

## Social housing tenants to be helped on to property ladder

- Kelly offers aid to those who can pay 10% of value
- House prices still rising faster than income levels

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Social housing tenants will be given the chance to get a foot on the property ladder even if they can afford only 10% of the value of their home, the communities secretary, Ruth Kelly, will say today.

She will argue that Labour should offer a new "right to own" matching the Tory "right to buy" of the 1980s.

Her speech today comes ahead of a report into the future of social housing commissioned by her department. The study, by LSE professor John Hills, is due to be published next Tuesday.

The proposal that 2.7 million social tenants be able to buy just 10% of their home is designed to address the way in which house prices are spiralling out of reach of those on average incomes, creating a new generational divide and blocking social mobility.

The 10% proposal is an extension of the existing Social HomeBuy scheme. Currently homes can be bought only on a shared ownership basis with a minimum share of 25%.

Tenants - both council and those in housing associations - are then given time to buy a further slice of their property. The maximum discount varies between £9,000 and £16,000, depending on the location. Rent is still paid on the remaining portion of the property.

The government has said it hopes HomeBuy will help 100,000 households into ownership between 2005 and 2010.

Ms Kelly, in a speech to the Fabian Society, will admit that many of the 1.7 million social housing tenants want to own their own homes but feel shut out of the market by the escalation of house prices and the failure of earnings to keep pace. House prices in the south-east are now seven to 12 times the average salary in the region, making it virtually impossible for low to average earners to secure a mortgage.

She will argue that the inability of the poor to get on to the housing ladder is becoming one of the biggest barriers to social mobility in Britain. She will defend the Tory decision to introduce the right to buy, but say that Labour can only address the current aspirations by helping people onto the housing ladder.

Tenants with a history of paying their rent on time or engaging in community schemes are most likely to be given access to discounts and 10% stakes. The conditions would help prevent estates becoming dominated by anti-social families.

The Hills review is examining the purpose of social housing, and looking at how to create genuinely mixed communities and encourage social mobility. It is also examining whether social housing provides opportunities, including in the labour market, for people to get on in their lives.

One important issue for Mr Hills is whether to scrap tenancy for life for those in social housing. Some argue the right should be scrapped since it clogs up the supply of social housing, but others say it could act as a disincentive to work if a tenant is forced to leave their social tenancy once their income rose.

Ms Kelly will admit that progress on social housing needs to be improved. She will say: "As a government we are building more social houses and have a good record of improving existing stock but we need accelerate the rate of progress".

She will call for an end to drab uniform council estates, and for more low rise, small scale and mixed use developments - and insist that they are child friendly. Critics claim that social housing, partly due to secure tenancies, has made social housing estates effectively

ghettos for the poor or those on welfare dependency. Some research suggests that only 23% of new social housing tenants are not on welfare. The issue is causing concern among Labour MPS.