

UK: The human cost of the right-to-buy housing crisis

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Former Conservative Prime Minister Margaret Thatcher's right-to-buy scheme for council house tenants was first launched in 1980. It continues to exercise destructive affects in England's housing market, according to an analysis of Freedom of Information data.

After requests were sent by *Inside Housing* magazine to 111 English councils, it emerged that over 40 percent of council houses once sold under right-to-buy terms to their tenants are now being privately rented out.

In some cases, councils have been forced to buy back their own properties at more than six times the price for which they previously sold them, severely damaging their ability to help those who most need housing. Local authorities now pay private landlords to house homeless families in 2,333 right-to-buy properties and have spent £22 million yearly simply renting back the buildings they had once owned as temporary housing.

Some 466 companies or individuals now have leaseholds for at least five former council homes.

The media is full of reports on the devastation wrought by right-to buy, observing that rents take up half of tenants' income, that the scheme benefits only the wealthiest of tenants, and that it has facilitated an enormous transfer of wealth from the public to private sector.

Homes lost under the scheme have not been replaced in any adequate number. The Resolution Foundation reports that English local authorities and housing associations have built only one home for every two sold under the scheme.

Following the Conservative election victory in 2010, the government stepped up sales of council houses, and by 2013 then Chancellor George Osborne raised the maximum discount available for renting a London Council house to £100,000.

Financial information group Moneyfacts found that the average rate on a two-year buy-to-let loan at a fixed rate

had fallen from 5.23 percent in 2010 to 3.26 percent by 2015. Simultaneously, the number of fee-free deals available to landlords saw a huge rise. These policies have been labelled as "asset stripping" and "vote buying."

By the end of 2017, seven local councils—Milton Keynes, Bolsover, Brighton and Hove, Canterbury, Chester West and Chester, Stevenage, and Nuneaton and Bedworth—actually had letting levels of more than 50 percent of their own former council homes.

In London, where the crisis is worst, 2.3 million people by late 2017 (27 percent of all residents) lived in poverty—most of them from working families. The homeless population reached 170,000, more than double that of just five years before.

In a report published in January by Labour London Assembly member Tom Copley—calling for the abolition of right-to-buy *but only in London*—he revealed that 54,540 households were living in temporary accommodation, including 87,310 children. Some 38 percent of this property is now being leased from the private sector.

Labour-run Ealing Council has bought back 516 properties they originally sold for a total of £16,230,470. They have spent £107,071,333 repurchasing them—more than six times the original selling price. Since 1998-99, 102,480 London council properties have been sold, but only 3,000 new ones built.

Local authorities which provided 30 percent of the total housing stock in 1980 now only furnish 8 percent. London council rents average £108 weekly, while private rents cost a whopping £359.

According to PwC (PricewaterhouseCoopers), the next few years will see further pressure on the rental market. Nearly 60 percent of 20- to 39-year-olds in England will rent homes by 2025, while only 26 percent will gain an initial foothold in housing ownership, down from 38 percent in 2013. The biggest change will be among the

25-34 age group, with two-thirds of all households in private rental accommodation by 2025, compared with 48 percent in 2013.

A third of all 35- to 44-year-olds will still be renting in 10 years, up from 24 percent in 2013. Many would-be home buyers will find it impossible to keep up with mortgage payments during a period where food and fuel prices surpass wage packets.

As well as being deprived of housing stock, councils are financially penalised by right-to-buy. Under council housing schemes, rent collected covers building costs in the long-term, eventually allowing for a profit by the local authority which can in turn reinvest. Under right-to-buy regulations, councils must remit part of the receipts of those sales to the government.

A Local Government Association report drawn up by Savills last year concluded that two-thirds of England's councils will be unable to replace the same number of homes sold off under right-to-buy in five years' time without "significant" restructuring of the scheme. Sales had peaked between 2015-17, reducing volumes, which was "particularly true in London."

Prime Minister Theresa May's government announced last August that it would press ahead on a new £200 million right-to-buy pilot scheme in the West Midlands. And despite Copley's belated call for right-to-buy's abolition in London, the Labour Party—who control all the main urban local authorities in Britain—has been at the forefront of the social cleansing of working-class residents throughout the UK.

Campaigning for the Labour leadership in 2015, Jeremy Corbyn argued that the right-to-buy should be extended to include people living in privately rented properties. "So why not go with right-to-buy", he suggested, adding, "we need to go further and think of new ways to get more people into secure housing."

Corbyn dare not call for a massive programme of public house building because he wants to prove that Labour will be "fiscally prudent." The housing charity Shelter says 3.1 million homes will have to be built by 2040 to meet shortfalls.

Corbyn's suggestion was taken up the following year by Civitas, the pro-free-market think tank. They proposed that tenants be allowed discounts, but they "should never be so high as to impose losses on the landlord" and suggested that discounts be capped and landlords be protected by a capital gains tax concession.

With the total failure of right-to-buy, Labour now promises that it "will suspend the right-to-buy policy to

protect affordable homes for local people ..."

The party refuses to abolish the scheme, adding the caveat that councils will be "able to resume sales if they can prove they have a plan to replace homes sold like-for-like."

After so many decades where this pipe dream has never occurred, there is no reason to believe that the intended replacements will ever see the light of day.

London Mayor Sadiq Khan, who has presided over the sell-off of thousands of council properties, has failed to build replacement social housing. Last May, Khan, who is making housing the central plank of his re-election campaign, promised a woefully inadequate 10,000 new council homes in the next four years.

Such has been Khan's shoddy record on social housing provision, as he has developed cosy relations with private property developers, that his likely Tory challenger, Shaun Bailey, was able to state, "The Mayor came into office saying he'd sort out London's housing market; instead what he's overseen is an eye-watering drop of 20 percent in new build starts."

Access to decent affordable housing is a basic human right, but under capitalism it is increasingly unavailable. Only a socialist reorganisation of society can satisfy the desperate and growing need for decent housing for all. The never-ending austerity programme, which has plunged millions into poverty over the last decade, exacerbating the housing crisis, must be reversed and billions spent to provide decent-paying jobs, free and high-quality health care, housing, education and social services for all. The necessary wealth for this must be taken from the billionaires and used to meet essential social needs.



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