

Housing & Land

Briefing

Restoring Council Housing After Right To Buy

Converting existing homes into council housing is a missing piece of the public housing puzzle.

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21.08.2025

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Summary

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Right To Buy Back

Summary

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There has been a deliberate and far-reaching reengineering of housing tenure in Britain. In the late 1970s, around 30 per cent of households in England lived in

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council housing, by 2023, just six per cent of homes were council housing. A major driver of this reduction was Right To Buy, introduced in 1980 which meant that council homes would be eligible to be bought by their tenants, after a certain number of years residing in the property, at a substantial discount. Purchase by sitting tenants had previously been possible but this was subject to local authority discretion and invariably with much lower discounts. Right To Buy eliminated this discretion and mandated generous discounts. This led to the transfer of millions of previously socially rented public housing units into private ownership.

Since then, successive governments have done very little to expand the council housing stock. The decline in council housing as a share of the overall housing stock has been a major driver of the housing crisis: it has reduced the supply of low cost rented housing and exposed more of the population to the higher rents and the insecurities of private renting.

The dramatic fall in council housing levels has significantly contributed to the following:

- Unaffordability: the decline of council housing provision has helped drive the growth in the private rented sector, where rents are considerably higher on average — the typical private tenant spends an average of 34 per cent of their income on rent (rising to 39.8 per

cent in London), whereas this figure was only ten per cent of income in 1980. While private renters in England pay an average of £209 a week, for council tenants the equivalent figure is £100 a week. This reflects the fact that council rents are almost all set at “social rent” level, the lowest cost form of rental housing, equivalent to approximately 50 per cent of local market rents.

- Insecurity: the decline in council housing has also left local authorities drastically under-resourced to adequately house people who are facing, or are at risk of, homelessness. This has led to an increased reliance on temporary accommodation (including from the private sector) — a form of accommodation which often lacks basic facilities and where overcrowding is common. Research from Shelter in 2023 found that one in five residents of temporary accommodation reported a safety hazard and three in four reported poor conditions. The Local Government Association estimates that the use of temporary accommodation rose by 89 per cent between 2013 to 2023. Consequently, the cost to councils has also almost doubled in the past five years. Councils spent a total of £2.3 billion on temporary accommodation in 2023-24. In England, spending on nightly paid, privately managed temporary accommodation has doubled in the three years to 2024, with

the London Assembly reporting that some private providers are turning to nightly paid accommodation because it is more profitable.

- **Inaccessibility:** the collapse of social housing provision has left vast numbers of households waiting for a social home. 1.29 million households are currently on social home waiting lists, with recent projections suggesting this figure could rise to two million within a decade. Meanwhile, according to the official estimates, rough sleeping has nearly tripled since 2010. The decline in local authority housing assets since 1980 has significantly constrained councils and left them far less able to meet local housing needs.
- **Inequality:** our analysis finds that the estimated market value of the equity given away in Right To Buy discounts (given to tenants to incentivise the purchase of council housing) between 1980 and 2022/23 stands at approximately £194 billion. This represents a vast transfer of public wealth to private individuals. Furthermore, 41 per cent of homes sold under Right To Buy are now rented out in the private rented sector. We also find that Right To Buy is the second largest privatisation by market value in UK history, after land. These outcomes, of insecurity, inaccessibility and inequality are the result of a political project to transform housing tenure in Britain.

Right To Buy

Under Right To Buy, 2.4 million homes, including 1.9 million in England, have been sold off, and removed from local authority ownership. Crucially, the many former council homes now in the private rented sector means millions of people are now exposed to higher rents and less secure tenancies.

Nor is the sale of council homes at scale a historical phenomenon. Analysis of applications suggests that 18,500 council homes are expected to have been sold off in 2025/26, linked to a surge in applications to buy council homes before the Government's reduction in Right To Buy discounts took effect. This figure is more than six times higher than the 2,850 completions of new council homes needed to reach the Government's aim to achieve the "biggest wave of council housing in a generation". This is because the highest figure for council housing completions in the last thirty years stands at just 2,850 in England (for 2023/24). While 2024/25 is set to be an exceptional year, Right To Buy sales have always exceeded 5,000 council homes each year since the policy's inception in 1980/81, with the exception of the 2008 financial crash.

In other words, Right To Buy continues to deplete council housing stock more quickly than public housing can be

replaced, it replaces affordable social rents with higher private market rents and less secure tenancies, privatises public wealth and exacerbates the housing crisis.

A Plan for Council Housing

The Government has started to recognise, and in some cases, address the problems caused by a decline in council housing in two significant ways. First, through a commitment at the Spending Review to expanding social housing supply through a pledge for “the biggest increase in social and affordable housebuilding in a generation” and a sizeable uplift in the Affordable Homes Programme, (though the programme remains below the level achieved at the end of the last Labour Government). Secondly, the Government has announced reforms to curb Right To Buy. In autumn 2024, the Government reduced Right To Buy discounts in England by capping them at £16,000 in London, £38,000 in the South East and at levels below £38,000 for each other region. In summer 2025, the Government announced further plans to legislate for capping discounts at a maximum of 15 per cent and exempting new council homes from Right To Buy for 35 years. However, this falls short of the Welsh and Scottish governments, which have ended Right To Buy entirely.

These are steps in the right direction to both expand supply and reduce the depletion of social housing via Right To Buy. There is, however, a further measure the Government should adopt which would rapidly contribute to that goal: a strategy to support local authorities to buy private housing stock when it comes up for sale, focused on homes lost to the public through Right To Buy.

This would offer a series of advantages, including expanding council homes quickly and in a cost-effective manner, insulating new council tenants from high market rents and rebalancing housing tenures towards genuinely affordable homes and much greater social ownership.

Right To Buy Back

Buyouts by local authorities are when local councils acquire properties for council housing, rather than relying solely on new building. This involves councils identifying and purchasing properties suitable for repurposing as council housing, in many cases homes sold off under Right To Buy. In our view, this should complement building new council homes at scale. As examples in Scotland, Spain and Greater London show, buyouts can sit alongside plans to expand council or social housing with new construction.

Interest in the prospect of buying homes from the private sector to repurpose as

council housing has grown in recent years, as have practical examples (in Scotland, London and parts of Europe, among others).

In 2024, research from the New Economics Foundation (NEF) made a detailed case for buyouts for social housing. The report argued that buyouts can play an important role in expanding the supply of social housing. Drawing on the Greater London Authority's scheme, initially titled the "Right To Buy Back" and now the "Council Housing Acquisitions Programme", NEF argues that buyouts can increase the social housing stock and make more housing available for those on council housing waiting lists, relieving pressure on local authorities. NEF also highlight that "many of the councils who participated in the scheme prioritised buying ex-council homes". This suggests the approximately two million homes sold under Right To Buy could be a focal point for buyouts.

While buyouts represent a sizeable cost, NEF note that some of these costs would be offset by reduced spending on temporary accommodation and lower spending on housing benefit to private landlords. NEF's analysis suggests London's acquisition programme is projected to pay for itself within 25 years. This raises the prospect that rolling out an equivalent scheme to all regions of the UK could be cost-neutral in the long-term. Further, it is worth adding that buy-outs for council housing led to new revenue-

generating public assets, adding to public sector worth, though the amount of revenue generated would still face limitations given social rents are significantly below market rate.

A 2024 report from the Joseph Rowntree Foundation (JRF) also explored the case for social housing buyouts. JRF argues buyouts would offer better value for public money, rather than relying on paying housing benefit to private landlords, or private temporary accommodation. We would add that paying housing benefit to private landlords has also acted as a “demand subsidy” which pumps up prices. JRF also argues that buyouts can contribute to a “tenure shift”, playing a key role in rebalancing ownership in housing by expanding secure, affordable tenures.

Research from Shelter in 2024 assessed the prospects for converting long-term empty homes to social housing in ten English cities including London, Birmingham and Manchester. The report found “converting (long-term empty) homes costs comparatively less to central government, with required grant funding on average 20 per cent below the usual cost to deliver social rent homes in these areas, and in some cities reaches 55 per cent cost”, based on Shelter’s estimates of the cost of acquisition plus the cost of refurbishment. Shelter argues that this represents a “smaller, but crucial part of the puzzle” for expanding social housing.

Finally, the Fabian Society’s 2023 commission on poverty and regional

inequality also called for buyouts for social housing, calling for the acquisition of 500,000 homes over a decade from private landlords who are selling a property. These acquisitions would focus on homes which fail the Decent Homes Standard, which do not meet incoming energy efficiency standards or are lying empty. This would go some way towards addressing the waiting list for social housing. Our argument is that such buyouts should purchase homes to use as council housing.

In the section below, we argue that council housing is particularly well placed to achieve a “tenure shift” of the kind advocated for by JRF. Unlike other social landlords, such as housing associations, council homes are ultimately owned by the public at the local level.

Why Council Housing?

Council housing ensures public money flows to public entities, rather than private non-profits (housing associations) or “for-profit registered providers” (private companies which provide social housing for profit).

Further research from Savills, notes housing associations are more dependent on planning requirements for private developers to build affordable homes (as well as cross-subsidy through financing

private market homes), leaving them more “reliant on the underlying strength of the housing market”. However, bigger central Government grants to housing associations would also reduce their reliance on private developments — and by extension their dependence on a volatile housing market. While not the decisive factor on its own, council housing enjoys a greater degree of independence from housing market volatility.

Councils also offer housing with, on average, lower rents than housing associations. While the significant majority of both the council and housing association stock is let at social rents — the most affordable tenure — a greater share of housing association homes are more expensive tenures. This includes homes for “affordable rent” (up to 80 per cent of market rent), “intermediate rent” (set between the levels of social rents and affordable rents) and shared ownership (which require relatively substantial deposits for prospective residents). While both housing associations and councils can deliver social rent homes at scale, councils particularly strong focus on this tenure, alongside the factors discussed later in this section give them a degree of advantage in this task.

It is the combination of using public money to build up public wealth, lower dependence on private developers compared to housing associations and a track record of providing homes which are truly affordable even for those on low

incomes which makes council housing an especially compelling option for a “tenure shift” to secure and low-cost housing, better insulated from market volatility.

Building on themes Common Wealth has previously explored, a new generation of council housing should have participation from residents at the centre, ensuring public ownership brings about real public control. This would be in contrast to much post-war council housing, where meaningful tenant’s voice was lacking.

Guaranteeing that new council homes are of particularly high quality is also a critical priority. An ethos of public luxury can help deliver council homes as a genuinely desirable housing option, rather than the second (or third) best choice.

Approaching council housing delivery in this way can potentially enhance public buy-in for further expansions of public housing.

Buy-Backs in Practice

Recent years have seen an upsurge of cities and countries around the world using buyouts as a strategy to expand public or social housing. These initiatives offer insights into best practice for buy-outs, as well as what ambitious strategies in the UK could look like.

In 2023, the Greater London Authority launched its “Right To Buy Back” scheme, which saw 1,500 homes acquired in the

scheme's first year to be repurposed as council housing, many of which were homes sold off under Right To Buy. Over two decades, NEF has estimated that the scheme will make a net saving for the public sector by reducing the costs of temporary accommodation. If the scheme prioritised general needs social housing (rather than publicly owned temporary accommodation) NEF estimates that this would save £47 million a year.

While the continuation of the programme, under the new title of the "Council Housing Acquisitions Programme" is positive, the previous benchmark of 1,500 homes per year has been replaced with a target for 1,000 a year. While scrapping the programme altogether would have been a serious error, reducing the annual target represents a move toward less ambition. Given the scale of London's social housing shortage, this unfortunately represents a move in the wrong direction. Given the pressures on local and regional authority budgets, funding from central Government for a larger programme would be highly useful in supporting an ambitious strategy for expanding council housing.

Andy Burnham, Mayor of Greater Manchester, has also called for expanded Compulsory Purchase Order (CPO) powers to buyout private rental homes where landlords are letting out substandard homes. NEF have backed this idea and argued landlords should also be prevented from selling properties on

the market without evidence the property is abiding by regulatory and legal standards. NEF argues “substandard properties are likely to be valued at sub-market levels anyway, but this procedure would effectively reduce the price paid by the local authority further”. We endorse this proposal as one cost-effective mechanism by which local authorities can increase the council housing stock.

In Scotland, in 2023, the Scottish Government announced plans to spend £60 million a year on funding buyouts for “social and affordable housing”. This plan includes both councils and housing associations. At average 2023 Scottish house prices this would be enough to fund 3,000 new social homes a year. The programme faced reductions in funding after the Scottish Government cut its affordable housing budget in 2024/25, only for the cuts to be reversed from 2025/26. As it stands, this leaves the acquisitions programme as the largest of those currently operating in the UK in terms of potential to acquire homes.

In January 2025, Spain transferred 3,300 homes from the state’s “bad bank” (which holds assets from banks rescued in the financial crisis) to its new Public Housing Company. A new legal mechanism is set to see the Public Housing Company also have first priority in the purchase of land and housing.

In Barcelona, the city has established “a right of first refusal” for when properties are placed on the market, giving the city

the power to be the preferred buyer of a home when the owner opts to sell. From 2016 to 2023, Barcelona acquired 1 500 homes for public housing, representing 22 per cent of the affordable homes the city Government delivered in this period. In a number of cases the “right of first refusal” has allowed the city to acquire multi-household buildings at significantly below market value (see: Barcelona City Council, Casa Orsola, Gracia and El Raval), such a right could play a substantial role in ensuring buyouts are cost-effective. In February 2025, the autonomous community of Catalonia followed suit with its own “right of first refusal”.

Valencia’s regional Government has also initiated a “right of first refusal” for buildings with five or more homes where 80 per cent or more are put up for sale. Valencia’s regional Government has also initiated a “right of first refusal” for buildings with five or more homes where 80 per cent or more are put up for sale.

In Portugal, of a total six million dwellings, an estimated 700,000 homes sit vacant. In 2023, the country passed legislation that allows the state to turn these empty properties into social housing. Under these plans, homes would be treated as social housing but would ultimately remain under the ownership of their private owners, who would receive rent payments but at sub-market rates.

In Berlin, a 2021 referendum in favour of turning properties owned by large landlords (those who own 3000 or more

properties) into public housing was passed. This would see almost a quarter of a million properties turned into public housing. While the result may not be fulfilled without a further referendum, the majority of members of the cross-party commission tasked with exploring the proposal's feasibility concluded that rental homes could be acquired at below the market price.

In France, a “right of first refusal” has also existed for cities since the 1980s, enabling city authorities to expand the social housing stock more effectively. With city centres like Paris already having high density, the right enables public authorities to maintain and enhance the social housing stock without having to require new construction.

In Canada, Montreal introduced a “right of first refusal” in 2020 for certain properties, allowing the city government to purchase properties before they go on the open market and convert them to social housing. Two years later, Quebec rolled out the same right of first refusal across the province. In late 2024, Montreal announced plans to acquire some 700 properties under the “right of first refusal”.

Equivalent rights of first refusal also exist in the US cities of San Francisco and Denver, “to preserve affordable housing”, though in San Francisco the right only exists for recognised non-profits to purchase homes on behalf of the community, rather than for the city government itself.

The UK also has a history of engaging in buyouts. Over the course of the 1970s, Camden Council, (in London), bought almost 7000 homes to use as council homes. In the 1950s, it was the Labour Party's ambition to eventually socialise the private rental sector, delivering "housing as a social service". Even today, it is not just construction that delivers new council housing; during the year 2022-23, buyouts represented 46 per cent of those council homes funded through receipts from Right to Buy in England.

Policy Recommendations

To substantially expand council housing, we recommend the following:

- Introduce a national "Right To Buy Back" scheme for England, modelled on the Greater London Authority's programme, in which grants are allocated to local authorities to fund buyouts of council homes at social rents. This would allow local authorities to purchase homes to be used as council housing, with a focus on buyouts of former council homes. Over time, funding could be ramped up significantly as part of a wider strategy to restore council housing to pre-Right To Buy levels — and expand it in future — and clear social housing waiting lists. The "Right To Buy Back" scheme should be overseen by central

government, which should allocate the grants to local authorities, with the criteria for accessing grants to be set by central government but delivered by local authorities, tailored to meet the local housing needs.

- Introduce a duty for local authorities to rebuild their council housing stock, including by purchasing ex-council homes where financially feasible. This would help to address the issue of local councils with zero or nearly zero council homes in their area, which include Bolton, Wirral and Bromley councils.
- Significantly expand the “Right of First Refusal” for ex-council homes, introduced in 2005, to cover all former social homes sold under the Right To Buy (and related schemes) and private rented homes. This is similar to a proposal from NEF to introduce a “Community Right To Buy”. As with the case of Barcelona, an expanded “right of first refusal” would give local authorities more bargaining power to purchase properties for below the full price on the open market. Sitting tenants of former private rented homes purchased under a “right of first refusal” should be offered council tenancies if they wish to retain the home, so that no one is left at risk of losing their home through a buyout by their local authority.
- Revisit the 2012 debt settlement for “Housing Revenue Accounts”, the local Government bodies which finance

council homes, as the Chartered Institute of Housing has argued for. This could free up a total of £17 billion for maintenance, repair and expansion of council housing, including for buyouts.

- Expanding compulsory purchase powers over substandard properties in the private rental sector can also allow local authorities to acquire homes for council housing at better value for the public, while improving the condition and quality of the housing stock overall, as NEF has argued.

Annex

Definitions of social and affordable housing tenures and providers

Term	Definition
Affordable housing	Affordable Housing is the sum of Affordable Rent, Social Rent, Intermediate Rent, and other programmes including Affordable Home Ownership (Shared Ownership and Rent to Buy).
Private registered providers	Private registered providers are organisations which provide social housing, either in a for-profit or not-for-profit capacity. Most private registered providers are housing associations.
Council housing	The term “council housing” is commonly used interchangeably with “social housing”. However, technically, it refers specifically to council-owned or council-built housing

— that may not always be for social rent.

Affordable rented housing

Affordable rented housing is a form of social housing, introduced in 2011. It may only be delivered with grant through the AHP 2011-15 and other associated and subsequent programmes or without grant by local authority and other providers, where a contract or confirmation of the ability to charge an Affordable Rent is in place. Affordable rented homes are let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of up to 80 per cent of the local market rent (including service charges, where applicable).

Intermediate affordable housing

Intermediate affordable housing is housing at prices and rents above those of Social Rent but below market price or rents, and which meet the criteria as set out in the definition for affordable housing.

Social rented housing

Social rent is rented housing owned and managed by local authorities and private registered providers, for which target rents are determined through the national rent regime. It may also include rented housing managed by other persons and provided under equivalent rental arrangements to the above.

Shared ownership

Shared Ownership allows a household to buy a share of a home (up to a possible 100 per cent) from an affordable housing provider, with the provider owning the remaining share.

Sources: Shelter (for definition of council housing) and Homes England (for all other definitions).

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