be older tenants so change now to younger and diverse tenancies with smaller households buying up the small desirable slots so overall demand increases. No market for flats in highrise.

1990s also had Care in the Community policies which took up housing.

For larger properties (3beds+) the council house waiting list is 230K (2003) with only 5K socially rented built per year.

1. Less available but statutory obligation on Councils to rehouse homeless.
2. more ordinary citizens and families consequently face homelessness
3. LAs seek private sector solution. At end 2004 twice as many temporary accommodation in private as in social housing. (source ODPM p85) in 2004 in B&Bs, hostels etc.
4. By 1996, 16.2% Glasgow RtoB were sold on. East Lothian, 28%!
5. Less chance of good council properties for rent in urban areas.
6. Now, for every social housing unit built, more than two are sold.

7. Those within sector anticipating move to more appropriate size just have to wait. So, many in too small accommodation. Overcrowding and homelessness result. So Right to Buy is a way out of neighbourhood.
8. Resulted in more transient role for council sector – at particular stages of their lives.
9. Less impact on originally poor estates but now represent a higher proportion of council property. This housing no longer subsidised.
10. Increasing allocation to homeless. – details here:
  - a. skilled manual workers were 27% of council tenants in 1980, 15% in 1990, (faster than national).
  - b. In same period proportion of households with economically inactive head rose 50%
  - c. By at end three-fifths of tenants were inactive.
  - d. After 1990 the govt changed categories but trend seems to continue.
  - e. Increasingly domain of old and young on low incomes

### **Private Companies:**

Mortgages few for above 5<sup>th</sup> floor or 1960s concrete. This unpopular stuff is bought at auction for knock-down prices, or repossessions – often small private companies, or buy to let (in in 90s). Often the company works with sitting tenant at time of RtoB purchase to finance it and take ownership. They can then hire to LAs with homeless overflow. Pushes up rents since new tenants pay higher than Council tenants for similar properties, sometimes subsidised by housing benefits.

### **Sustainable Communities? (p133f)**

Govt realised a growing problem so committed large scale improvement in 2005 as part of Sustainable Communities Plan. Also saw low cost home-ownership would reduce social exclusion and mix communities. Advocated new builds adjacent to old tenancies for social mix. (eg Cantril Farm on edge of Liverpool, by Stockbridge Village Trust) This became mainstream. Now 2m sales but left other areas of low demand looking terrible.

## **Residualisation: from unemployment & isolation**

Council housing was not tenure of last resort. It was slightly higher renting than private but better quality. Tenants thought to remain in these homes for rest of lives. Despite lack of social mix there was strong cohesion amongst well-paid w/c. There was a mix of family size, ages, and activity mix such as employment history, kinship networks, politics, leisure (but not class mix). What makes for sustainability was similar regimes of work, even if in different work-places, used local schools, transport facilities and services had common sense of reasonableness and of interest to community. It is solidarity of common experiences relating to work and economic circumstances.

### **Factors in social fragmentation**

#### **1. Unemployment**

**1970s: unemployment began to weaken this glue** and changed nature of council estates. Fragmentation of employment and unemployment itself.

#### **2. Social isolation**

Newcomers to estate with no kinship or friendship networks; high turnover. No longer internal maintenance of 'order'.

#### **3. Poor management**

Build quality and environment – facilities and management.

#### **4. New incomers from Right to Buy**

**a: Better estates** attract sales but that means more churn through first time buyers wanting starter-homes, foreclosures. Over half (55%) of resale purchasers expect to move in next 5 years. Private tenants are even more mobile (average 15 months stay) Owners often have two cars and jobs. Often only now use the estate as a base, not as locale. Often second home if near city.

**b: Worse estates** (usually much larger) attract poorest and high turnover of tenancies. During times of increasing social inequality the estates focus this. The employed are siphoned off by RtoB as they find a way to leave through purchase. Remainder becomes transient – a spiral of decline. Become the least desirable estates

Poor (lack of bargaining power) always constrained to these even before 1980, A: but now LAs left with little scope for spreading them.

B: Greater economic inequality,

C: constrained public expenditure.

D: higher churn because siphoned off best houses, so breakdown of community stability, marginalisation and social exclusion.

The Precise scale of problem dependent on wider questions of development of cities and regions and their economies – the introduction of the market!

### **Housing Management**

Always sold leasehold, with service charges for flats. Common hallways cleaning, garden and fabric upkeep, lift maintenance, roof and windows, heating. If still LA then even if now owners they will have relationship with LA provider with lack of clarity about division of responsibilities.

When sold on, esp when poor areas, a block may house: students sharing renting from absentee landlord, ageing owners and group of low income, state-dependent families. Flats often not managed well and systems building means high maintenance costs in poorer areas. LAs encouraged to high standards by Govt so raise charges and rents, headaches and delays!

Arrears because of loss of employment or not anticipating the overheads. Conflicts in mixed-tenure areas where different maintenance on rented (want increased services) or owned (who want to minimise services). Also problematic second, absentee homes.

Development or demolition held back by ownership of some properties. Sometimes the freehold is bought out, but then individuals can hold off improvements.

### **Bad Maintenance**

Especially in owner-occupied in older properties in periods of economic recession. Early investments are usually cosmetic but still dilapidation. Usually external and heating problems – flat roofs, gutters, boilers not serviced. Older owners too frail to maintain.

## **LA Finance**

Short term early gains for Government, By early 1980s a net loss (lost rents, cost of replacement, etc) RtoB in posher areas remains financial drain on LAs. Increased costs of council house management directly attributable to RtoB.

## **IN RETROSPECT?**

Sixty years of government investment had left its mark. Most town houses in good repair, tarnished by the high-rise boom. Most latterly wanted to own home so home-owning also increased rapidly.

RtoB introduced when numerically no housing shortage but market ideology and hope to reduce public expenditure by sales of assets. LP continued with policy on 'social mix' ideology.

More than 10% sales funded for single parents etc by the extended family – no longer older tenants buying but young first-timers.

1970s – council was “tenure of working class” – now largely “tenure of last resort”, but fewer LA houses so increase in B&B and overcrowding for the poor is last resort – overcrowding because tenants cannot be moved on to larger housing.

Ex-council housing now 10% of general sales, often as starters, but slightly cheaper than those built privately (some 25% cheaper!)

Private rented sector did well from RtoB, reducing rentable pool, and renting back to LAs. Very high rents in London have to be subsidised by benefits!

Expected that purchasers would stay but did not so housing stock needs to be replaced!

## **Present Policies**

Labour policy made no attempt to clarify role of social housing. Many 2005 “Sustainable Communities: Homes for all” sought to put young into part home ownership. Ease planning problems, reduce building costs and increase land supply.



Govt should level different ways into home ownership so that no disproportionate gain to buy Social Housing – so that gap between tenants and owners not exacerbated.

Council Housing was long associated with affluent working class but becoming like USA system of sink housing.

Government policies have changed life chances – a real redistribution of housing opportunity with de commodification post war and at RtoB.

The RtoB rules became so complex – need simplification.

### **Larger world:**

Post-industrial world, workplace- and employment-based solidarity weakened, consumption is the criterion against which we categorise now.

Competitiveness of cities and regions no longer dependent on labour pools in social housing; a globalised economic system does not warrant the welfare approach of industrial period? Ambitious work-force should be mobile, taking responsibility for own pensions, insurance and accommodation. The individual asset-owner is now target – but would work if receipts from sales were recycled.

Residualisation would have happened anyway but not so acute.

### **Receipts from sales:**

Keep RtoB now but allow replacement from sales – replace one for every ten sold would generate 25% more ‘vacancies’ if they did not sell on. (and is land available?) If LA decides no local need, then use money to build elsewhere.