

A key pledge in the Conservatives 2015 General Election manifesto is to extend the Right-to-Buy policy to housing associations. This comes after a period [of massive budget cuts to investment in building new homes](#) and the emergence of [a crisis in housing where rents and house prices have outstripped wages](#).

This briefing takes a closer look at the plans and asks what the extension of the Right to Buy would really mean for the housing crisis.

What is the Right to Buy?

The original Right to Buy (RtB), introduced in 1980 by Thatcher's Conservative government, formed part of a raft of policies aimed at privatising public assets. It demonstrated a profound ideological commitment to establishing a 'property-owning democracy'.

RtB enables tenants who have lived in their home for over 3 years to buy their council home at a minimum discount of 32% of the market value for a house in England. When the Coalition re-launched the policy in April 2012, the discounts available to council tenants rose to around 60% of the house value or 70% for a flat. [1.78 million homes have been sold since the introduction of RtB](#), the consequences of which are still being felt today by local authorities and the broader housing market.

Until 2012 councils had to pay 75% of their receipts from council housing sales straight to the Treasury and the money that remained had to be used to pay off debt rather than build new homes. This contributed to a reduction in the supply of affordable housing and caused waiting lists to grow. [Between 1997 and 2012 council waiting lists increased by 81% with 1.9 million families now on local authority waiting lists for social homes.](#)

The new Conservative plans

The Conservatives plan to extend the RtB to cover housing associations as well as council properties. This could affect around [1.3 families in housing association properties](#). The policy would compel housing associations to gift properties at discounts of up to 50% (with that rising over tenancies) to tenants who have lived in their homes for more than 3 years. The Conservatives hope to partly compensate housing associations by selling the most valuable remaining council owned properties.

[Cautious estimates of the cost start at £5.8 billion](#) and rise to £20 billion, according Ruth Davison of the National Housing Federation. The policy would further diminish the availability of social housing and would prioritise expensive discounts for individual tenants over the ability of future generations to access affordable housing.

How will the plans affect housing?

[When changes were made in 2012 to increase the discounts afforded to those purchasing their council homes](#), the Coalition promised that a like-for-like replacement of social stock would be implemented.

A similar promise has been made to replace housing association houses, however [only 46% have been replaced under the current RtB since 2012](#). The plans will only intensify the housing crisis by preventing housing associations from financing new building and diminishing the availability of affordable places to live.

Why do the Conservatives want to extend RtB?

The Conservatives have characterised the housing crisis as a crisis of 'ownership' rather than 'supply'. The fact that the RtB policies of the past have failed to tackle the housing crisis, and have in fact made it much worse, have been overlooked in favour of a short-term offer to voters.

What are the criticisms of the RtB extension?

The proposed extension of RtB has been widely criticised by housing campaigners and housing association leaders who not only point to the legacy of the current RtB but also to the workability of a plan that would compel private housing associations to sell homes at discounted rates:

- Housing associations are private, non-profit organisations that have come to perform an important long-term role in building new social housing. By compelling organisations to sell their assets, long-term revenues generated in rent would be lost resulting in reduced funds for new homes (and for paying down long-term debts).
- Housing associations are already suffering from [government cuts to the affordable housebuilding budget which was cut by 60% in 2010](#). If their assets are further squeezed they may be forced to increase rents on remaining properties or sell homes—further reducing social stock.

- Investment in discounts for tenants makes bad economic sense for government. That money would be better spent funding social housing that makes a long-term return on revenues from rents.

What can be done to end the housing crisis?

At the root of the crisis in housing is a sustained lack of investment in the building of new homes. Instead of undermining the ability of organisations to fund social housing, government should be putting in place policies to increase housing supply. RtB has been a disaster for social housing and should be curtailed with money currently funding discounts used instead to fund the building of new homes.

More information

Class:

- *Class* [response to policy announcement](#)
- **Blog:** [At the core of Tory policy is a desire to shift publicly-owned housing into private hands](#) - James Murray, April 2015
- **Election guide:** [What's at stake for housing](#) - February 2015
- **Policy paper:** [Tackling the housing crisis](#) - Professor Marjorie Mayo, September 2014
- **Think piece:** [Time to step in](#) - James Murray, November 2012

Articles worth reading:

- [Extension of Right to Buy to housing associations will deepen the housing crisis](#)—Kevin Gulliver outlines how the RtB expansion would worsen the housing crisis
- [Extending Right to Buy is wrong](#)—David Orr, chief executive of the National Housing Federation, argues for housing system sensitive to need.
- [Undermining housing associations is the next big Tory vote-winner](#)—John Harris shows how Conservative housing policy has undermined social housing.