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Briefing

# Wrong to Sell: How Right To Buy Gave Away Billions in Public Wealth

Calculating the present market value of housing transferred through the Right To Buy discount.

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## Summary

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*The author would like to thank Maurice Lange and Robert Calvert Jump for comments on an earlier draft of this paper. Any errors or omissions remain the author's own.*

Right To Buy (RTB) was one of Margaret Thatcher's most iconic and consequential policies. Few can be considered more emblematic of her project to create a "property-owning democracy".<sup>[1]</sup> Since 1980/81 the policy has seen 1.9 million council homes in England sold to tenants at an average discount of 44 per cent of market value, earning cash receipts of over £51 billion.<sup>[2]</sup>

Much has been written on the policy's long-term impacts both on the state of housing in Britain and consequently on its political landscape,<sup>[3]</sup> its direct distributional consequences,<sup>[4]</sup> and the long-term fiscal implications of the transition from subsidising housing supply to subsidising demand that RTB did much to bring about.<sup>[5]</sup> This report focuses primarily on the discounts relative to the market value at which the homes were sold, and the "opportunity cost" this represents to council balance sheets — that is, the wealth or income that councils could have had available to them in one form or another if they had either sold at full market value or retained the assets.

The decades since 1980 have seen an intensifying crisis of housing affordability, driven by multiple policies.<sup>[6]</sup> As a result, the homes sold through the scheme are

now valued much more highly than at the time of sale. From a balance sheet perspective, the combination of these two ingredients — steep discounts and considerable subsequent asset appreciation — represents a considerable opportunity cost to councils. That is, even in the absence of the discounts, the asset side of their balance sheets likely may have been stronger if they had retained those appreciating assets. But the discounts themselves also represent an already very large uncompensated giveaway of housing equity that is now worth considerably more than upon disposal.

This report, focusing on England, represents the first attempt to quantify this opportunity cost that we know of. We estimate that the homes sold by English local authorities through RTB since 1980/81 are now worth a total of £430 billion (in 2024 prices), putting it into close competition with the gradual sell-off of public land — estimated to be worth roughly £400 billion as of 2016 — for the accolade of the largest privatisation in UK history.

In 1982/83, for example, 167,000 homes were sold at an average nominal market value of £18,000 (£64,400 in today's money). Today they will be worth £230,000 each, on average. Thanks to the average 41.5 per cent discount, local authorities will have earned only £10,600 per home in cash terms, or £37,700 in today's money. If these receipts had been immediately

reinvested in more housing equity, it would today be worth £134,400.

Meanwhile the £7,500 in cash forgone through the discount — worth £26,700 in today's money — would be worth £95,000 if also immediately reinvested in housing equity.

Of the £430 billion total since 1980, £194 billion corresponds to the equity that was effectively given away for free through the discount. Only £236 billion corresponds to the equity that was compensated at market value at the time of sale, for which councils received £51 billion in nominal terms, or £104 billion in today's money.<sup>[7]</sup> Our results reaffirm Michael Heseltine's claim that “no single piece of legislation has enabled the transfer of so much capital wealth from the state to the people”.

This transfer has had two major consequences. First is a worsening of the housing crisis — through the collapse in social housebuilding (and its wedding to market forces via private cross-subsidy), councils' inability to respond to local housing need and the pivot from subsidising supply to subsidising demand. Second is a weakening of council balance sheets, rendering them especially fragile when the onslaught of austerity began in 2010, which many councils have attempted to weather by resorting to fire sales of other assets of £1.2 billion per year.<sup>[8]</sup> Restrictions on the use of already highly discounted capital receipts — e.g. compelling them to use sale proceeds to

pay down debt rather than reinvesting in new housing — meant that councils were permitted to make use of a fraction of a fraction of their potential revenue streams. The amount of housing equity given away from free is now worth 1.6 times the remaining stock within England local authorities' Housing Revenue Account — valued at around £122 billion in 2022,<sup>[9]</sup> and more than double the sum of all net liabilities in the form of debt securities and loans across local government (£92 billion as of December 2024).<sup>[10]</sup> RTB should thus be understood part of a larger anti-municipal project identified by the political scientist Andrew Gamble's 1988 warning that the “logic of [central] government policy” points towards the “eventual abolition of local government”.<sup>[11]</sup>

The flipside of tenants' right to buy was the lack of councils' right *not* to sell, to retain assets that they had invested in — whether for the sake of their portfolios or their ability to discharge their social mission. Financially speaking, the public sector was, in our view, wrong to sell such a volume of assets at such discounts, given that the unsustainable dynamics of asset price inflation purposefully unleashed by the larger neoliberal transformation have made it even more difficult for councils to reestablish control rights over these strategically important assets.<sup>[12]</sup>

This report is structured as follows: we begin by sketching a brief history (and prehistory) of Right To Buy and its terms,

motivations and immediate impacts. We then present the results of our quantitative analysis of the present-day value of the housing sold — focusing on how much of that value corresponds to equity given away through the discount.

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## A Brief History of Right To Buy

### Policy history

Before the establishment of Right To Buy, there were various provisions for sales of council homes to sitting tenants, and both major parties had had more or less ambivalent histories with the notion.<sup>[13]</sup> The period from 1952 to 1979 was a system of discretionary sales; though the terms varied across time and across municipalities, they remained a matter for local authority discretion, subject to central government guidance in the form of a series of “general consents” expressing the priorities of the government of the day. Council decisions reflected their ideological and political composition — with Conservative councillors usually more supportive — but were reliably guided by concern both for local housing need and for sound local finances.<sup>[14]</sup> This restrained both sales volumes and discounts relative to market value, which, in general, never exceeded 20 per cent.<sup>[15]</sup> The mortgages backing these sales were often lent by the local authorities too, which softened the effect

of the sales on cash flows. Sales waxed and waned with circumstance and reached relatively high volumes during the 1970s but always remained far below post-1979 levels.<sup>[16]</sup>

The political momentum for council sales during the 1960s originated not from the proto-Thatcherite new right but from Conservative-run councils and new towns, eventually featuring in Edward Heath's 1974 election platform, offering discounts of one third of market value.<sup>[17]</sup> Thatcher herself, then holding the relevant portfolio as Shadow Environment Minister, had been opposed to such largesse, partly as such but particularly for its neglect of existing and prospective homeowners outside the social sector.<sup>[18]</sup> Heath himself needed to persuade her that a populist offering was expedient.<sup>[19]</sup>

Right To Buy as we know it was put into law by the Housing Act 1980. Housing Associations were kept out of scope by a House of Lords amendments against the Government's wishes. This passed onto the statute book in October, but already a new general consent May 1979 urged councils to sell according to the terms proposed in the bill.<sup>[20]</sup> Discounts of 33 per cent were available to secure tenants of three years and increased by one percentage point for each additional year up to 20 years (50 per cent). The Housing and Building Control Act 1984 act extended this formula in both directions, setting the maximum to 60 per cent for tenants of 30 years, and bringing the

estimated 250,000 additional two-year tenants into scope at a 32 per cent discount.

Higher discounts made sales palatable to acquiring tenants and mortgage lenders alike. By 1987/88 private mortgage lenders were financing 93 per cent of RTB sales in England — sales thereby translated into sudden large lump-sum cash windfalls for councils rather than steady streams of loan repayment revenues. Rising council rents — 165 per cent in nominal terms from 1979/80-1988/89<sup>[21]</sup> — provided tenants with an added push factor thanks to additional provisions in the 1980 Housing Act that empowered ministers to set targets for annual rent increases for councils.<sup>[22]</sup> The upshot was an unprecedented wave of sales.

Local authorities' use of capital receipts was radically circumscribed from the outset. The Government's intention for councils to use only 20 per cent of receipts, with restrictions on what they were spent on, initially lacked teeth, leading to stricter enforcement with the Local Government and Housing Act 1989, whereby local authorities were required to set aside 75 per cent of capital receipts for debt reduction until they were debt-free.<sup>[23]</sup> If discount rates in England peaked in 1991/92 at 52 per cent, therefore, the cash proceeds available for an indebted council's discretionary use would be equal to 12 per cent of the sold home's market value.

These restrictions were on top of central government's ability, thanks to the Local Government, Planning and Land Act 1980, to financially penalise — through the new block grant — councils that exceed newly-imposed expenditure targets.<sup>[24]</sup> As Alan Murie notes, “effectively the bulk of receipts went to the Treasury nationally to be used as the government wished — largely for purposes other than housing.”<sup>[25]</sup>

The New Labour government tried to put some brakes on RTB by lowering discount rates considerably through the implementation from 1998 of regionally differentiated cash ceilings on the discounts — ranging from £50,000 in London to £22,000 in the North East. Nonetheless, the housing bubble of the early 2000s carried forth a third wave of sales. Conservative-led governments since then have attempted to revive Right To Buy by restoring Thatcher-level discounts.

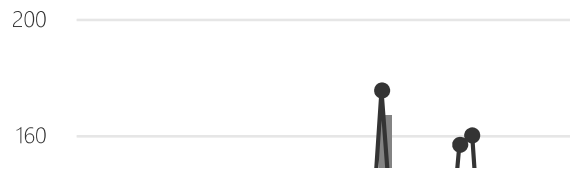
## Volumes

Figure 1 show sales volumes both before and after RTB, expressed both in absolute terms and as a share of a given year's remaining stock. Annual sales topped 100,000 during some years in the 1980s — an average rate of 2.3 per cent of a given year's remaining council stock — but declined with the major housing slump of the early 1990s. Sales picked up in the early 2000s thanks both to another housing boom and to the prospect of

declining discount generosity prompting a pre-emptive rush. Years of historic RTB sales and, more recently, stock transfers to Housing Associations meant considerably lower absolute volumes than in the 1980s, but measured relative to each year's outstanding stock, the 2.2 per cent average sale rate during this period was close to that of the 1980s heyday. The financial crisis, coinciding with more meagre discounts, was a historic low point for sales. The lack of low-hanging fruit after decades of residualisation of the council sector, combined with a wider context of post-crisis difficulty for first-time buyers, has impeded subsequent Conservative attempts to reinvigorate RTB — even in relative terms the annual sale rate has stayed below 0.9 per cent.

### Figure 1: More Than Two Per Cent of England's Remaining Council Housing Stock Was Sold Each Year During the 1980s

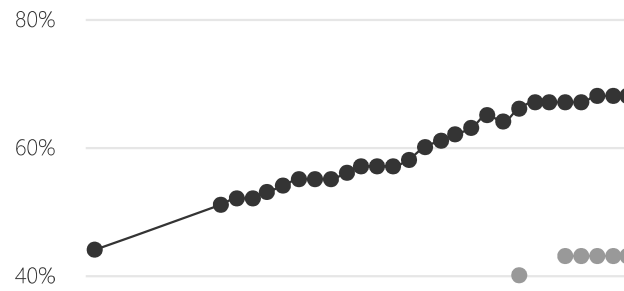
Sales to sitting tenants in England (and Wales pre-1979), absolute and as share of outstanding stock



**Source:** Common Wealth based on MHCLG and Alan Murie.

The 1.9 million RTB sales up to March 2024 amount to an equivalent of 40 per cent of 4.8 million council homes that England had in 1981 (which has been marginally offset by some a small amount of new construction and municipalisation of existing housing). Together with the glacial pace of social housebuilding, these sales have driven social sector's aggregate share of overall tenure has halved from 31 per cent in 1980 to 16 per cent today (Figure 2). Within the social sector, council tenure has fallen far more steeply: from 29 per cent to six per cent.<sup>[26]</sup> RTB is estimated to account for 46 per cent ownership growth between 1981 and 1991.<sup>[27]</sup>

Figure 2: Social Housing Has Halved Its Tenure Share Since 1980  
Housing tenure, England, 1961-2023



Source: MHCLG.

## Results: The Largest Giveaway in UK History?

### Approach

We examine how much the houses sold through RTB are worth in today's market prices — that is, after adjusting for house price appreciation since sale. The market value at the time of sale is equal to the capital receipts plus the discount. We therefore treat these two figures as corresponding to equity stakes in the homes and estimate the current market value of those stakes in the same way. We also adjust initial figures using the GDP deflator, to represent the spending power of the sales receipts as well as of the revenue forgone through the discounts.

In 1982/83, for example, the highpoint of the scheme, 167,000 homes were sold at an average nominal market value of £18,000 (£64,400 in today's money). Today they will be worth £230,000 each on average. Thanks to the average 41.5 per

cent discount, local authorities will have earned average capital receipts of only £10,600 per home in cash terms, or £37,700 in today's money. If these receipts had been immediately reinvested in more housing equity at the same price, it would today be worth £134,400. Meanwhile the £7,500 in cash forgone through the discount — worth £26,700 in today's money — would be worth £95,000 if also immediately reinvested in housing equity.

These results should be interpreted with caution. Insofar as the value of an asset in theory reflects the discounted net present value of expected future cash flows, the market value of a house embodies the future *market* rents that the owner can expect to earn, but the social mission of a social landlord means earning submarket rents. Thus councils cannot realise market value through the organic income flows associated with the assets. Nonetheless, insofar as the market rents are realisable to a prospective private buyer, the asset's market value could be realisable through liquidation at full price. At this point the social question looms of whether such a sale would be politically or socially desirable, given certain policy objectives and responsibilities. Secondly, there is a problem of endogeneity insofar as the progressive weakening of the social housing sector, the stymieing of replacement housebuilding and the associated subsidising of private ownership is likely to stimulate house price appreciation relative to the counterfactual in which these assets were

retained. Nonetheless, the figures remain indicative of wealth that could have in some form or other remained available to municipalities if homes were either retained or sold at full value.

## Descriptive results

Our inflation adjustments for LA capital receipts are more reliable than those for the value of the discounts and home values, since capital receipts are directly observable and thus do not rely on being able to observe discount rates. For more detail see the Methodological Annex.

Local authorities have received a nominal £51 billion through RTB receipts, or £104 billion in today's money.<sup>[28]</sup> House price appreciation in excess of this brings the market value of that equity corresponding to those receipts to £194 billion.

We estimate that the market value of the homes was £91 billion in nominal terms (contemporaneously to the year of sale), or £186 billion in today's money. The total value of those homes in 2024 market prices is £430 billion — nearly half a trillion.

Of this, the discount — which averaged 45 per cent over the whole period<sup>[29]</sup> — represents a 39 billion over time, or £82 billion in 2024 money. We estimate the market value of the equity given away stands today at £194 billion. The 41 per cent of RTB sales that are now privately rented therefore have a likely market value of £176 billion, of which £79 billion

represents equity given away for free — how much of this counts as a giveaway directly from the council sector to the private rental sector depends on whether the current landlords of these homes were direct RTB beneficiaries.<sup>[30]</sup> Michael Heseltine was surely correct therefore that “no single piece of legislation has enabled the transfer of so much capital wealth from the state to the people”, but his formulation obscures how many people were thereby locked out from participating in that wealth — both because the transfer financially emaciated the ability of councils to provide services to the public, and because the subsequent appreciation of that transferred wealth removed it from the reach of those without existing capital to leverage.

RTB represents two big blows to council balance sheets: the discount giveaway itself, and the forgone appreciation of the assets had they not been sold. Together these add up to £326 billion (measured in 2024 money).<sup>[31]</sup> While the appreciation of the remunerated equity portion should be understood relative to the returns on other assets in which those receipts might have been reinvested,<sup>[32]</sup> the capital forgone through the discount by definition cannot have been reinvested, and therefore does not admit such comparison.

Table 1: Market Value of Homes Sold Through Right to Buy, Adjusting for GDP-Deflator and House Price Appreciation

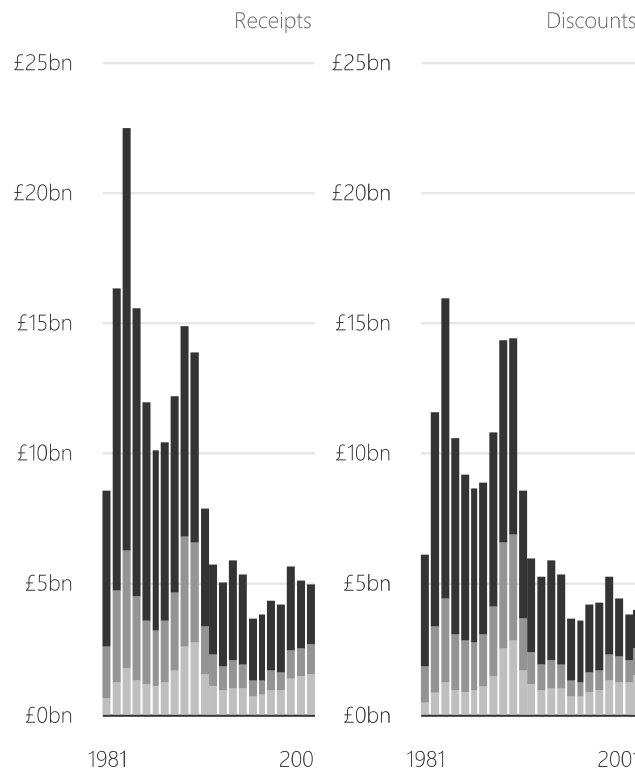
<b>£bn</b>	<b>Nominal value</b>	<b>GDP-deflated</b>	<b>Current market value</b>
Capital receipts	51	104	236
Discount	39	82	194
<b>Total value</b>	<b>91</b>	<b>186</b>	<b>430</b>

**Source:** Common Wealth calculations.

Figure 3 depicts for each year of RTB sales, the nominal value of capital receipts and discounts respectively, as well as their value today adjusting firstly for inflation, and then for house price appreciation. Real terms discounts in 2024 money terms peaked in the late 1980s, but high house price appreciation during the early 1980s means that the giveaways of those early years have a similar market value today. The 105,000 homes sold in year 1982/83 are worth £28 billion today, of which nearly £12 billion corresponds to the equity give away for free through the discount.

### Figure 3: The Value of Housing Sold Peaked in 1982/83

Present-day value of remunerated and unremunerated housing equity privatised through RTB, by year of sale – cumulatively expressed in nominal, GDP-deflated and HPI-adjusted terms



**Source:** Common Wealth calculations.

## Comparison with other privatisations

These results are striking for two reasons. First is that the total value of the housing makes Right To Buy a candidate for the largest privatisation in UK history, second only to land.<sup>[33]</sup> Brett Christophers, in his seminal study of land privatisation in the UK, estimates that, “at today’s prices [the year ending March 2016], the land that has been sold is likely to be worth something in the order of £400 billion, or the equivalent of more than twelve RBSs.”<sup>[34]</sup> By our estimates, the market value in March 2016 of all preceding RTB sales amounted to £326 billion, of which Local authorities received only £74 billion in

2016 money (or £95 billion in 2024 money). This makes RTB the close second largest privatisation in UK history.

Second, and what distinguishes RTB from other privatisations, is that this scale combined with the systematic nature of the under-pricing of the assets — that is, that public wealth was not merely traded in but given away. To render comparable with Christophers' figure, the housing equity given away through the discount up to and including March 2016 was worth £147 billion in 2016 house prices. While some of the 1980s privatisations saw shares float at even steeper discounts, these privatisations were a fraction of the cumulative size of RTB.<sup>[35]</sup>

## Drawing down public wealth for private factional advantage: Justifying the discounts

How to justify the imposition<sup>[36]</sup> of such steep discounts under RTB? This question is relevant given the current Government's ongoing reforms to the policy and the accompanying pushback.<sup>[37]</sup> The dominant rationale<sup>[38]</sup> — expressed by Michael Heseltine — is that the discounts effectively retroactively capitalised tenants' past rent payments, tackling the unjust exclusion of social tenants from the possibility of asset and wealth accumulation.

This rationale runs into both normative and quantitative difficulties, however.

Normatively, the policy's selective application to social tenants and exempting of the private rental sector appear perverse, especially since the latter is now — thanks both to RTB and a mortgage market that advantages landlords over first-time-buyers — the bigger obstacle to home ownership. (Extending this principle to the PRS has been mooted across the political spectrum — from Jeremy Corbyn and John McDonnell<sup>[39]</sup> on the left to the right-wing think tank Civitas<sup>[40]</sup> — but without traction.)

Quantitatively, the rationale simply fails to account for the size of the discounts: for some tenants in parts of England the discount size was likely to exceed their cumulative rent payments. Evidence also suggests that the discounts were far greater than needed to expedite most sales.<sup>[41]</sup>

Ultimately the real motivation was political. Discounts ensured maximal uptake. They derisked private mortgage lending for an ascendant banking sector. They also strengthened the central government's hand financially in the larger standoff with adversarial Labour-run councils. And above all they entrenched a broad and durable political bloc of asset owners<sup>[42]</sup> — hence why George Osborne allegedly impeded social housebuilding during the 2010s because “all it does is produce more Labour voters.”<sup>[43]</sup>

The beneficiaries were disproportionately on higher incomes. IFS analysis shows

that the higher the income quartile, the sharper the collapse in social tenure (both local authority and Housing Association) and attendant increase in homeownership — especially during RTB's 1980s heyday. For the bottom half of the income distribution, homeownership increased more during the 1970s at the expense of the PRS than it did during the 1980s at the expense of social tenure; similarly, falling social tenure since the 1990s has been replaced more by private renting than by home ownership.<sup>[44]</sup>

The RTB windfall was therefore regressive in two respects: the capital lumps it conferred disproportionately accrued to higher-income tenants within the social sector, and it thereby sharpened the difference in housing tenure composition across the income distribution. The latter respect is significant because when housing costs relative to income sharply and permanently diverged between tenures after 1990<sup>[45]</sup> — benefiting homeowners at the expense of social and especially private renters — the distributional effects of the two phenomena compounded each other.<sup>[46]</sup> Hence why housing costs became such a significant vector of income inequality and relative poverty from the 1990s onwards.<sup>[47]</sup>

Meanwhile the scarcity of remaining council stock has predictably heightened distributive tensions about who should have access. But any attempt to litigate the deserving versus underserving recipients

of state support that restricts its aperture to the remaining tenants of a heavily residualised council sector is destined by construction to overlook the greatest beneficiaries of that residualisation — namely those could self-select out of that tenure by access to state capital handouts, especially right as a new regime of asset appreciation was taking over.

Discounts were, in Alan Murie's words, "a disproportionate and unrepeatable benefit to tenants who were in the right place at the right time."<sup>[48]</sup> The unrepeatability bears emphasis, because the terms of asset disposal rendered financially untenable the basis on which they were built, even barring the restrictions on use of receipts. Much like the squandering of the North Sea oil windfall, this policy amounts to a myopic drawing down of public wealth to entrench the political settlement Thatcher was constructing.<sup>[49]</sup>

## Council finances — a feature, not a bug

RTB and its accompanying policies were also part of a larger political project to weaken local government,<sup>[50]</sup> in whom the Thatcher government found frequent adversaries. This aspect merits revisiting in light of the crisis in local government finances wrought by deep austerity since 2010 amidst mounting (late intervention) demands. The compulsory RTB discounts combined with the restricted use of receipts — permitting councils a fraction of a fraction of the value of their assets —

meant their balance sheets entered this lean period with much weaker balance sheets than otherwise.

OBR analysis shows that, having been the largest component of public sector net investment for much of the postwar period, local government net investment has been negative in every year but one since 1988/89 — that is, but for valuation increases, the sector's fixed capital stock has been declining over time.<sup>[51]</sup> Since 2010, many councils have attempted to weather the funding crisis via asset sell-offs to the tune of £1.2 billion per year, likely at steep discounts.<sup>[52]</sup>

Our results suggest that the housing equity given away is today worth 1.6 times the remaining housing within England local authorities' Housing Revenue Account, which in 2022 was valued at around £122 billion;<sup>[53]</sup> the total stock sold is worth well more than triple that.

To put it in a different perspective, the sum of all net liabilities in the form of debt securities and loans across local government at the end of December 2024 stood at £92 billion.<sup>[54]</sup> Thus, if all the RTB sales had gone ahead at their then market value and the additional proceeds were put in a zero-interest account where its spending power was eroded by inflation, it would still be able to pay off half of today's outstanding local government net debt; if it yielded a GDP-deflated return of zero, it could pay all of it off. If it had been reinvested in housing equity (and house

price inflation left unchanged), it could pay it off nearly three times over.

Writing in 2016, Tom Crewe cites the political scientist Andrew Gamble's warning in 1988 that the "logic of government policy" points towards the "eventual abolition of local government".<sup>[55]</sup> Recent years have revealed municipal finances as the principal terrain of this struggle.

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## Compounding Policy Failures

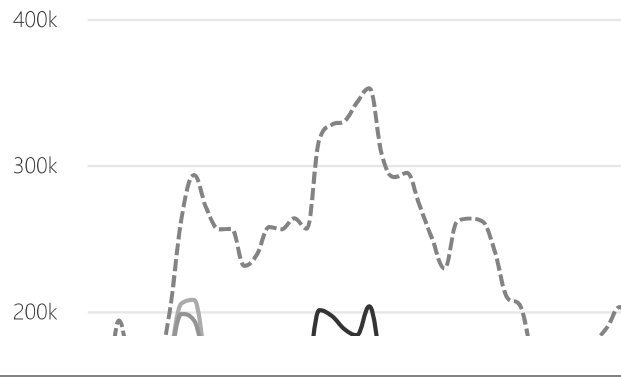
While Right To Buy began a process of releasing previously decommodified housing back into capital circulation, the policy did not on its own precipitate the exorbitant house price inflation that so drastically increased the opportunity cost of the programme. That is, the consequences of Right To Buy have been compounded by other policies both then and since.

## Housebuilding

Most famously, the potential for further housebuilding off the back of these sales was stifled by other parts of Thatcher's legislative programme, such as the 1980 Local Government, Planning and Land Act and the 1989 Local Government and Housing Act, which curbed capital expenditure by local authorities.<sup>[56]</sup> This accounts for the precipitous drop in local authority housebuilding from the 1980s

onwards, hastening a decline that was already underway since the reinstatement of hope value in the 1960s and the inflationary headwinds of the 1970s. By 1987 social housebuilding (including by private registered providers) in England had already fallen below 30,000 per year.<sup>[57]</sup> This is in wild contrast to Heseltine's statement in 1979 that council building alone would continue at a rate of 60,000 per year (itself two thirds of 1978's level, and half the volume averaged throughout the 1960s). This cessation of construction is likely also to have had a negative knock-on effect on private housebuilding insofar as social housebuilding tends to crowd in further private construction.<sup>[58]</sup> In addition to plummeting volumes, public housebuilding's increasing reliance on private cross-subsidy has exposed it more to market volatility, weakened its geographic focus, and jeopardised the viability of private housebuilding relative to otherwise.<sup>[59]</sup>

Figure 4: Plummeting Social Housebuilding After 1980 Was Not Offset by Private Building  
Housebuilding by type of developer, England, 1946-1923



**Source:** Alan Holmans and MHCLG Live Table 244.

The logic behind this decision to de facto ban new social housebuilding was revealed by the then Housing Minister William Waldegrave in a speech in Bristol in 1987:

Do we really want the state to build new saleable houses which it will then sell at a discount? For what? As a way of providing subsidised houses for first-time buyers? That would be a very elaborate way of doing that, and very random in whom it helped.

Whilst clearly addressing future social housebuilding in the new context of increased saleability that Right To Buy had created, Waldegrave's words double as an apt characterisation of RTB policy's retroactive impact on the six decades that prior to 1980 had built a cumulative gross total of more than five million homes, more than four million of them since World War II.

These considerations underscore the need to support greater social housebuilding in areas of high demand by restoring council discretion, maximising useable receipts, and enabling land value capture.

A political difficulty to rectifying this is that recent YouGov polling reveals that the principle of RTB discounts is not only still extremely popular, but garners net support across every demographic category.<sup>[60]</sup> Whether this popularity pertains to the general principle of capitalising rent payments into ownership claims to specifically to the selective application of this principle to social housing only is very much open to question. A more specific proposal ten years ago for a government-funded 30 per cent discount on tenant purchases from Housing Associations was rejected by almost every demographic category.<sup>[61]</sup>

## From subsidising supply to subsidising demand

Recognising the cost to household of the removal of the implicit subsidy of regulated and controlled rents, it was anticipated and intended that Housing Benefit would “take the strain”, in the parlance of Conservative policymakers. The upshot is that the composition of housing subsidies flipped from over 80 per cent supply-targeted (deflationary) in 1975 to over 85 per cent demand-targeted (inflationary) in 2000.<sup>[62]</sup> This was in line with neoliberal orthodoxy’s focus on vouchers as the ideal form of welfare provision. As the Chartered Institute for Housing put it more recently, “demand subsidy tends to be more flexible and adjusts to people’s circumstances: there is a case for it when the supply side is working.”<sup>[63]</sup> But this latter condition has lapsed. In this sense, a later passage Waldegrave’s speech appears prescient:

The next great push after the right to buy should be to get rid of the state as a big landlord and bring housing back to the community. The councils can then concentrate on their frontline housing welfare

role: buying the housing services they need, or subsidising those who need help, and undertaking the wide range of regulatory enforcement, planning and other tasks which are the essence of the public sector.

“Buying the housing services they need” in the form of temporary accommodation, B&Bs and nightly paid privately managed accommodation exceeded £1.6 billion in 2022/23.<sup>[64]</sup> “Subsidising those who need help” in the form of Housing Benefit has surpassed £20 billion each year throughout and since the 2010s and consistently surpasses official forecasts — a bill borne by local authorities.<sup>[65]</sup> The other responsibilities Waldegrave mentions have also suffered since.

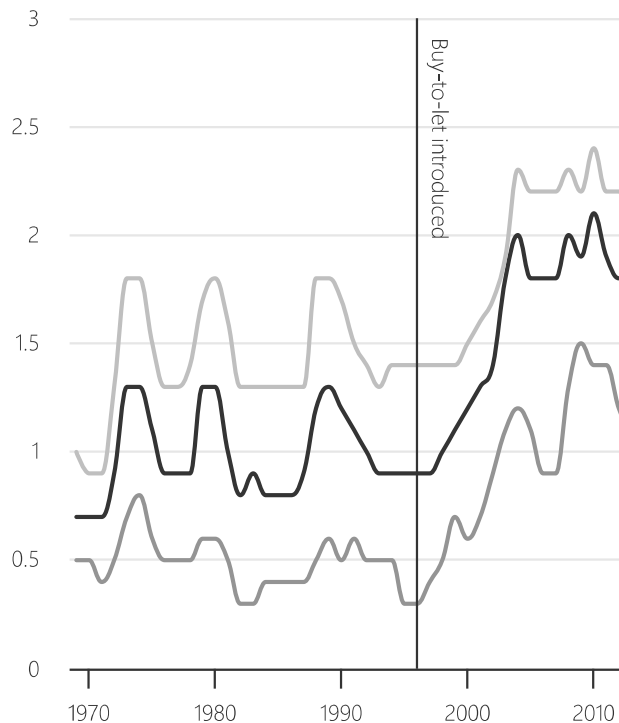
## Buy To Let

The advent of the buy-to-let mortgage market coincided with a structural break in housing affordability as measured by the number of years of income needed to save for a deposit. Previously bubbles would wax and wane cyclically with the

expansions and contractions of credit, but the secular trend was flat relative to incomes. By letting existing property owners “borrow against both work and rent-related incomes — including expected rents on the property being purchased — as well as on an interest-only basis,”<sup>[66]</sup> BTL created an enormous demand shock through the leverage channel. Thus, while BTL mortgages has never exceeded 15 per cent of mortgage issuance,<sup>[67]</sup> they hover as a competitive threat behind all transactions, extending their pricing power far beyond that modest share.

Figure 5: Saving for a Deposit Now Requires Nearly Twice the Income Share as in the 90s

Deposit-top-income ratio for category of home buyer, 1969-2023



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**Source:** Common Wealth based on ONS House Price Annual Table 30. **Note:** ONS source data is rounded to one decimal place by buyer type and to two decimal places for the aggregate.

This period also marks the turning point for the tenure effects of RTB, whereafter we see both owner-occupancy and social tenure falling in tandem (see Figure 2), with the private rental sector absorbing those households.<sup>[68]</sup>

41 per cent of homes sold through RTB are now privately rented.<sup>[69]</sup> The real figure is likely greater.<sup>[70]</sup> This suggests around 780,000 such homes in England — one in six of England’s 4.6 million private rentals. Many of these tenants will be in receipt of housing benefit. Deregulated tenancies in the PRS tend on average to incur higher fiscal awards than in the council sector (an annual difference of over £1,500 per tenancy.<sup>[71]</sup> By one estimate, if all (or half) of the private tenants in former RTB homes were entitled to housing benefit, this would mean an additional £1.5 billion per year (or over £750 million) in social security costs.<sup>[72]</sup>

Furthermore, econometric evidence from abroad shows that having a higher share of regulated rents — whether publicly owned or private “cost-rental” — within the larger rental sector tends to exert downward competitive pressure on rents within the more conventional private rental sector.<sup>[73]</sup> Thus, the pivot within rental tenure away from social rent towards the

deregulated PRS represented by this “Right to Buy to Let” phenomenon is likely to have facilitated greater rent inflation than otherwise within the PRS, on top of the direct compositional effect on overall rent levels.

To the extent that the private letting of these former council homes is subsidised by Housing Benefit, this amounts to the “British government [doing] the exact opposite of what it has encouraged households to do: to buy their own homes, rather than renting,” as James Meek frames it. “Thatcher and her successors have done all they can to sell off the nation’s bricks and mortar, only to be forced to rent it back, at inflated prices, from the people they sold it to.”<sup>[74]</sup>

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## Annex 1: Methodology

The current value of housing sold in a given year is computed by multiplying the market value in the year of sale by an appreciation factor representing house price inflation between that year and year ending March 2024. The market value in the year of sale is computed by scaling upcapital receipts by the average discount rate in that year:

$$V_t^T = \frac{R_t}{1 - d_t} h_t^T$$

Whereas  $V_t^T$  is the market value today of the housing sold in year  $t$ ,  $R_t$  is the capital receipts that year,  $d_t$  is the discount rate and  $h_t^T$  is the appreciation factor between year  $t$  and final year  $T$ . The value of the discount  $d_t$  is then the difference between the values of the home and of the receipts:

$$D_t = V_t - R_t = R_T \left( \frac{1}{1 - d_t} - 1 \right)$$

The accuracy of these estimates can vary depending on the geographical granularity of the observed variables. If giveaways through the discount happen to be concentrated in areas of high subsequent house price growth — whether because sales volumes are disproportionately higher in that area or because the average discount rate in that area is higher — then reliance upon national aggregates and averages will tend to under-estimate the current value of that equity, and vice versa.

A more granular estimator for  $V_t^T$  is thus, dropping the temporal subscript  $t$  for expositional simplicity:

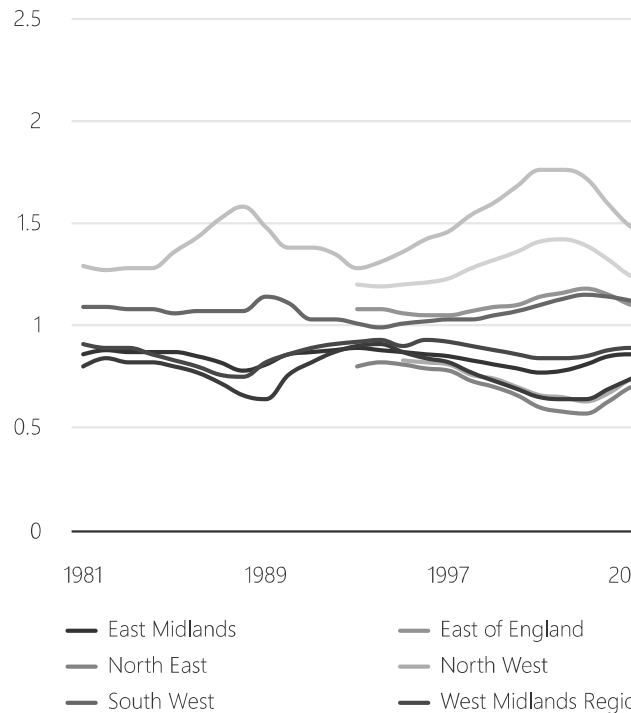
$$V^T = \sum_j^J \frac{R_j}{1 - d_j} h_j^T$$

Where the index  $j$  denotes any of  $J$  locations, whether an English region or a local authority. While expressed as an aggregate of values across locales, this formulation is mathematically equivalent

to multiplying the national aggregate receipts by a weighted average of those locales' house price appreciation factors. Exploiting this granularity is especially important in light of the considerable divergence of house price trajectories in different parts of the country, especially since the Global Financial Crisis. As Figure A1 shows, housing bubbles have historically produced regional divergences that then partially reconverge upon bursting, but the divergence has only continued to widen post-crisis.

Figure A1: Regional House Price Divergence Is Cyclical but Has Been Most Pronounced Post-crisis

House prices relative to England average by region, 1981-2024



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**Source:** Common Wealth based on HM Land Registry.

## Granularity Issues

National aggregates are available through the entire period but the geographical granularity of the public available data varies by time-period. Sales volumes are visible at the LA level all the way back to 1980, but this is not true of capital receipts, average discount rates or house price growth.

Table A1: Geographic Granularity of Available Data

<b>Variable</b>	<b>Granularity of available data</b>
Capital receipts	National-level from 1980/81 onwards. Regional level from 1998/99 until 2023/24, excluding 2011/12. LA level from 2012/13 onwards.
Average discount rates	National-level from 1980/81 onwards. Regional level from 1998/99 until 2010/11.
House price growth	National and regional levels from 1980/81 onwards.* LA level from 1994/95 onwards.
Sales volumes	LA level from 1980/81 onwards.

\*With some exceptions – explained later.

For the period 1980/81-1997/98, therefore, we have granular house price data, but we lack the matching granularity of data in receipts. We nonetheless exploit this house price granularity for this period by weighting the house price appreciation factors by the sales volume in each locale rather than by the quantity of receipts and/or discounts, as in the above formula. Thus:

$$V^T = \frac{R}{1-d} \times \sum_j^J \frac{S_j}{\sum_j^J S_j} h_j^T$$

Figure A2 shows the difference in the estimate that different models yield for the current value of receipts and of discounts corresponding to a given year's sales. Most significantly, weighting  $h$  by regional sales volume moderately lowers our estimated current value of 1980s sales, partly because London sales were slow to pick up in the first half of the 80s, during which period London house prices were rising faster than the rest of the country, before the bursting of the late 80s bubble which once more closed the gap that had opened up (see Figure A1).

### Figure A2: Relying on National-Level Indicators of House Price Appreciation Tends to Over-Estimate the Current Value of Housing Sold

Differing estimates of current value of unremunerated housing equity by year of RTB sale (£bn)



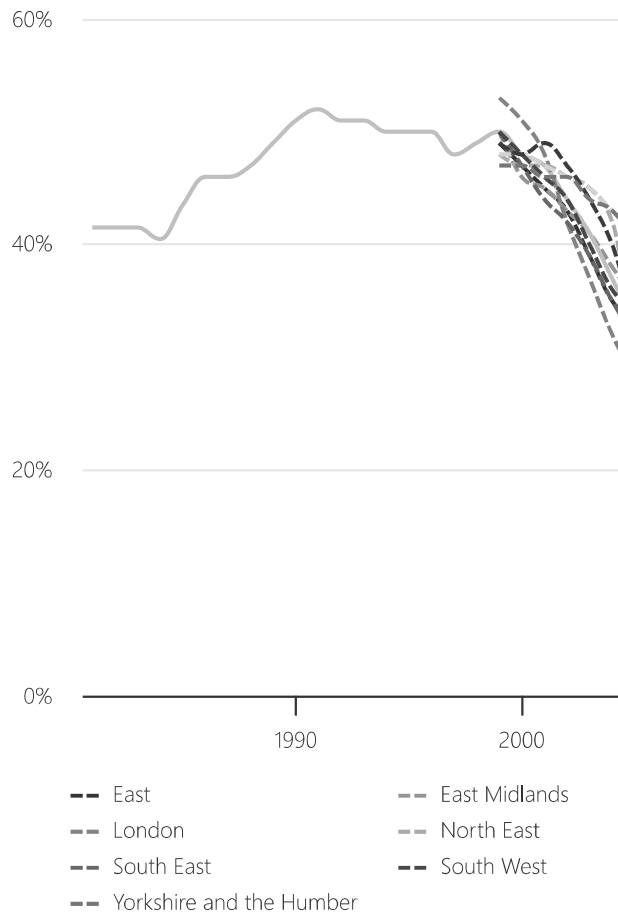
**Source:** Common Wealth calculations.

Figure A3 shows the regional variation in average discount rates for the observable 1998/99-2011/12 period, set in the context of the national average's longer trajectory. The disparity that opened up in the 2000s has likely persisted. In 2021/22 discounts averaged 36 per cent in the south and 48 per cent in the north. (Variation is even sharper at the local authority level: the lowest average rate was 18 per cent in one London LA while the highest was 54 per cent, in an authority in the East Midlands.)<sup>[75]</sup> Incidentally this 12 percentage point difference between north and south is consistent with the regional spread of discount rates in the final observable year, 2011/12. Our central estimate therefore extrapolates regional average discount rates based on this final observable distribution — that is, each region's

percentage point difference in average discount rate relative to England's average is held constant thereafter. As Figure A2 shows, retaining some regional variation in discount rates moderately lowers our estimate of the current value of discounted housing equity in the mid-2010s by roughly ten per cent relative to using the national average discount rate. This is because sales in London were disproportionately high during the 2010s despite much lower discount rates than elsewhere.

Figure A3: Averaged Discount Rates Disperse During the 2000s and Persist Thereafter

Average yearly sale discount rates by region



**Source:** Common Wealth based on MHCLG Live Tables 682 & 643 and Wilcox (2008).

Table A2 summarises the parameter granularities chosen for our central estimate:

Table A2: Geographic Granularities of Indicators Underlying Central Estimates

	<b>1980/81–1997/98</b>	<b>1998/99–2010/11</b>	<b>2</b>
<b>Receipts</b>	England (CW calculations based on Murie 2016)	Regional (Live Table 643)	E (I T 6
<b>Discount rates</b>	England (from Wilcox 2006 <sup>[76]</sup> )	Regional (Live Table 643)	E (I T 6
<b>House price appreciation</b>	Weighted by regional sales volumes	Weighted by regional receipts; Weighted by LA sales volumes for London from 1994/5, NE & WM from 2009/10, SE from 2012/13, E from 2020, EM	V b s v f c L f r 1 N E V N f r 2 S E 2 t l

	<b>1980/81- 1997/98</b>	<b>1998/99- 2010/11</b>	<b>2</b>
		from 2021/22	fr 2 a N fr 2

## Backfilling house prices

HM Land Registry’s regional-level house price index is incomplete prior to the 1995. Series for the East of England, the North East and the South East begin only in 1993, and the series for the North West begins only 1995. These gaps are backfilled using the Nationwide house price indices for corresponding regions, which are rescaled to match the opening values of the HM Land Registry series. Nationwide’s geographies do not always match the Land Registry’s:

- for the North East we use Nationwide’s North series.
- for the East of England we use Nationwide’s East Anglia series.
- for the South East we use Nationwide’s Outer South East series.

## Stock composition issues

### Dwelling type

Our calculations do not distinguish between flats and houses, despite some divergence in prices since 2015,<sup>[77]</sup> however the house price index does

adjust for property type within the cross-section each period's set of transactions.

## Dwelling age

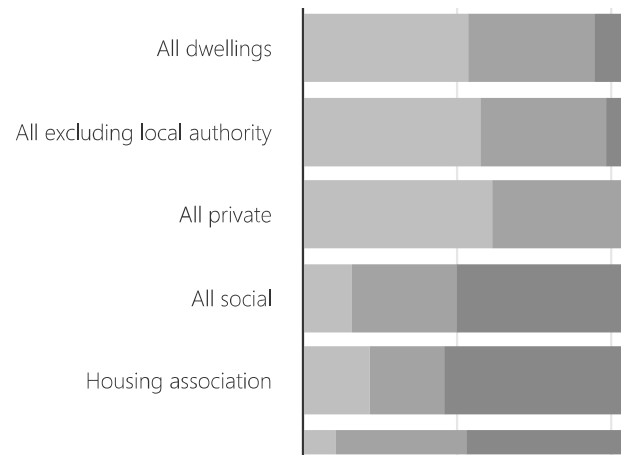
A potentially greater problem for our methodology is that the house price indices do not fully account for the age of the RTB homes relative to a given geography's wider housing stock.

Older homes should be cheaper insofar as they are in correspondingly worse condition and require greater maintenance or renovation; if the larger housing stock is being gradually replenished while the RTB properties continue to age, then the HPI may provide an upwardly biased estimator of the appreciation of those RTB properties. The house price index attempts to account for variation in property characteristics within the set of observable transactions from one period to the next by using a hedonic regression. These characteristics include whether it is a "new or old property" — i.e. new-build versus existing — but this binary does not fully capture age variation. Nonetheless, the observable variables generally explain around 80 per cent of the variation within the cross-section of prices.<sup>[78]</sup>

This concern is further mitigated by two observations — concerning the profile of council stock relative to other dwellings and concerning the profile of RTB stock compared to the residual social stock. Regarding the first, English Housing Survey data, going back only to 2008,

suggests that the stock within the local authority sector is of a broadly similar average age to that within the private sector, albeit predictably far more concentrated within the 1945-80 vintage (see Figure A4). As of 2008, 42 per cent of privately owned homes and 39 per cent of all non-council homes dated to before 1945, compared to only 21 per cent of the then remaining LA stock. Slightly, offsetting this only six per cent of the residual LA stock had been built since 1981, compared to 21 per cent of all private and 22 per cent of all non-council homes.<sup>[79]</sup> Regarding the second, more attractive council homes in better condition were more likely than others to be purchased through RTB. As Alan Murie observes, “limited new council housing since the 1980s and sale of more attractive and larger homes have left a council sector that is older and needing more investment to meet today’s standards, especially to eliminate damp, mould and fire risks.”<sup>[80]</sup>

Figure A4: Council and Ex-council Dwellings Are Slightly Younger Than the Average English Home  
Composition of dwelling vintages by tenure, 2008 (%)




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**Source:** English Housing Survey 2008.

We therefore remain sanguine about the extent to which the gradual replacement and replenishment of the average housing stock transaction flows that inform the house price index is liable to upwardly bias any estimates of the RTB stock's current value based on that index.

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## Footnotes

[1] RTB was idiosyncratic among Thatcher's privatisations insofar as it did not offer the public at large the opportunity to buy shares in housing companies whose portfolios would in turn comprise the homes; a select population — sitting tenants — were offered direct acquisition of the fixed assets in full.

[2] £103 billion in CPI-adjusted terms.

[3] Alan Murie, *The Right To Buy? Selling Off Public and Social Housing*, Policy Press, 2016. Alan Murie, "Right to buy: the long view of a key aspect of UK housing policy" in Mark Stephens, John Perry, Peter Williams and Gillian Young, "2022 UK Housing Review", Chartered Institute for Housing, 2022.

[4] Richard Disney and Guannan Luo, "The Right to Buy public housing in Britain: A welfare analysis", *Journal of Housing Economics*, March 2017, vol. 35, pp. 51-68. Jonathan Cribb, Thomas Wernham and Xiaowei Xu, 17 November 2023, "Housing costs and

income inequality in the UK”, Institute for Fiscal Studies, p. 11, available [here](#).

[5] Ian Mulheirn, James Browne and Christos Tsoukalis, “Housing affordability since 1979: Determinants and solutions”, Joseph Rowntree Foundation, 2023. Available [here](#). Ralph Mould, “Disentangling demand and supply subsidy in UK housing”, in Chartered Institute of Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 7, available [here](#).

[6] These include falling interest rates, credit liberalisation, low housebuilding in high-demand areas and a secular increase in investment demand for housing assets for portfolio purposes. For more detail see Chris Hayes, “The Antisocial Contract”, 2024, Common Wealth, available [here](#).

[7] This figure is adjusted using the GDP deflator, which reflects the change in purchasing power. Unlike the consumer price index (CPI), which only adjusts for the prices facing final consumers, this adjusts for prices facing investment and government spending. It therefore better reflects the spending opportunities that would have been available to local authorities.

[8] IPPR estimates that English councils sold off £15 billion worth of assets between 2010 and 2023. Zoë Billingham, Stephen Frost, Ryan Swift and Jonathan Webb, “Parallel lives: Regionally rebalancing wealth, power and opportunity”, Institute for Public Policy Research, 2023, available [here](#).

[9] Ralph Mould, “Disentangling demand and supply subsidy in UK housing”, in Chartered Institute of Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 7, available [here](#).

[10] Other financial liabilities included £47 billion in insurance and pension guarantees and £65 billion in accounts payable. See Office for National Statistics, “UK Economic Accounts”, available [here](#).

[11] Quoted in Tom Crewe, “The Strange Death of Municipal England”, *London Review of Books*, 15 December 2016, available [here](#). In Crewe’s own words, “the establishment of a neoliberal consensus in Britain has been, in its essence and by necessity, an anti-municipal project.”

[12] See Lisa Adkins, Melinda Cooper and Martin Konings, *The Asset Economy: Property Ownership and the New Logic of Inequality*, Polity, 2020.

[13] The evolving and contested positions of both parties are recounted in detail in books by Alan Murie and by Brian Lund. Alan Murie, *The Right To Buy? Selling Off Public and Social Housing*, Policy Press, 2016, pp. 9-30; Brian Lund, *Housing Politics in the United Kingdom: Power, Planning and Protest*, Policy Press, 2016.

[14] Thus, the propensity to sell did not always map cleanly onto Conservative- relative to Labour-led councils. For more detail, see Alan Murie, *The Right To Buy?*, 2016, pp. 9-30.

[15] Alan Murie, *The Right To Buy?*, 2016, p. 19, p. 33.

[16] 62,000 homes were bought from English and Welsh local authorities and new towns in 1972 alone.

[17] In 1975, Heath's former housing and environment minister Peter Walker proposed selling every single council home to its tenants, with discounts rising to 100 per cent for tenants of over 30 years. That same year Walker's own financial firm Slater Walker was bailed out by the Bank of England amidst financial difficulties following years of immense paper profits thanks to its famous asset raiding strategy. Obituary, 23 June 2010, "Lord Walker of Worcester", *Daily Telegraph*, available [here](#). See also Adam Curtis, *The Mayfair Set*, Episode 2, "Entrepreneur Spelt S.P.I.V.", BBC, 1999.

[18] "I was wary of alienating the already hard-pressed families who had scrimped to buy a house on one of the new private estates at the market price.... They would, I feared, strongly object to council house tenants who had made none of these sacrifices suddenly receiving what was in effect a large capital sum from the Government. We might end up losing more support than we gained." Margaret Thatcher, 1995, *The Downing Street Years*, p.246. Quoted in Brian Lund, *Housing Politics in the United Kingdom: Power, Planning and Protest*, Policy Press, 2016.

[19] Hugo Young, *One of Us: Life of Margaret Thatcher*, 1989, Macmillan; James Meek, *Private Island: Why Britain Now Belongs to Someone Else*, 2015, Verso; Brian Lund, *Housing Politics in the United Kingdom: Power, Planning and Protest*, Policy Press, 2016.

[20] Alan Murie, *The Right To Buy?*, 2016, p.24.

[21] Paul Balchin and Maureen Rhoden, *Housing policy: an introduction*, Routledge, 2002.

[22] David Fée 2009, “Acknowledging the limits of Thatcherism: Housing policies during the Major years”, *Observatoire de La Société Britannique*, 7, pp. 233-248. Available [here](#). “In the 1980s, central housing subsidies to local government were gradually withdrawn. Despite attempts by some Labour-controlled councils to keep rents low by extra rate contributions (Midwinter, 1985), rents were forced upwards, thereby reminding tenants of the Right to Buy’s virtues. When there were no more central subsidies to withdraw, Housing Benefit costs were added to the Housing Revenue Account – the account that determined rents – pushing most accounts into deficit, and in 1989, the Housing Revenue Account was ‘ring-fenced’, preventing any subsidy from the local authority’s General Fund.” Brian Lund, *Housing Politics in the United Kingdom*, 2016.

[23] “Building more social housing: Third Report of Session 2019–21”, House of Commons Housing, Communities and Local Government Committee, 20 July 2020, paragraph 112, available [here](#). “The second group of gainers from the RTB policy were taxpayers in general, via central government, because the bulk of receipts from council-house sales was offset by a reduction in central grants to local authorities – that is, receipts were mostly effectively transferred to the central government... The sales of council houses were the ‘largest privatization’ undertaken in the UK in this period in terms of raising revenue for the central government, exceeding the proceeds from sales of any other major public utilities in the same period”. See Richard Disney and Guannan Luo, “The Right to Buy public housing in Britain: A welfare analysis”, *Journal of Housing Economics*, March 2017, vol. 35, pp. 51-68.

[24] Tony Travers, “Local government: Margaret Thatcher’s 11-year war”, *The Guardian*, 9 April 2013, available [here](#).

[25] Murie, *The Right To Buy?*, p. 37.

[26] Separately the transfer of stock from local authorities to Housing Associations or other Private Registered Providers has also significantly pivoted the composition of subsidised social tenure away from council housing from the late 1990s.

[27] Ray Forrest and Alan Murie, “Home ownership in recession”, 1994, *Housing Studies*, 8, 4, pp. 227-40, available [here](#). Quoted in Chris Hamnett, *Winners and Losers: Home Ownership in Modern Britain*, 1999, UCL Press.

[28] We use the GDP deflator to account for the purchasing power today of the cash that councils either received or forewent through the sales.

[29] If average discount rate is 45 per cent if sales are weighted by their current market value and 44 per cent if weighted by their nominal value at the time of sale.

[30] Successive batches of FOI requests have revised this figure upwards from 32% in 2013 (based on 13 council FOI responses), to 36% in 2014 (based on 31 London Borough responses), to 40% in 2017 (based on 111 responses) and 41% in 2024 (based on 86 responses). See Nick Sommerlad, “Exclusive: Great Tory housing shame: Third of ex-council homes now owned by rich landlords”, *Daily Mirror*, 5 March 2013, available [here](#); Tom Copley, “From Right to Buy to Buy to Let”, Greater London Authority: London Labour Assembly, 2014, available [here](#); Peter Apps, “Full data released: Right to Buy to Let”, *Inside Housing*, 21 August 2015, available [here](#); and also Alex Diner and Hollie Wright, “Reforming right to buy: Options for preserving and delivering new council homes for the twenty-first century”, New Economics Foundation, 2024, available [here](#).

[31] £430 billion minus £104 billion (the GDP-deflated value of capital receipts).

[32] Equity assets have performed similarly to housing, bonds less so. See the Macroeconomic Database compiled by Òscar Jordà, Moritz Schularick and Alan Taylor, “The Rate of Return on Everything, 1870–2015.” *Quarterly Journal of Economics*, 134(3), 1225-1298, available [here](#).

[33] For a timeline of major privatisations — excluding land and housing — from 1970 to 2014 with their net proceeds, see Chris Rhodes, David Hough and Louise Butcher, “Privatisation: Research Paper 14/61”, House of Commons Library, 20 November 2014, p. 15, available [here](#). For estimates of the discount of float price relative to end-of-day or end-of-week trading prices, see Tim Jenkinson & Colin Mayer, 1988. “The privatisation process in France and the U.K.,” *European Economic Review*, March 1988, vol. 32(2-3), pp. 482-490, available [here](#).

[34] Brett Christophers, *The New Enclosure: The Appropriation of Public Land in Neoliberal Britain*, Verso, 2018, p.1.

[35] For estimates of the discount of float price relative to end-of-day or end-of-week trading prices, see Tim Jenkinson and Colin Mayer, 1988. “The

privatisation process in France and the U.K.” *European Economic Review*, March 1988, vol. 32(2-3), pp. 482-490, available [here](#). Most recently, Royal Mail shares were sold at a price 27 per cent lower than the first day closing price. Rupert Neate, “Undervaluing Royal Mail shares cost taxpayers £750m in one day”, *The Guardian*, 1 April 2014, available [here](#).

[36] Discretionary sales before 1979 also sold at discounts, often reflecting councils’ freedom not to always insist upon the maximum possible price, tempered by a desire to avoid giveaways.

[37] Critics on the right have denounced the reforms as an “attack on aspiration.” See e.g. Daniel Martin, “Angela Rayner slashes right-to-buy discounts in ‘attack on aspiration’”, *Daily Telegraph*, 3 July 2025, available [here](#).

[38] Another rationale is that submarket prices correspond to submarket rents. Another relies on analogy to private sector sales of tenanted properties that — even when generating market rents — sell at a discount to their vacant possession counterparts, although one may reasonably question the analogy when the buyer and incumbent tenant are the same person. See Steve Wilcox, “A financial evaluation of the right to buy”, in Chartered Institute for Housing, “2006 UK Housing Review”, 2006. Chapter available [here](#).

[39] *LabourList*, “Jeremy Corbyn: right to buy should be extended to private tenants”, 24 June 2015, available [here](#); Jim Pickard, “UK’s Labour would seize £300bn of company shares”, *Financial Times*, 1 September 2019, available [here](#).

[40] Peter Saunders, 2016, “Restoring a Nation of Home Owners: What went wrong with home ownership in Britain, and how to start putting it right”, Civitas, available [here](#).

[41] Murie, *The Right to Buy?*, p. 42.

[42] For more, see Hayes, “The Antisocial Contract”, *Common Wealth*. See also Sacha Hilhorst, “Housing Coalitions of the Future”, *Common Wealth*, 2025, available [here](#).

[43] Andrew Grice, “Nick Clegg accuses Conservatives of ‘rigging the rules’ in attempt to create ‘one-party state’”, *The Independent*, 25 February 2016, available [here](#).

[44] Between 1980 and 1991, when RTB volumes were at their highest, social sector’s tenure share within the poorest quartile of the income distribution

fell by barely a percentage point. For the other three quartiles it fell by roughly 15 percentage points. The second income quartile saw the steepest decline of nearly 20 percentage points. This would suggest that two thirds of RTB beneficiaries during these years were in the top half of the income distribution. This data is based on the Family Expenditure Survey for 1968–93 and Family Resources Survey for 1994 onwards. Jonathan Cribb, Thomas Wernham and Xiaowei Xu, 17 November 2023, “Housing costs and income inequality in the UK”, Institute for Fiscal Studies, p. 11, available [here](#).

[45] Likely the result of assured shorthold tenancies and rent deregulation.

[46] Ibid, p. 12. Prior to 1990, housing costs relative to income had displayed very little cross-tenure difference on average. Costs hovered around seven to eight per cent of income for all three tenures throughout the 1970s and broadly doubled in lockstep over the course of the 1980s.

[47] See comparisons between measures of poverty and inequality before and after housing costs. Institute for Fiscal Studies, “Living standards, poverty and inequality in the UK”, available [here](#).

[48] Murie, “Right to buy: the long view of a key aspect of UK housing policy” in “2022 UK Housing Review”, Chartered Institute for Housing, 2022, available [here](#).

[49] North Sea oil and gas revenues averaged nearly six per cent of GDP during the 1981–85, of which nearly five percentage points was gross operating surplus. By prioritising day-to-day domestic income and expenditure instead of investing in foreign assets, the UK’s approach consolidated neoliberalism through both otherwise fiscally unaffordable tax giveaways and the Dutch disease-driven acceleration of deindustrialisation. For a brief summary of this episode, see Brett Christophers, *Rentier Capitalism: Who Owns the Economy, and Who Pays for It?*, Verso, 2020, Ch. 2.

[50] Beyond the discounts, the spending restrictions and the removal of discretion, this included inserting ministerial authority over the interpretation of legislation. Heseltine was careful to ensure the latter point in the wording of the legislation: “The Secretary of State may do all such things as appear to him necessary or expedient to enable secure tenants of the landlord or landlords ... to exercise the right to buy and the right to a mortgage” (Housing Act 1980, section 23( 2)). The creation of the new “secure

tenant” tenancy status was Heseltine’s innovation to “cut out legal challenges based on resource constraints that may have hindered local authorities from discharging their obligations.” See Brian Lund, *Housing Politics in the United Kingdom: Power, Planning and Protest*, Policy Press, 2016.

[51] Office for Budget Responsibility, “Public investment and potential output”, 29 August 2024, pp. 6-7, available [here](#).

[52] IPPR estimates that English councils sold off £15 billion worth of assets between 2010 and 2023. Zoë Billingham, Stephen Frost, Ryan Swift and Jonathan Webb, “Parallel lives: Regionally rebalancing wealth, power and opportunity”, Institute for Public Policy Research, 2023, available [here](#).

[53] Ralph Mould, “Disentangling demand and supply subsidy in UK housing”, in Chartered Institute of Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 7, available [here](#).

[54] Other financial liabilities included £47 billion in insurance and pension guarantees, and £65 billion in accounts payable. See Office for National Statistics, “UK Economic Accounts”, available [here](#).

[55] Crewe, “The Strange Death of Municipal England”, *London Review of Books*, available [here](#).

[56] “The Local Government, Planning and Land Act 1980 allowed central government to impose grant penalties on councils that exceeded newly imposed expenditure limits. The Local Government and Housing Act 1989 required local authorities to set aside 75 per cent of sales receipts, which could only be used to pay down debt until the local authority became debt-free. These changes reduced the ability of local councils to borrow money for capital expenditure, including construction of social housing.” See Frank Eardley, “Right to buy: Past, present and future”, House of Lords Library, 17 June 2022. Available [here](#).

[57] *The Guardian*, “Heseltine announces new housing policy”, 23 June 1979.

[58] “I have been modelling the housebuilding process statistically down to the local level over many years and iterations, and one conclusion continues to come through strongly: the more social housing is being built in a locality and time period, the more private housing completions will be delivered as well, controlling of other relevant determinants.” Glen Bramley, “The crowding-in effects of social housing”

in Mariana Mazzucato et al, 2025, *Shelter*, “Safe as Houses: Why Investment in Social Housing is Great for Us and Our Economy”, available [here](#). For detail on such modelling, see Glen Bramley and David Watkins, “Housebuilding, demographic change and affordability as outcomes of local planning decisions: Exploring interactions using a sub-regional model of housing markets in England”, *Progress in Planning*, Volume 104, February 2016, pp. 1-35, available [here](#).

[59] Maurice Lange and Xuanru Lin, “Restarting housebuilding II: Social housing and the public sector”, December 2024, Centre for Cities, available [here](#).

[60] It is roughly equally popular among 2024 Labour, Conservative and Lib Dem voters. Curiously It is least popular among Reform voters, though still net positive. It is also more popular among lower NC-SEC classes than higher, and more popular in the nations and the North than in the rest of England. YouGov, “Do you think that is fair or not fair to allow council tenants to buy their council house at a discount?”, 21 October 2024, available [here](#).

[61] A 2015 YouGov survey on behalf of the National Housing Federation asked: “A housing association is a non-profit organization that rents houses and flats to people on low incomes. Generally speaking, do you think that all those living in housing associations should or should not have a right to buy their home at a government funded discount of 30 per cent?”. Net opposition to the proposal was ten per cent (45 per cent opposition vs 35 per cent approval). Only 18-24 year-olds and the DE social class showed net approval, by seven percentage points and two percentage points respectively. Available [here](#).

[62] Mark Stephens, Christine Whitehead and Moira Munro, “Lessons from the past, challenges for the future for housing policy”, Department for Communities and Local Government, 2005.

[63] Ralph Mould, “Disentangling demand and supply subsidy in UK housing”, in Chartered Institute of Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 7, available [here](#).

[64] Francesca Albanese, “Tackling rising use of temporary accommodation must be a priority”, in Chartered Institute of Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 14, available [here](#).

[65] Ralph Mould, “Disentangling demand and supply subsidy in UK housing”, in Chartered Institute of

Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 7, available [here](#). Ironically, it was for fear of such a mushrooming expense that Thatcher rejected the policy proposed to her in 1985 by then Housing Minister Ian Gow, before eventually coming round to the idea by 1988. See Brian Lund, *Housing Politics in the United Kingdom: Power, Planning and Protest*, Policy Press, 2016.

[66] Chris Hayes, 2024, Common Wealth, “The Antisocial Contract”, available [here](#).

[67] Data on mortgage issuance broken down by loan purpose is only available back to 2007.

[68] The growth of the PRS coincided with a turning point whereafter the social sector became less well-targeted towards lower-income households. See Ian Mulheirn, James Browne and Christos Tsoukalis, “Housing affordability since 1979: Determinants and solutions”, Joseph Rowntree Foundation, 2023. Available [here](#).

[69] This figure is based on Freedom of Information response from the 86 Local and Unitary Authorities. Alex Diner and Hollie Wright, “Reforming right to buy: Options for preserving and delivering new council homes for the twenty-first century”, New Economics Foundation, 2024, available [here](#). An earlier set of FOI requests by Inside Housing yielded a similar figure of 40 per cent based on replies from 111 local authorities. See Nathaniel Barker, “Exclusive: 7% rise in former Right to Buy homes now rented privately”, *Inside Housing*, 7 December 2017, available [here](#). The 2017 article is an update to a 2015 article: Peter Apps, “Full data released: Right to Buy to Let”, *Inside Housing*, 21 August, 2015, available [here](#).

[70] Culprits do not always register an away address. The leading Right To Buy expert posits “half or more”. Alan Murie, “Rethinking the right to buy”, in Chartered Institute for Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 10, available [here](#).

[71] Compendium Table 108, available [here](#).

[72] Murie, “Right to buy: the long view of a key aspect of UK housing policy” in Chartered Institute for Housing, “2022 UK Housing Review”, 2022.

[73] Research commissioned by the Vienna City Administration examines the effect of Austria’s non-profit building association sector within a granular set of Austrian districts and found a statistically significant effect both in the cross-section and in the time-series. Michael Klien, Peter Huber, Peter

Reschenhofer, Gerlinde Gutheil-Knopp-Kirchwald and Gerald Kössl, 2023, “Die preisdämpfende Wirkung des gemeinnützigen Wohnbaus”, available [here](#). An English-language summary of the report is available [here](#).

[74] Meek, *Private Island*, p. 194.

[75] Local Government Association, Association of Retained Council Housing, National Federation of ALMOs, January 2023, “Research into the Right to Buy within the Housing Revenue Account”, available [here](#).

[76] Steve Wilcox, “A financial evaluation of the right to buy”, in Chartered Institute for Housing, “2006 UK Housing Review”, 2006. Chapter available [here](#). Wilcox’s average discount rate data is sourced from “Housing Finance Review 1996/97”.

[77] Zoopla calculates that the multiple between the respective average prices of houses and flats in the UK was stable at 1.4x from 1995 to 2015 but has since widened to 1.7x as of 2025, partly driven by disproportionate increases in the supply of flats. Marc Da Silva, February 27, 2025, “Gap between prices of houses and flats ‘at highest point in 30 years’”, *Property Industry Eye*, available [here](#).

[78] “It is not possible to measure all the characteristics that may influence prices. For example, qualitative factors relating to *the condition of the properties*, amount of traffic, distance to shopping or places of work etc are not measured. Consequently, it is not possible to explain all of the variation in prices that is observed. However, the characteristics used in the equations in this study generally explain around 80% of the variation.” (Our emphasis.) See HM Land Registry, 2023, “UK House Price Index: Quality and methodology”, available [here](#).

[79] MHCLG, Live Table DA1101, available [here](#).

[80] Alan Murie, “Rethinking the right to buy”, in Chartered Institute for Housing, “2024 UK Housing Review, Autumn Briefing Paper”, 2024, p. 10. available [here](#).

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