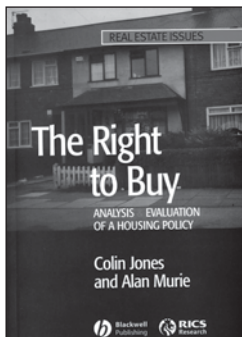


RECOMMENDED READING

The Right to Buy: Analysis & Evaluation of a Housing Policy

By Colin Jones and Alan Murie (2006, Blackwell Publishing Ltd., Oxford, UK, 254 pages)

REVIEWED BY MARY C. BUJOLD, CRE



COLIN JONES, PROFESSOR OF ESTATE MANAGEMENT at Edinburgh's Heriot-Watt University, and Alan Murie, professor of urban and regional studies at the University of Birmingham, have provided a detailed and thorough treatise on the history, operation and management of council housing in the UK.

It is obvious from the onset that council housing and its operation, though perhaps similar to what we consider affordable housing today in the United States, bears little resemblance to our historic public housing and, rather, was undertaken initially to address issues related to housing supply and demand, particularly after the devastation of two world wars.

The Right to Buy policy, established in the United Kingdom in 1980, allowed council tenants to purchase the homes they were renting. The policy was a segment of a much larger public policy agenda geared toward deregulation and privatization introduced by the conservative Margaret Thatcher government that came to office in 1979.

Since then, a constant and consistent debate about the appropriate level of state intervention in housing provision has existed in the UK, the authors state. They contend that the growth of public sector housing in the UK has always been contested, and that opponents have long suggested it was ineffective for the state to own, control or manage the housing it originally built. Examples of the sale of state housing exist through the war years and after

1945. By the mid-1960s and into the 1970s, those who proposed selling council housing became increasingly verbal and prominent.

POLICY AFFECTS NEIGHBORHOODS DIFFERENTLY

Enter the Right to Buy policy, which launched a significant sale of council housing to existing tenants. Studies however, found that purchasers most often were dual-income families and those whose heads of household were generally older than 45 or near retirement. These residents, logically, had greater financial wherewithal, and were more capable of purchasing and owning their homes compared with other segments—specifically, younger households, single-parent households and those with much lower incomes.

The book also delves into various social aspects, identifying how the sale of council housing in highly desirable



About the Reviewer

Mary C. Bujold, CRE, is president of Minneapolis-based Maxfield Research Inc. She provides advisory and consultant services related to market feasibility and analysis for commercial, mixed-use, multifamily, residential and retail real estate developments.

The Right to Buy: Analysis & Evaluation of a Housing Policy

areas had a stabilizing and enhancing effect but, conversely, estates considered less attractive and populated primarily by low-income households experienced higher turnover rates and less stable economic environments.

Much of council housing, however, was built to high standards in a traditional product type that offered single dwelling units rather than flats, and provided individual yards and small gardens. This policy is dissimilar to most public housing historically constructed in the United States, especially during the expansion period of the 1960s.

Dissimilar to the U.S., where public housing provides the bulk of assistance to low-income renters, council housing offers a broader range of housing and is, some would consider, less stigmatized.

SPECIFIC IMPACTS ON THE OWNER-OCCUPIED MARKET

Beginning in the 1980s, the public gradually accepted the idea that council houses were marketable investments. Resale markets have since matured, and resales have been integrated into the local housing market in all areas, accounting for at least 10 percent of the market.

One of the most significant arguments raised against Right to Buy deals is the “residualization of social and public rented housing.” In general, housing privatization in the UK involved selling the most attractive homes and retaining the least attractive portions of the housing stock. Therefore, as affluent tenants converted to home owners, a less attractive housing stock typically catered to a uniformly low-income group of residents.

In general, this situation follows the U.S. model of public housing and is, according to the authors, a directional change occurring in the UK. Authors caution that this practice further reinforces the distinction between neighborhoods by adding a tenure label to certain estates and lowering the reputation of public sector housing.

In large measure, the consequence of the Right to Buy policy is a distressed housing system and severe affordability problems caused by growing numbers of residents, historically low vacancies in rental housing, record homelessness and high home prices. In the face of rising household formations, the private market is building few homes, especially at the lower end of the price spectrum or as replacement units for those converted to private ownership.

NEW PROGRAMS ADDRESS INEQUITIES

Government policies are now in the works to rectify some of these inconsistencies. Additional council homes scheduled for construction will include rental units as well as those up for sale through Right to Buy. Other proposed programs include:

- A new Homebuy program offering up to 300,000 council and housing association tenants the opportunity to buy part of their homes and increase their equity over time if they wish
- A first-time buyers program to help more than 15,000 first-time buyers who need financial help to make a purchase
- Strengthening existing home ownership programs, including the Key Working Living program and shared ownership

Through this detailed and highly interesting analysis of one of the most significant government policies and programs in the UK, the authors have presented a thorough evaluation of a complicated process. Though I found the book captured my attention, I sometimes felt somewhat lost in the myriad details and issues associated with the program. Undoubtedly, the book is detailed enough in its analysis to provide most readers with a complete background on this subject. ■