

<b>Subject:</b>	<b>Mutual Exchange Incentives</b>		
<b>Date of Meeting:</b>	<b>13 January 2016</b>		
<b>Report of:</b>	<b>Executive Director of Environment, Development and Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nick Kitson</b>	<b>Tel: 01273 293354</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Housing has been looking to introduce a Mutual Exchange Incentive Scheme, to encourage more downsizing among under occupiers affected by the reduction in Housing Benefit (HB) for having a spare bedroom.
- 1.2 Currently, tenants wanting to downsize are paid up to £2,500 if they transfer to a smaller property through Homemove. This proposal would extend these payments to tenants downsizing through mutual exchanges as well, using the existing criteria and procedures.

**2. RECOMMENDATIONS**

- 2.1 That the committee agrees to extend financial incentives to downsizing tenants completing a mutual exchange.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Welfare Reform Act 2012 introduced a measure to reduce the Housing Benefit (HB) of council tenants who were deemed to be under-occupying. The measure received national attention where it was branded as a "bedroom tax".
- 3.2 Under-occupiers impacted by the HB changes have reduced from 935 when the changes were introduced in April 2013, to 725 at the end October 2015. However, movement has slowed with many under-occupiers saying they wish to remain in their current homes and pay the charges.
- 3.3 50% (360) of under-occupiers were in arrears on the end of October 2015, owing a total of £94k, or an average of around £261 each.
- 3.4 Some had been awarded Discretionary Housing Payments (DHPs) once or twice, as a temporary measure, on the basis that either their circumstances will soon change (e.g. children's ages mean they would soon be entitled to the 'spare'

room) or because they are in a property adapted to meet the needs of their disability. However for many recipients, they will not have further entitlement to DHP awards.

- 3.5 Since 2013, the council has offered to provide funding on a case-by-case basis for downsizing tenants expressing a wish to exchange. This has included paying for removals or garden clearances. However uptake of this option has been low and has resulted in only very small numbers of tenants moving.
- 3.6 Landlords including Harlow, Colchester, Winchester, Cambridge, Southwark and Lewes are taking this or a similar approach to that set out in this paper.
- 3.7 Cambridge City Council reported that the scheme has been popular, with 20 incentivised exchanges taking place in the first year following the extension of their Transfer Incentive Scheme.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The option to provide a lower sum has been looked at. This is unlikely to be high enough to incentivise many people to move and would have the added disadvantage that a new procedure (and staff to operate it) would be required, rather than using the existing Transfer Incentive Scheme (TIS) policy.
- 4.2 The following considerations support the introduction of a mutual exchange incentive scheme:
  - 1. Mutual exchanges provide a faster way of achieving right-sized accommodation for both under-occupying and overcrowded households than waiting on the transfer list. There are currently 427 overcrowded households waiting for a larger home, and 722 working age under-occupying households. More detailed information on these numbers can be found at **Appendix 1**.
  - 2. Encourages under-occupying tenants not to simply wait to get the incentive through the Transfer Incentive Scheme (TIS) via a Homemove transfer. Even in Band A, such a move can take 8 months to a number of years.
  - 3. Saves money that would otherwise be spent on empty property repairs and rent loss through transfers (up to £3,000 per property)
  - 4. Pays for rechargeable repairs within the incentive sum, if such a recharge would otherwise stop the exchange.
  - 5. May make better use of adapted stock.
  - 6. Can be promoted at mutual exchange events, as well as through other media.
  - 7. Budget provision made for bad debt would be more productively used in a proactive way – i.e. to provide the incentive.
  - 8. It is envisaged that if agreed by committee, the financial incentives will be identical to those already offered under TIS. That is, £1,000 for releasing one

bedroom, with an additional £500 for each extra bedroom released, up to a maximum of £2,500 for four or more bedrooms.

9. Eligibility criteria will be the same as for TIS, except where criteria in the TIS policy are not relevant to exchange applicants (e.g. moving to the private rented sector).

10. Applications will either be processed by the officer in Homemove who is responsible for TIS, or by officers within another department following the same procedures.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 A telephone survey of 134 under-occupying tenants was conducted in February 2015 to help establish which tenants were willing to move. A sample of these were asked whether they would find a cash incentive helpful. A third said it would be helpful.

5.2 All four Area Panels were consulted and feedback was universally positive. Comments included, "It would be nonsense not to do it." And, "it will allow tenants to move with a clean slate [if there are under-occupation arrears]."

## **6. FINANCIAL & OTHER IMPLICATIONS**

### **6.1 Financial Implications**

The current 2015/16 Housing Revenue Account (HRA) budget includes £0.050m to assist tenants to downsize as explained in paragraph 3.5 above. This is currently forecast to underspend in 2015/16 due to the low level of take-up. The draft budget 2016/17 (elsewhere on this agenda) proposes a budget of £0.050m for assisting in mutual exchanges. This budget could be used for the new scheme outlined in this report. Any money spent supporting tenants receiving an under occupation charge to down-size, will help to reduce HRA rent arrears and reduce the need for Discretionary Housing Payments.

*Finance Officer consulted:* Monica Brooks, Principal Accountant    *Date:* 21/12/15

### **6.2 Legal Implications**

Legal advice has been requested and will be added once received.

Section 21 of the Housing Act 1985 confers a general power of management on the council in relation to its social housing. The proposed scheme will assist the council in making best use of its housing stock, and is compatible with the general power of management.

*Lawyer Consulted:* Liz Woodley

*Date:* 17 December 2015

### 6.3 Equalities Implications

An Equalities Impact Assessment (EIA) has been carried out alongside this proposal.

This scheme would put tenants who are giving up bedrooms via mutual exchange on the same footing (by providing the same incentives) as those who do so through transfer.

Many under-occupiers tend to be female-headed households, who are slightly older but under pensionable age. There is also a high incidence of people under-occupying who have a disability.

The proposal seeks to assist only under-occupying households.

### 6.4 Sustainability Implications

There are currently no sustainability implications from this proposal.

### 6.5 Crime and Disorder Implications

There are no crime and disorder implications.

### 6.6 Risk and Opportunity Management Implications

The main risk is that this money is being spent on under-occupying tenants rather than elsewhere. However, if savings are made from reduced rent arrears, these can be invested elsewhere in the service.

### 6.7 Public Health Implications

There are no public health implications.

### 6.8 Corporate / Citywide Implications

The proposal helps the council to achieve the goal of supporting our residents with issues relating to welfare reform, and of making the best use of our housing stock.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix 1 – Under-occupiers and overcrowded households-Dec 2015

### **Documents in Members' Rooms**

None

### **Background Documents**

None