



# The Resolution Foundation Housing Outlook

Q1 2025

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Right to Buy has been a cornerstone of housing policy in England since its introduction in 1980, and has enabled over two million council tenants to purchase their homes at a substantial discount. The scheme has boosted home ownership and democratised wealth, especially for early buyers, but the long-term failure to replace the homes sold has significantly depleted the social housing stock, driving up the housing benefit bill as a result. Nearly one million more social homes have been sold under Right to Buy than replaced since its introduction.

Right to Buy was abolished in Scotland and Wales in 2016 and 2019 respectively, but the UK Government intends to take a different tack in England. Its current consultation proposes tighter eligibility criteria and reduced discounts, for example, as well as targets to ensure replacement homes match the tenure type and location of those sold. This would mean 0.5 million fewer properties would be eligible for purchase through Right to Buy in England today. In practice, however, this will likely have limited effect: Right to Buy sales already stand at a low level (just over 11,000 in 2022-23), in part because the majority (62 per cent) of social renters' homes are owned by housing associations and are not eligible for Right to Buy, but also because so many current tenants of council housing cannot afford to buy their home, given very low incomes in the sector. Of the 500,000 social renters who would no longer be eligible for Right to Buy under the new proposals, nearly half (over 240,000) were living below the poverty line in 2022-23.

In practice, then, the current proposals to reduce the outflow of council homes due to Right to Buy will likely have minimal impact on the decades-long decline in social housing. Instead, what is needed is new investment. Building approximately 125,000 new homes for social rent – enough to house all the families currently in living temporary accommodation in England today – would cost £15 billion over this Parliament, or 15 per cent of the additional £100 billion of public investment that the Government has said is in play across all government departments at the forthcoming Spending Review; returning to 2010 levels of affordable housing stock relative to the size of the population would require nearly 400,000 new homes and £50 billion in funding. But if the Government can deliver on “the biggest increase to social and affordable housing for a generation”, then its further proposal to exempt new-build homes from Right to Buy looks like its most astute idea of all.

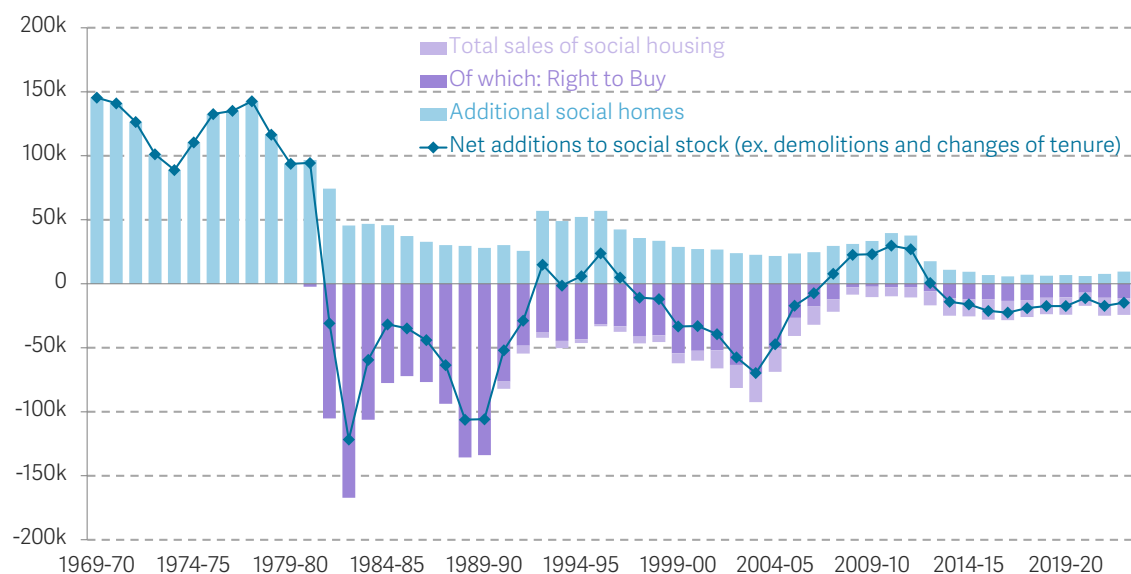
## Righting Right to Buy? The Government's proposed reforms to the Right to Buy scheme

Right to Buy has been a controversial policy from its introduction in 1980 right through to the present day.<sup>1</sup> A [1979 Conservative Party manifesto pledge](#), Right to Buy gave local authority tenants of three or more years the chance to buy their own homes from local councils at a significant discount. Over the following four decades, it facilitated the [sale of more than two million homes](#), radically reshaping England's housing stock.<sup>2</sup> Some people see the scheme as a great equaliser, boosting home ownership and wealth levels among long-term council tenants. This was particularly true for early cohorts of buyers, often higher-income tenants, who subsequently benefitted from the house price boom over the late 1990s and early 2000s. Growing wealth among this cohort of buyers has been identified as a downward pressure on [aggregate wealth inequalities](#) over the heyday of Right to Buy.

However, others take the view that any reduction in aggregate wealth inequalities has come at the cost of a one-off giveaway of state assets, amounting to a catastrophic erosion of the UK's social housing stock, and a corresponding rocketing of the state's housing support bill. As shown in Figure 1, Right to Buy sales have far outstripped the construction of replacement social homes, resulting in net reductions in social housing supply over much of the 1980s, mid-1990s and 2010s. Indeed, since Right to Buy was introduced, nearly one million more social homes have been sold than have been built (1.3 million compared to 2.2 million), despite a target introduced in 2012 to replace homes sold through the scheme on a one-for-one basis. This target has been [missed by a total of over 14,500 homes](#) between 2012 and today.

FIGURE 1: **The social housing stock has been depleted by Right to Buy sales**

Additional social homes and sales of social housing: England, 1969-70 to 2022-23



NOTES: The 'social homes' referred to in this chart are all homes built for social rent (including those built by housing associations). Additional social homes series is spliced with housing association and local authority completion data pre-1991-92. 'Net additions to stock' series is only additional social homes built, net of sales and does not take into account demolitions or any other losses of stock.

SOURCE: RF analysis of MHCLG, Live Tables 213, 1000 and 678.

Council-administered social homes are not the only source of affordable housing in England, however. Increasingly, housing associations have played a larger role in affordable housing supply, the majority (62 per cent) of social renters' homes are owned by housing associations, and housing associations have built 94 per cent of all recorded affordable housing completions over the last decade. This is important because homes owned by housing associations are not eligible for the original Right to Buy scheme. However, there are currently two main exceptions. Tenants could have a 'preserved Right to Buy' if they met the criteria for Right to Buy before their home was transferred from council ownership to a housing association. And the Right to Acquire scheme, introduced in 1998, allows housing association tenants of three years or more to purchase their homes if they were built with public funding after April 1997, albeit at a lower discount rate than the Right to Buy scheme.<sup>3</sup> These additional sources of tenant sales have further accelerated the depletion of England's affordable housing stock, which fell from a peak of 5.5 million in the late 1970s, to just 4.1 million today (despite significant population growth over this period).<sup>4</sup>

Why is the depletion of England's affordable housing stock such an acute problem for the Government? According to Freedom of Information requests, [over 40 per cent of homes](#) sold under Right to Buy have ended up in the hands of private landlords, meaning that low-income families who would likely have been social tenants are now [increasingly](#) finding themselves in the private rental sector. This places low-income households in much more precarious housing, and one that is potentially more costly for both families and the taxpayer. Despite repeated freezes to Local Housing Allowance rates that shift the burden of housing costs from the Government to low-income families, the state's housing support bill has still ballooned. Alongside sky-rocketing private rents, this has contributed to driving the cost of housing support from £4.5 billion in real terms in 1980-81, up by nearly seven-and-a-half times, to [£33 billion](#) today.

### [The Government's consultation seeks to limit the scope of Right to Buy](#)

Tellingly, devolved administrations have already chosen to scrap Right to Buy entirely, with Wales and Scotland ditching the policy in 2016 and 2019 respectively. This was largely in response to concerns around the Right to Buy scheme's contribution to the depletion of the affordable housing stock, and the resulting effect on both families' living standards and the housing benefit bill.<sup>5</sup> In England, the Government is proposing a different approach, via the significant reforms to the scheme set out in a [consultation](#) published in November 2024. Here, the intention is not to scrap the scheme entirely, but to limit its scope and impact on the social housing stock.

In its [2024 Autumn Budget](#) the Government reduced the discounts available to tenants buying through Right to Buy, returning these back in line with 2012 levels. The Government is now proposing additional changes to further reduce the number of homes sold through Right to Buy. These include tighter eligibility requirements (increasing the numbers of years tenants must have lived in their home from three to five or ten years), further changes to the formula determining the discount on the purchase price, and exemptions from the scheme for new-build homes or those that have received significant public investment (to, for example, improve their energy efficiency).

The consultation also includes proposals that aim to mitigate the impact of any further sales

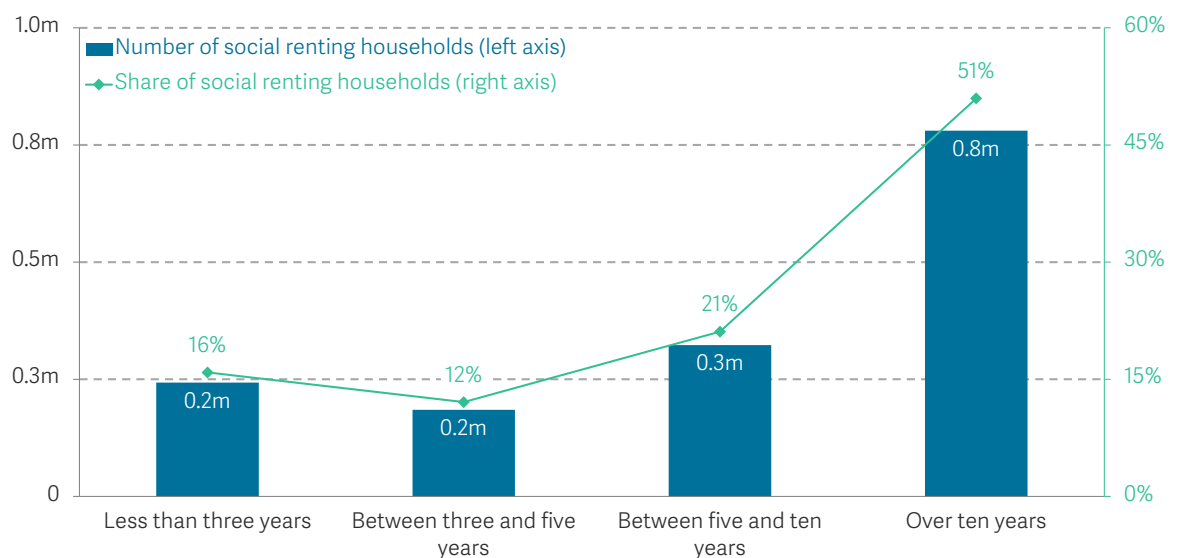
through the scheme on the affordable housing stock. These include an extension of the period under which discounts have to be repaid should a property be re-sold to ten years, and the implementation of “one-for-one” replacements for sold properties, by location and tenure type.

How effective might these changes be in bolstering England’s depleted social rental stock? One possible conclusion is that, while the changes are welcome, the pace of Right to Buy has already dropped to such low levels that further tweaks are unlikely to make a material difference to the social housing stock. Sales under Right to Buy have slowed from an average of close to 100,000 homes per year over the 1980s to just 11,000 homes per year over the last decade. This partly reflects a much smaller social rental stock, as well as the fact that, as mentioned earlier, the majority of social renters’ homes are now owned by housing associations (and are therefore not covered by the original Right to Buy scheme).

For example, raising eligibility thresholds from three to ten years would amount to removing roughly 0.5 million social tenants renting from council landlords (Figure 2) from the scope of Right to Buy. This amounts to over a third of households that are currently renting from councils, so by no means a negligible change in eligibility. But it is questionable how many of these households would have sought to purchase their home – nearly half of these 0.5 million households (over 240,000) were living below the poverty line in 2022-23. Meanwhile, nearly two in five households who will remain eligible for Right to Buy are also living below the poverty line (nearly 300,000).

**FIGURE 2: Increasing the eligibility threshold for Right to Buy to ten years would remove nearly 0.5 million households from the scope of the policy**

Number (left axis) and share (right axis) of households renting from a local authority, by number of years of residency in the sector: England, 2022-23

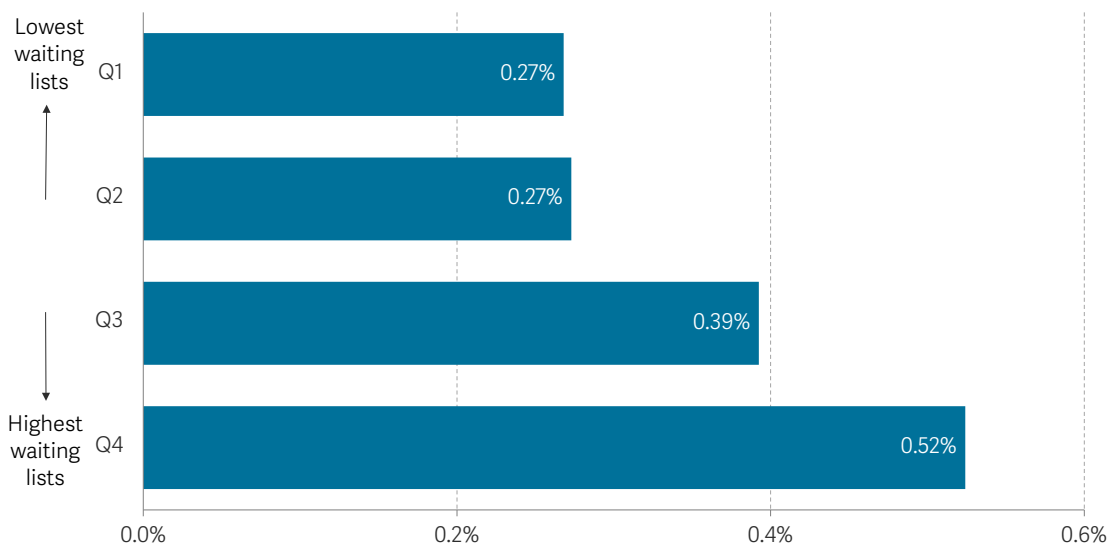


NOTES: The data in this chart refers to length of residency in the social rental sector which slightly differs from Right to Buy criteria, which does not specify continuous occupancy. In practice most purchases under Right to Buy related to homes that have been continuously occupied by the tenant. SOURCE: RF analysis of MHCLG, English Housing Survey, Live Table 3531.

This is not to say that none of the changes proposed in the consultation will help preserve the social housing stock. As ever, looking at national aggregates can only tell us part of the story. Digging below the overall scale of Right to Buy sales, Figure 3 illustrates that local authorities that have seen a higher number of Right to Buy sales over the last decade as a share of the total housing stock are also those with higher housing waiting lists. This speaks to the importance of the location of the replacement of homes sold under Right to Buy. Here, the Government's proposal to not only replace Right to Buy sales on a one-for-one basis, but also with homes of the same tenure type (i.e. social rent), and with homes of "the same size and in the same area" is particularly welcome. Given the abject failure of the "[one-for-one replacement pledge](#)" made in 2012, however, the key will be whether the Government is able to deliver the building of social homes at pace alongside its changes to Right to Buy.

**FIGURE 3: Right to Buy sales have been highest in areas with the longest housing waiting lists**

Average Right to Buy sales as a share of total housing stock, by quartile of housing waiting lists as a share of total housing stock: England, 2006-07 to 2022-23



SOURCE: RF analysis of MHCLG, Live Tables 691 and 125; MHCLG, Local Authority Housing Statistics 2022-23.

## Public investment in social housing will be crucial over the coming Parliament

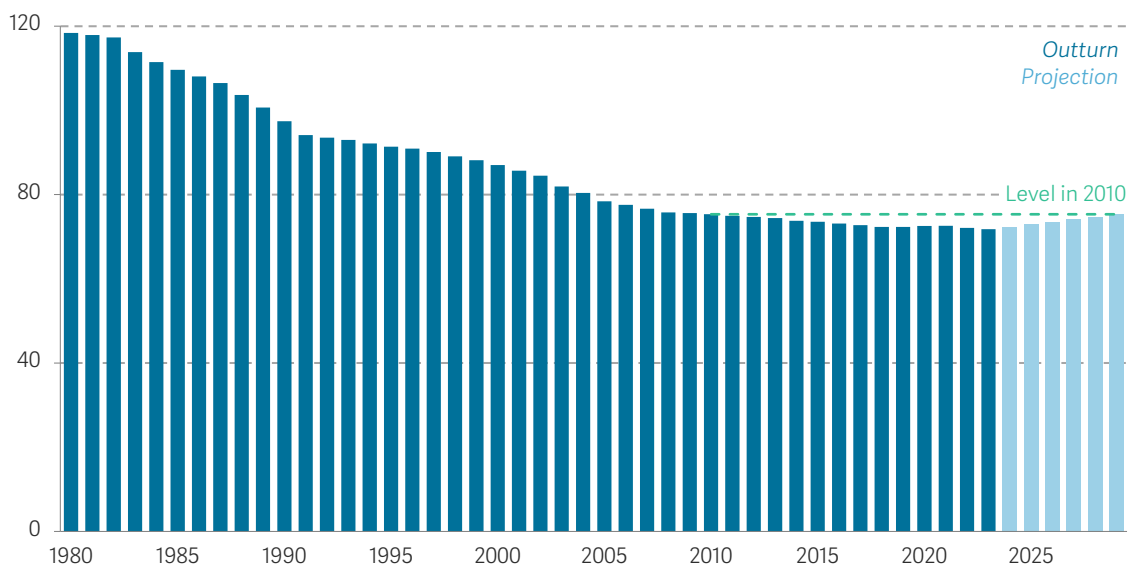
Stepping back, then, the crucial question is how the Government can rapidly ramp up the building of social housing and reverse decades of chronic underinvestment, requiring ambitious targets and substantial funding. The Government announced a £500 million top-up to the current Affordable Homes Programme in the [October 2024 Budget](#) (due to end in 2026), and promised to set out details of the programme to succeed it at the upcoming Spending Review. The Government has repeatedly pledged to deliver the "[biggest increase to social and affordable housing for a generation](#)", as part of their wider commitment to build 1.5 million additional homes over the coming Parliament. What fraction of these should be social housing?

There is a multitude of possible answers to this question, from estimates based on complex modelling of housing demand,<sup>6</sup> to broader thought experiments, but all suggest a dramatic level shift in social housebuilding is required. Even the relatively modest aim of building enough new affordable homes to deal with the sharpest effects of the housing crisis by housing every household currently in temporary housing would require 123,000 more homes, at a cost of over £15 billion.

A more decisive increase in the social housing stock – for example, returning the affordable housing stock to 2010 levels relative to population by 2029 (Figure 4) – would require nearly 400,000 homes for social rent, or over a quarter of the Government’s targeted 1.5 million homes, and a public investment of nearly £50 billion over the rest of the Parliament.<sup>7</sup> This would amount to devoting almost half of the total additional public investment pencilled in by the Government across the whole public sector in the upcoming Spending Review to housing, although we estimate that moving 400,000 low-income households from the private rental sector into social housing could reduce housing benefit bills by nearly £850 million per year by 2029. As shown in Figure 4, even a nearly £50 billion investment would amount to only a very small reversal of the longer-term decline of the sector since the 1980s.

**FIGURE 4: Returning the affordable housing stock to 2010 levels would require nearly 400,000 more social homes**

Affordable housing stock per 1000 people, outturn and projection: England, 1980 to 2029



NOTES: Projection period assumes the English population grows in line with UK population projections, and is an illustration of a scenario where the affordable housing stock is returned to 2010 levels relative to the size of the population.

SOURCE: RF analysis of ONS, Population estimates for regions in England and Wales by sex and age, July 2024; ONS, National population projections: 2021-based interim, January 2024; MHCLG, Live table 104.

But the gains of building more social housing will be undone if they disappear via Right to Buy. Welcome progress to prevent this has already been made through the increase in the Right to Buy ‘cost floor’ from 15 to 30 years. This ‘floor’ sets a minimum price that social

homes can be sold at, which is determined by the price that would allow councils to recoup the costs of building, repairing and maintaining the property over the 'cost floor' period. The proposals included in the [Government's consultation](#) go further than this, and propose explicitly exempting newly built social housing from Right to Buy, either in perpetuity, or for a set period (e.g. 10 or 20 years). This would be a welcome means of safeguarding the new social housing promised by the Government, and is also likely to be crucial to an improvement in the quality of England's social housing, given that new builds are generally built to a higher quality than the existing stock.

Ultimately, the Government's consultation on Right to Buy sets out proposals that are a welcome step in the right direction to prevent future erosion of an expanding social rental stock. However, the level of public investment promised at the upcoming Spending Review will be a much more important determinant for the future size and shape of the social rental stock. To make a significant difference to the size of the stock, the sums promised will need to be considerable. So, while the proposed Right to Buy reforms are a positive step, the ultimate determinant of the social rental sector's future will be the Government's willingness to invest in its growth.

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<sup>1</sup> Before the introduction of Right to Buy in 1980, there were some very limited rights for tenants to buy social homes from local authorities. For further details see F Eardley, [Right to buy: Past, present and future](#), House of Lords Library, June 2022.

<sup>2</sup> These figures, and much of the subsequent analysis in this note, refer to England only. Right to Buy was abolished in Scotland and Wales in 2016 and 2019 respectively.

<sup>3</sup> A voluntary Right to Buy scheme was also introduced by the Coalition government in 2015 alongside the National Housing Federation (NHF) to allow NHF tenants in pilot locations to buy their homes. While the Boris Johnson government promised a full roll-out of this scheme, this did not occur, and the new Government has confirmed they will not be implementing this scheme given "the substantial costs to the taxpayer and the reduction in social housing stock that is likely to result". For further detail see MHCLG, [Reforming the Right to Buy](#), November 2024.

<sup>4</sup> This also includes the effects of demolition of affordable homes, which has averaged close to 9,000 per year over the last 25 years for which data is available. Source: MHCLG, [Live Table 104](#).

<sup>5</sup> For more on the reasoning behind the scrapping of Right to Buy in Wales see J Baxter, [Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018: Act Summary](#), National Assembly for Wales, January 2019; and in Scotland see Scottish National Party, [Why did the SNP abolish Right to Buy?](#), accessed 10 January 2025.

<sup>6</sup> For example, a comprehensive modelling of the housing market suggests 70,000-90,000 new social rented units are required per year in England; see: G Bramley, [Housing Requirements in England Revisited](#), Heriot-Watt University, March 2024.

<sup>7</sup> This costing assumes all homes built are for social rent and assumes a £125,000 average unit cost to Government per social rental home. This is based on a scaling up of the roughly £100,000 unit cost implied by the Autumn Budget 2024 (paragraph 3.34 in HM Treasury, [Autumn Budget 2024](#), October 2024), scaled up by an estimated 25% to account for a purely social rent tenure mix and price increases over the Parliament.