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Right to Buy Surge Cuts £800k from North Tyneside Council Rent Income

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North Tyneside Council has suffered a notable drop in income from its social housing portfolio, with figures revealing a loss of over £800,000 due to a surge in Right to Buy sales and continued pressure from the cost of living crisis.

More than 1,600 council homes have been sold to tenants under the Right to Buy scheme since 2012, significantly shrinking the borough's available stock of affordable rental housing. A recent council financial report attributes a reduction of £813,000 in rental income directly to these sales, alongside wider economic challenges.

The increase in applications appeared to peak ahead of changes introduced by the central government in November 2024. Reforms to the scheme reduced the maximum discount available to tenants in the North East to £22,000 and extended the period in which councils can recover improvement costs on properties from 15 to 30 years. These changes were widely anticipated to limit the scheme's attractiveness going forward, prompting a rush of applications before the deadline.

Housing Pressure

The council's records show a consistent pattern of property sales over the years, with notable highs in 2017/18 and 2021/22. The most recent full year, 2024/25, saw 125 council-owned homes sold, an increase from 90 the previous year. At its peak, 167 homes were purchased by tenants in 2021/22.

Peter Mennell, Director of Housing and Property Services at North Tyneside Council, said the borough, like many others, is now working to rebuild and expand its social housing offering to meet current demand. "Like other councils and social landlords across the country, we are looking for ways to meet our housing targets and provide affordable homes that fit the needs of our residents in a tricky time where demand for housing has never been higher," he said.

Mr Mennell highlighted the council's Affordable Homes Programme, which has delivered more than 2,200 new homes so far. With a target of 5,000, the scheme aims to replace sold housing stock and provide new options for residents in need. The council has focused on innovative solutions to maximise land use, particularly in areas where traditional development is limited.

"This has included getting creative to find solutions for challenging sites, including our award-winning work alongside HUSK that has seen old garage sites turned into comfortable bungalows," Mr Mennell added.

However, the income loss from sold properties leaves the council with ongoing financial pressures. While schemes like Right to Buy offer tenants a path to ownership, councils argue that the continued depletion of public housing stock without equivalent replacement risks worsening the housing crisis.

"We will continue to look for more opportunities to build affordable homes and support our residents to get onto the housing ladder wherever we can," said Mr Mennell.

With social housing waiting lists growing and build costs rising, North Tyneside's efforts to strike a balance between homeownership and rental availability will remain under scrutiny.