

Public Document Pack



Please note that the following documents were published separately from the main agenda for this meeting of the Housing Scrutiny Sub-Committee to be held on Thursday, 2nd November 2023 at 6.00 pm in Committee Rooms 1-2, City Hall.

6. Downsizing Incentive Scheme (Pages 3 - 18)

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SUBJECT: DOWNSIZING INCENTIVE SCHEME

DIRECTORATE: HOUSING AND INVESTMENT

**REPORT AUTHOR: PAULA BURTON, HOUSING STRATEGY AND INVESTMENT
MANAGER**

1. Purpose of Report

- 1.1 This report provides details of a Downsizing Incentive Scheme (DIS) for Housing Scrutiny Sub Committee (HSSC) to review prior to the introduction of a six month pilot.
- 1.2 The option of a DIS was first discussed with HSSC in February this year.
- 1.3 The scheme aims to incentivise tenants to move to smaller accommodation more suited to their need and provide access to family housing for those registered on Lincshomefinder.
- 1.4 The draft DIS policy is attached as Appendix 1 for reference.

2. Background

- 2.1 City of Lincoln has a severe shortage of housing to meet housing need. Due to the current economic climate and cost of living crisis, City of Lincoln Council (CoLC) has seen an increase in people approaching as Homeless or requiring housing support.
- 2.2 CoLC has a statutory duty to assess and help those who qualify for housing assistance and demand continues to increase. The number of people registered for Lincs Homefinder for housing assistance for the past 3 years is detailed below:

	Total Applicants on Lincshomefinder
March 2021	1124
March 2022	1463
March 2023	1729
Sept 2023	1858

Of the 1858 applicants currently on the housing register, 866 require family accommodation.

- 2.3 The increased housing demand is believed to be from several contributing factors including but not limited to:
 - The current economic climate and cost of living crisis

- Increased demand on the open market rental properties driving rental prices up for rental and ownership tenures e.g. student accommodation demand can often over inflate rent to a premium level due to demand exceeding supply.
- New build developments taking time to provide additional housing.
- Continued sales of Social Housing via the Right to Buy or Right to Acquire
- Expensive private rents within the City with limited affordable options on the open market
- Local Area Housing Allowance levels often lower than private landlord rent charges leading to access to private sector homes being unaffordable.
- Family accommodation becoming available less frequently leading to long delays in housing families to more secure accommodation.
- Applicants in band 1 receive housing priority creating minimal flow of housing through our own Council housing.

2.4 The lack of access to affordable homes is creating blockages within the housing allocations process and resulting in a reliance on B&B's/Hotels for emergency temporary accommodation, applicants waiting extended amounts of time for a suitable properties and extensive costs to CoLC. These costs include but are not limited to expensive B&B charges, discretionary housing payments (DHP) and homelessness prevention funds. This is exacerbated by Local Housing Allowance (LHA) being linked, for Lincoln, to the Gainsborough housing area. Additionally, Government has effectively frozen LHA rates for the last 5 years.

2.5 This presents the Council with significant risk associated with our duties to house as well as reputational and financial risk.

2.6 To help reduce this risk and meet demand, CoLC is seeking to increase the availability of suitable housing and influence the best use of its own housing stock. This includes opportunities for developing affordable housing, purchasing homes from the open market, working with registered providers/stakeholders and looking at opportunities available including the DIS to maximise access to family homes within our own housing stock.

3. Underoccupancy within Council Housing

3.1 As of October 2023, over 500 secure tenants are deemed to be under occupying CoLC homes. CoLC is currently collecting household profile data and we anticipate this number to increase.

3.2 These secure tenants have a legal right to remain in their homes even when under occupying whilst they adhere to the terms of their tenancy agreement. These are essentially lifetime tenancies.

3.3 At present, there is no financial assistance or incentive available for tenants wishing to downsize to smaller accommodation. The current process to downsize is either by mutual exchange or Homefinder which often has extensive wait times.

3.4 Reasons why CoLC tenants may be under occupying:

- The properties are family homes and have an emotional connection to the tenant.
- Self-funding tenants may choose to stay in the home as they can afford the extra running costs.
- Pension age tenants are exempt from the underoccupancy charge so receive Housing Benefit (if eligible based on income) up to the full rent.
- Limited and suitable types of properties may be available within the areas a tenant wishes to move.
- The cost of moving is expensive when they may have limited funds.
- Discretionary Housing Payments can be applied for subject to the tenants' circumstances to maintain rents. This could be deemed as a homeless prevention option, however, is not guaranteed and should only be a short term measure. Many tenants rely on this to stay in their home. As of 31st July 23, CoLC paid the underoccupancy deductions on 56 of its family homes.

4. Introduction of a DIS

- 4.1 The implementation of the DIS pilot provides CoLC with an incentive tool to encourage tenants under occupying their existing homes to move, by offering practical and financial support.
- 4.2 The DIS policy (Appendix 1) sets out the terms, qualification criteria, financial incentives and decision making process.
- 4.3 The DIS pilot aims to support up to 20 tenants/households downsize to more suitable accommodation. Benefits to the scheme include:
 - Making best use of housing stock via reletting methods/transfers.
 - Enabling downsizing to provide more manageable homes for tenants.
 - Aligning housing allocations with Welfare Benefit sanctions, prevent rent arrears and reduce homelessness.
 - Enable and support tenants to resolve financial hardship, removing barriers such as paying the cost of moving.
 - Potential savings to tenants by reduction in running costs e.g. 1 bed home should cost less to run than a 4 bed.
 - Potential monetary savings to the council for emergency accommodation charges, Discretionary Housing Payments, Homelessness Prevention Fund and rent arrears.
 - Maximising reletting opportunities to create a flow of properties through the void process to help meet the demand from applicants. For example, access to a 4-bedroom home could provide housing flow to provide housing for 4 households.
 - Reduction in waiting timescale for housing register applicants.
 - Reducing number of tenants under occupying and in receipt of long term Discretionary Housing Payment (DHP).
 - Reducing the number of tenants under-occupying and subject to the 14% (one extra bedroom) or 25% (two or more extra bedrooms) under occupancy charge.
- 4.4 To start the pilot, we will contact and promote the scheme to known households under occupying. Particular focus will be to contact those in receipt of DHP for

under occupancy. Should these under occupiers successfully apply for the scheme and move this would provide access to housing but also potentially save money and reliance on DHP for both the household and the council.

4.5 During the six month pilot the scheme will be tracked via performance measures. The information will form part of a post implementation review (PIR) to establish its success and any future recommendations which will be presented to HSSC.

4.6 CoLC aim to commence the DIS pilot from Q4 2023/24.

5. Strategic Priorities

5.1 Let's drive inclusive economic growth

The introduction of the scheme will increase the availability and flow of accommodation for families on Lincs Homefinder. Providing access to the right type of housing in the right locations, will also help tenants access local services and may assist in accessing employment if they become settled in a home that meets their needs.

Officers will seek to maximise local economic benefits through the use of our own inhouse Housing Repairs Service or via local suppliers.

5.2 Let's reduce all kinds of inequality

This scheme will support those on the housing register to get a more suitable property and reduce inequalities in regards to the financial, physical, and mental impact of living in housing that does not meet need. The scheme will provide access to much needed quality, affordable family housing to meet evidenced housing need.

5.3 Let's deliver quality housing.

The homes already form part of the Housing Revenue Account and will be let in line with the Lincoln Void Standard and compliance for Investment and maintenance programmes.

6. Organisational Impacts

6.1 Finance

CoLC wish to incentivise up to 20 households to apply for the DIS pilot with a total anticipated cost of £80,000 using an average incentive cost of circa £4,000 per household.

This pilot scheme will be funded from the Housing Invest to Save reserve. There are potential savings to the council, but these are dependant on the success of the scheme and financial costs and known savings will be captured as part of the post implementation review after six months of the introduction of the scheme.

6.2 Legal Implications including Procurement Rules

There are no legal implications specifically for the introduction of this scheme, however it should be noted that this scheme will only apply to secure tenants and whilst the Council will support an application for the scheme, should a tenant change their mind and wish to remain in their existing home following an application, their secure tenancy and its terms remain current.

Should a tenant downsize to a more suitable property, they will sign up to the terms set out in that tenancy, and any variations should be explained and understood before the tenancy is signed.

There are no known procurement implications with the introduction of this pilot.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The introduction of the DIS helps to ensure fair access to housing based on family need whilst also meeting our statutory duty and being respectful to the situation of secure tenants who may choose to apply to the scheme.

Equality, Diversity and Human Rights form part of the processes being followed and the specific housing teams involved within the assessment and award will consider each applicant against the set criteria and also in line with our housing solutions assessments based on their current need.

An Equalities Impact Assessment has been completed for the DIS and this will be reviewed again as part of the six month PIR.

6.4 Human Resources

This scheme will be managed by existing staff within the Housing Investment Directorate. The policy will form part of the core landlord services that Housing Officers carry out. Any support needs identified will be assisted by the Housing Officer or referrals to the relevant specialist services will be made.

The Housing Repairs Service have agreed to provide three hours of 'handy man' service. This provision will be delivered within existing staff resources.

The scheme may also generate additional void properties if successful, however this is not expected to require any additional resource and will be programmed in with the void team via the normal void process.

6.5 Land, Property and Accommodation

The scheme is designed to free up larger accommodation and the properties will remain owned and managed by the Housing Revenue Account.

6.6 Significant Community Impact

The long-term benefits for the community will be more sustainable tenancies, in the right sized homes. It is anticipated that the promotion and introduction of the policy will be seen as a positive action within the community to those requiring family housing.

6.7 Corporate Health and Safety implications

The scheme does not have any known corporate health and safety implications. Any work and processes followed will be in line with existing corporate working practice and compliance.

7. Risk Implications

7.1 (i) Options Explored

No Incentive Scheme Introduced

The current housing process would continue and options to move would be limited to the existing mutual exchange process and Lincshomefinder.

Implement Scheme (Preferred Option)

The introduction of the DIS scheme provides a clear and useful policy to incentivise, support and encourage tenants to downsize their homes.

7.2 (ii) Key Risks Associated with the Preferred Approach

Risk: Influx of applicants with no housing to move to in right areas of their choice.

Mitigation: This would be managed and supported via the Tenancy Services and Housing Solutions teams to prioritise as properties become available.

Risk: Increase in void properties – The scheme may generate lots of voids through the process.

Mitigation: Managed by communication between the relevant teams and phased sign up and lettings to be coordinated to ensure the void work load remains manageable.

Risk: Financial cost - higher cost per move than the anticipated £4k.

Mitigation: Monitoring on spend would be put in place to track exceptions which would have to be agreed by the approving officers stated within section 4 of the policy (Appendix 1).

Risk: Minimal applicants to the DIS pilot.

Mitigation: Communications strategy will be established to include tenants, stakeholders and third parties.

8. Recommendation

- 8.1 For Housing Scrutiny Sub Committee to review the DIS policy prior to the six month pilot. Following the six month pilot a PIR will be presented to HSSC to establish if the scheme has been a success and the next steps.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

1

List of Background Papers:

None

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Downsizing Incentive Policy



Together, let's deliver
Lincoln's ambitious future



1. Introduction

City of Lincoln Council has a duty to ensure that it makes the most effective use of its housing stock.

Within the City of Lincoln there are Council properties which are under-occupied by tenants. These homes would previously have been signed for to meet the needs of a family, however over time the family composition has changed reducing the number of people living in the home. Under occupation is usually defined in terms of excess bedrooms within a property, this can arise for many reasons.

This downsizing policy is intended to ensure that properties are being used to their full capacity and to assist the City of Lincoln Council in managing under occupancy alongside the Allocations Policy.

This policy will set out City of Lincoln Council's approach to enable tenants to move to properties which are smaller and meet their housing need.

This policy will detail the incentives and support the City of Lincoln Council can offer to tenants who are under occupying to support them to downsize to smaller properties. This scheme is open to all secure tenants within the local authority boundary, but priority within the scheme will be given to those affected by the spare room subsidy, more commonly known as bedroom tax.

How will the Downsizing Policy deliver:

- We will work closely with all relevant local authority departments to help support a move where possible.
- We will offer both financial and practical support which can take a variety of forms i.e., help with connecting utilities and a handyperson service to tenants to make it easier for them to move.
- We may make direct offers of accommodation to assist tenants needing to downsize.
- Tenants and Council staff have clear and accessible information on:
 - ◆ Downsizing property incentives, support, and assistance.
 - ◆ The payments and support available to tenants that downsize.
 - ◆ What deductions will be taken from payments.
 - ◆ Reviews and appeals.

2. Eligibility for the scheme

These are the circumstances that we will consider someone joining the scheme:

- Have one or more bedrooms not occupied.
- Currently a secure tenant.
- Vacant possession on tenancy concluding I.e., no other household members will remain in the property or be made homeless as a result.
- Access to be granted to the Council to complete a property inspection within 4 weeks of the move to ensure that the property meets our void standards.

There may be circumstances when a tenant would not qualify as follows:

- If a tenant lives in an adapted property and a member of the household still needs the specialist facilities.
- If there is no funding available.
- Applicants can be refused onto the scheme, if there are serious breaches of tenancy, such as but not limited to; Criminality, ASB or outstanding possession action.
- The panel will assess each case on its own merit before deciding whether to accept or reject the application based on the evidence presented.

3. Policy Statement

3.1 Incentives

If a tenant qualifies for the scheme, they will receive a basic payment of £2000. We will then pay in addition to the first payment a further £500 for each bedroom that a tenant gives up. The below are examples of circumstances:

- where tenants are affected by the removal of the spare room subsidy, creating a shortfall in benefit payments which has led to rent arrears.
- where tenants are occupying family homes which are no longer needed to accommodate the household.
- where tenants are living in homes with adaptations for a disabled person, and these are no longer needed, for example, homes with a through-floor lift or disabled adapted kitchens.
- where tenants are under-occupying a property because they have discretionary succession rights to a tenancy.
- where tenants wish to downsize, and their household composition allows them to do so.

Incentive payments will not be considered where:

- the tenant(s) are occupying a property on insecure terms e.g., a licence agreement, temporary accommodation, non-secure tenancy agreement or where payments have been accepted for use and occupation only.

- the tenant has been served with a NOSP or is subject to possession for serious breaches of tenancy such as Criminality or ASB. The panel will assess each case on its own merit before deciding whether pay the incentive payment.

3.2 Disruption payments

In addition to the incentive payments, we will pay a disruption payment of £800 for those who qualify for the scheme. This payment will cover costs such as removal costs, reconnecting and disconnecting utilities, refitting flooring.

3.3 Support with moving

We acknowledge that moving can be a stressful and often challenging time for tenants.

If assistance is needed for a tenant to move to another property, we will help with:

- arranging removals
- arranging disconnection and reconnection of services
- refitting carpets
- decorating

The cost of carrying out any or all the above would be taken from the lump sum and the balance paid to the tenants.

3.4 Handy Person

In addition to offering incentive payments, City of Lincoln Council will offer a handyperson service to help with jobs such as tiling, putting up shelves and hanging blinds at the property moved in to, equivalent to no more than three hours work. If the tenant needs the service longer than these three hours, agreement will be needed. This may incur costs that will need to be deducted from the lump sum payment or paid on invoice for extra costs incurred.

3.5 Advice and Assistance

City of Lincoln City Council will provide advice and assistance on housing options, to tenants who are under-occupying, especially to those who are potentially affected by the removal of the spare room subsidy. Tenants identified as under-occupying their homes may be contacted periodically to inform them of housing options and incentives as these become available. This could include:

- advice on mutual exchange.
- advice about the availability of smaller properties through the Local Authority.
- money advice and debt management.
- tenancy sustainment support.

3.6 Best use of stock

Applications to this scheme will be prioritised in line with the provisions of the Allocations Policy; This may include moving from a house to a flat, or if suitable, into retirement or supported accommodation.

In circumstances where a tenant is under-occupying an adapted property, which has been funded through a disabled facility grant, City of Lincoln Council will look to find a smaller property which has already been adapted, fully or partially, to meet the household's needs. If this is not possible then we would look to adapt the property downsized to in conjunction with a report from an occupational therapist to meet the household's needs prior to occupation.

3.7 Mutual Exchanges

Applications to this scheme can be considered for mutual exchanges where the exchanging household is under-occupying and the household member numbers meet the required allocation for each property and are registered on Lincs Homefinder awaiting housing of the type being exchanged. Further details of criteria for the mutual exchange process are available in the mutual exchange policy.

3.8 Incentive payment

Payment will only be paid once the tenant has signed for the new tenancy and ended their former tenancy.

3.9 Deductions from payments

Where there are outstanding debts owed to City of Lincoln Council, these will be deducted at source from any payment. Examples of debts include:

- Rent arrears on current tenancy
- Former rent arrears
- Repairs which are the tenant's responsibility
- Damage to current property other than fair wear
- Removing/making good alterations made by the tenant which do not follow property standards
- Any court costs

4. Decision making & appeal process

The original decision and any appeals will consider the tenant's history and current housing situation, bearing in mind that any payments or acceptance onto the scheme are at the discretion of City of Lincoln Council.

Each application will be considered on a case by case basis. Should there be any variations to the financial incentive amounts specified within this policy, this will form part of joined up decision making and appeals process.

The decision to accept a tenant onto the scheme and any variations to the offer will be made by the Area Housing Manager and Housing Solutions Team Leader.

If a tenant is turned down for the scheme, an appeal can be made in writing to the Tenancy Services Manager who will review the application with the Assistant Director of Housing. A written response with the appeal decisions will be made within 20 working days.

If the appeal is not upheld, you have a right to appeal to the Housing Members appeals panel. Any decision made by the member housing appeal panel will be final and concludes the appeals process with no further opportunity to escalate further.

This policy is an incentive scheme and not a core function of housing service delivery. Therefore, the process and its terms sit separately to the formal complaints process and a complaint cannot be submitted if the tenant is unhappy with the decision made once the appeals process has been concluded.

5. Relevant Legislation, Regulation or Standards

This policy will follow all statutory, regulatory, and legal requirements, including but not limited to:

- Housing Act 1985
- Housing Act 1996
- Localism Act 2011
- Homeless Reduction Act 2017
- Data Protection Act 2018
- Social Housing (Regulation) Act 2023

6. Monitoring and Evaluation of the Downsizing Scheme

A cost benefit analysis will be undertaken periodically to review and measure the scheme is delivering against the following outcomes:

- Number of known under occupiers reduce because of the scheme
- Larger properties are freed up because of this scheme
- Any reduction in temporary accommodation costs linked to this scheme and relets
- An improved flow of housing voids becoming from letting of the larger property
- Any reduction in City of Lincoln Council Tenants in receipt of long term DHP (Discretionary Housing Payments) for under occupation of the same size properties

7. Related documents

- Allocations Policy
- Anti-Social Behaviour Policy
- Rent Arrears Policy
- Tenancy Policy
- Aids and Adaptions Policy
- Mutual Exchange Policy

8. Information Sharing and GDPR

City of Lincoln Council respects individuals' rights to privacy and will adhere to all relevant legal principles in relation to information sharing and document management. City of Lincoln Council will not disclose details of applicants to this scheme unless required to do so by law.

Should support be required for completing application or referrals into services as part of the relocation and downsizing process, the City of Lincoln Tenancy Services Team will ensure data sharing permissions have been obtained and documented.

Our privacy statement sets out how we use your information and can be found at www.lincoln.gov.uk/privacy-notices/privacy-notices-services

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