

# Right to buy extension to make home ownership possible for millions more people

- Right to Buy scheme extended to housing association tenants, with government pledging to build a new social home for every one sold
- Universal Credit reform will incentivise more hard-working people to save for a house deposit
- Review of mortgage lending market will aim to turn more of 'Generation Rent' into 'Generation Buy'

Two and a half million tenants renting their homes from housing associations will be given the right to buy them outright, the Prime Minister has announced.

In a speech today, he has confirmed an extension of the popular Right to Buy scheme, which has made home ownership a reality for two million households since the 1980s.

Currently, tenants in council homes are eligible to buy their homes at a discounted price, up to 70% off the market value dependent on how long they have lived there. However, the scheme is less generous for those in homes owned by housing associations.

Extending the scheme could benefit up to 2.5 million tenants who would gain the right to buy, freeing them up to become homeowners, and add value and make improvements to their home as they wish. The Government will work closely with the housing association sector on the design of the scheme.

Social housing will always play an important role in our society, so the Prime Minister will also commit to the building of replacement social homes for each one sold.

The Prime Minister said:

Just as no generation should be locked out of home ownership because of when they were born, so nobody should be barred from that same dream simply because of where they live now.

For four decades it has been possible for council home tenants to use a discount to buy the property they live in.

Over that time almost two million people have been helped into home ownership.

They have switched identities and psychology, from being dependent on the state for every repair – from damp-proofing to a new front

door – to being in charge of their own family home, able to make improvements and add value as they please.

In order to turn more members of 'Generation Rent' into 'Generation Buy' the government will also launch an independent review of access to mortgage finance for first-time buyers, with the aim of making it easier for this group by widening access to low-cost, low-deposit finance such as 95% mortgages.

Currently, soaring house prices, stringent mortgage lending restrictions and high deposit requirements are hampering the ambition of many young people who want to own their own home. Over 50% of today's renters could afford the monthly cost of a mortgage but various constraints mean only 6% could immediately access a typical first-time buyer mortgage.

This will be the first comprehensive review of the mortgage market for a decade, seeking bold and innovative steps that Government and industry can take to support more first-time buyers into homeownership.

As the Prime Minister set out:

We have a ludicrous situation whereby plenty of younger people could afford to make monthly mortgage payments – they're earning enough to cover astronomical rent bills – but the ever-spiralling price of a house or flat has so inflated deposit requirements that saving even just 10 per cent is a wholly unrealistic proposition for them.

First-time buyers are trying to hit a continually moving target.

And of course the global rise in the cost of living is only making life harder for savers.

So we want it to be easier to get a mortgage.

Reporting back this Autumn [the review] will look at how we can give our nation of aspiring homeowners better access to low-deposit mortgages.

The Prime Minister has also pledged to turn 'benefits to bricks' – changing welfare rules so that the 1.5 million people who are in work but also on housing benefit will be given the choice to use their benefit towards a mortgage, rather than automatically going directly to private landlords and housing associations.

The welfare system exists as a safety net to help the poorest people, but the government also wants to incentivise people to find work and take steps to better their lives.

So if a hard-working family saves a deposit to buy a home, the government

will back them with the same housing support that they would have used on their rent, to pay towards their mortgage instead.

Levelling Up Secretary Michael Gove MP said:

Today we are extending the opportunity of homeownership to millions more hardworking people across the country.

By extending Right to Buy and bringing forward the most comprehensive review of the mortgage market in decades, we are backing first-time buyers, breaking down barriers to homeownership and delivering on the people's priorities.

At the same time, we will continue to deliver much-needed new, good quality social homes by replacing each and every property sold.

The government will also change the rules to incentivise those who are claiming Universal Credit to save for a deposit. Currently, welfare rules taper the amount of Universal Credit received when the claimant's savings exceed £6,000, and it stops entirely when savings exceed £16,000.

We will commit to exempting Lifetime ISA savings from these rules – meaning hard-working people can save a little each month specifically for a deposit without impacting their Universal Credit payments, until they have enough for a deposit for a first home.

Secretary of State for Work and Pensions Thérèse Coffey said:

For too many people the aspiration to own their home has been taken away. By turning benefits to bricks, we are opening the door to home ownership for those on the lowest incomes.

By removing barriers and allowing people on benefits to save into a Lifetime ISA, they will be incentivised to put aside a deposit to buy their home.

And we are also giving people the choice to use their benefit towards their mortgage rather than on rent that pays a buy-to-let landlord.

To support existing homeowners, the government will also improve support for mortgage interest (SMI) – a loan which helps claimants pay interest on their mortgages and stay in their homes if they lose their jobs.

Currently, this only kicks in after nine months of unemployment so the government will bring this forward to three months, to incentivise people to find work again and bring government into line with what lenders offer in these circumstances.

The Levelling Up Secretary will push forward our commitment to deliver 1

million new homes by the end of this parliament. Working with local communities to build the right homes in the right places, more publicly owned brownfield land will be used and small sites unlocked, with priority given to key workers and first time buyers.

The Prime Minister has today also reaffirmed his commitment to end the scourge of unfair leasehold terms to give leaseholders better control over their homes and lives. The government will drive forward leasehold reform, including the ability for a leaseholder to buy their freehold – helping 4.6 million households genuinely own their own home. This will include discounts of up to 90% for those trapped with egregious, escalating ground rents.