

HOUSING ASSOCIATIONS AND RIGHT TO BUY



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Oct 2 is a big day for social housing. Housing Associations have been given this deadline to respond to proposals for a voluntary 'right to buy' scheme so as to forestall legislation.

The original draft legislation was a body blow to social housing. It would further deplete the stock of affordable property let on the basis of need. All previous experience of right-to-buy is that stock sold is not replaced on anything like a one-for-one basis. At a time when public finance is still under pressure one segment of the population would be given a substantial subsidy for purchase. This subsidy for owner occupation is yet another, coming on top of 'Help to Buy', Osborne's extraordinarily expensive boost to demand and house prices.

Moreover the legislation undermines the operational independence of Associations which are, mostly, charitable bodies, not an arm of the state. And one certain consequence would be that sitting tenants would buy and then, in due course, either sell on or rent on a buy-to-let basis; just when evidence is emerging that the buy-to-let sector is a potentially serious threat to the financial stability of the banking sector.

Vince Cable

The legislation is pure dogma without a shred of economic, social or moral justification. If, as my former colleague Greg Clarke claims, the aim is to support the aspiration of social tenants to home ownership then the discount could be given to them to buy on the open market, without depleting the social housing stock (still a bad idea, but less destructive).

The government has however panicked at the prospect of solid opposition in parliament and possible derailment in the Lords. It has offered a voluntary agreement which maintains a presumption to sell but leaves discretion over what to sell with the Associations with freedom also over how to replace the sold stock. There are various other safeguards, such as protecting rural associations.

Some will argue that the voluntary agreement concedes too much to the government and that the legislation could and should be weakened through legal action or by diluting the Bill or both. Much hinges on the trust the sector has in David Orr, its spokesman and CEO of the National Housing Federation.

If there is one true disaster area for government policy it is in the housing sector. Retreat on this particular proposal is a necessary step forward. ■