

## 2.5 million council houses sold off

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Around 2.5 million council houses have been sold since the Right-to-Buy scheme was first created 30 years ago, research has shown.

The scheme, which enabled council house tenants to buy their homes at massive discounts, led to the biggest increase in homeownership during the past 50 years, according to HSBC.

The group said the proportion of people who were homeowners increased from 57% in 1979 to 70% now, with around 10% of this increase attributed directly to the Right-to-Buy scheme. At the same time, the proportion of people who are council house tenants has dropped from one in three in 1979 to just 12% now, although another 7% rent homes from housing associations and registered social landlords.

Council houses collectively worth £85.74 billion have been sold off under the scheme, although local authorities received just £45.38 billion for the properties, as the average tenant qualified for a 47% discount.

HSBC claims the value of council homes sold exceeds the value of all other privatisations during the 1980s and 1990s put together. It added that while the average council house in Great Britain was worth just £15,528 at the end of 1979, it was currently worth £101,917.

The Right-to-Buy scheme enabled people who had lived in a council property for at least two years to buy their home at a 32% discount for houses and a 44% one for flats, with further discounts of 1% and 2% respectively for every year they had been tenants. People could qualify for a maximum total discount of 60% for houses and 70% for flats.

But the number of people buying their council home has been steadily declining since 2004/2005, following a reduction in the incentives for buyers.

In 2003 the maximum discount people could get was reduced to £16,000 in 41 local authorities in London and the South East, and restrictions on sales in rural areas were also tightened. The Housing Act of 2004 also extended the qualifying period from two to five years, while the period during which people had to repay their discount if they sold their home was also increased from three to five years. Only 6,694 homes were sold under the scheme in 2008/2009, down from 20,430 in 2007/2008, and less than a 10th of the 69,714 sold under it in 2004/2005.

Scotland has sold off the most council houses under the scheme at 439,090,

followed by London at 290,180 and the West Midlands at 215,310. Northern Ireland has sold the least properties under the Right-to-Buy scheme at 117,106, followed by Wales at 135,607. People in Scotland have also received the biggest discount on their purchase price at an average of 55%, while those in the North East and Yorkshire got the least off at 44%.

Andy Mielczarek, head of retail products at HSBC, said: "The right-to-buy initiative has its supporters and detractors, and was a central plank in the Conservative manifesto during their term in office in 1979. "Since then, successive governments have embraced the policy and no-one can deny the major impact it has had on homeownership in Great Britain and the massive windfall gains to millions of council house tenants."