

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1. Meeting:	Cabinet Member for Housing and Neighbourhoods
2. Date:	1st March 2010
3. Title:	Under-Occupation Policy
4. Programme Area:	Neighbourhoods and Adult Services

5. Summary

Under-occupation policies can help free up family housing and thereby reduce problems with over-crowding and homelessness by promoting a more efficient use of the Council's housing stock. This report seeks approval to introduce under occupancy and housing assistance incentives to encourage tenants that are under occupying large Council houses to downsize.

6. Recommendations

- **TO CONSIDER AND AGREE THE OPTIONS TO INCLUDE IN AN UNDER-OCCUPATION POLICY AS IDENTIFIED IN SECTION 7.5**
- **REVIEW THE EFFECTIVENESS AND THE NEED TO OFFER INCENTIVES IN 12 MONTHS**

7. Background

7.1 The purpose of a policy on under-occupation would be to recognise and provide for those who already want to move to a smaller home, and to encourage others to consider such a move at an earlier stage than they might otherwise do.

7.2 Currently in Council accommodation in Rotherham there are 142 households that are under-occupying 4 bedroom houses and 5025 under occupying 3 bedroom houses. Of these 2538 households have applied via the housing register for a transfer to a smaller home. Since December 2008, only 18 under occupied households living in family houses have actually transferred to a flat or bungalow. This is because overall the demand for accommodation is extremely high and most certainly outweighs supply. In total there 7981 single applicants on the housing register wanting to move to smaller accommodation such as a flat.

7.3 National evidence has suggested that the majority of under-occupiers who would be willing, or are looking, to move from their existing home would only do so if they were offered a two-bedroom house or bungalow. This is backed up by a research project undertaken by the London Research Centre (now the Greater London Authority) and Heriot-Watt University. The research looked at the strategies which social landlords can adopt to manage under occupation in their stock and what works in assisting tenants to move to a smaller home if they want to.

7.4 What incentives do we currently offer? – No financial incentives are currently offered however the Allocation Policy does award Priority status to households who wish to downsize to a flat or bungalow. Since December 2008 there has been 120 households awarded Priority status to enable them to transfer to a flat or bungalow.

7.5 Implementing an enhanced under occupancy policy to encourage downsizing – what could the policy could include?

It is suggest that the policy would be implemented in a phased approach. This will enable us to monitor the effectiveness to see what this does and if the policy doesn't work we can reconsider, in 12 months the need to offer incentives or not.

7.5.1 Better provision of information - Providing good quality information to tenants about the availability of suitable housing and the process of securing it can help encourage people in under occupancy situations to secure smaller properties. The better understanding people have about the availability of properties and how the process of receiving offers, viewing and moving is likely to work, the better the chance that they will be able to make the right decisions for them and to make a successful move. Many landlords provide leaflets about downsizing. There is an example at Appendix 1. **This option is supported at this time.**

7.5.2 Amend the Allocation Policy to allow under occupiers of 4 bedroom houses to downsize to 2 bedroom houses and permit more than 2 refusals - In Rotherham more people might want to move from accommodation with four bedrooms into smaller two bedroom houses as often one-bedroom bungalows are largely not in high demand as they are too small. **This option is supported at this time.**

7.5.3 Offer a cash incentive scheme of either £1000 or £1500 per household to encourage tenants to downsize. Cash incentives, payment of expenses and help with removal arrangements are unlikely to generate interest from anyone who is not already thinking about moving, but they can play an essential role in helping to overcome practical and financial barriers. Leeds City Council offers under occupier's cash incentives of £1000 per bedroom they relinquish which has led to 80 households downsizing. However, it may seem wasteful to offer incentives to people who would have moved anyway, especially if they are going to a choice property. Nevertheless some people who would like to move are deterred by the practicalities, the upheaval, and by lack of money. The size of payments may be affected by whether the cash is intended as a gesture of goodwill, as compensation for trading down or as an incentive.

Small payments can create a lot of work and still leave tenants out of pocket: The practicalities of cash payments also need to be considered. For example: should receipts be required, should deduction in any rent arrears or Housing Benefit overpayments be made before releasing the cash. For some tenants, one of the motivations for trading down might be the desire to pay off arrears and they may still have some money left to help with moving expenses. **This option is not recommended at this time but may be reconsidered dependent upon the success of the other options.**

7.5.4 Offer a Mutual Exchange incentive of £1000 or £1500 to a tenant who is under occupying that results in a move that alleviates overcrowding – The mutual exchange service is in a transition of moving from the old Councils system to a new innovative mutual exchange system called HOMESWAPPER. There are 2,120 households registered on the old mutual exchange system to move and 61 tenants have moved over and registered with the new HOMESWAPPER service, of these 11 are under occupied and 4 households are overcrowded. HOMESWAPPER matches individual households to properties that meet their needs into the areas of their choices. Where a tenant secures a move to a smaller property (downsizing) and the exchange assists a family who are locally or statutory overcrowded a proposed grant payment to be made to the under occupier. The added benefit of facilitating moves through mutual exchanges is the reduction in associated voids costs. **This option is not recommended at this time but may be reconsidered dependent upon the success of the other options.**

7.5.5 Direct payment of expenses and removal costs; This method is not as easy to administer and there is little control of spend as each move would incur a variance in moving costs. However the direct payment of expenses can help to persuade people to accept a property that they might otherwise have rejected as they know that they won't be out of pocket as all expenses will be met. Allowing

more time to move and making arrangements on their behalf, so help with the move can ease the pressure on someone who is uncertain whether to go ahead maybe more beneficial. The total estimated cost of moving can be as little as £500 but realistically can range between £1,500 and £3,200. Staffing resources to administer the direct payments also need to be considered. The cost of moving home can include some or all of the following:

- ❖ removal costs (either using a removal company or hiring a self drive vehicle) (estimated between £100 and £400 depending on distance, the size to the property and number of boxes required)
- ❖ packing (if required) (£500)
- ❖ disconnection and reconnection charges for gas, electricity, telephone, cooker, washing machine and other appliances (including TV and satellite aerials) or replacement (e.g. where someone has a gas cooker but is moving to a property with electricity only) (£300)
- ❖ alteration or purchase and fitting of carpets and curtains (£600 for carpets and £170) curtains supplied by Furniture Solutions ,
- ❖ charges for post redirection (£50)
- ❖ redecorations (it may be useful to identify this element of the payment separately and pay it only when appropriate).(£1500 supplied by Furniture Solutions)
- ❖ Offer 2 weeks rent free to allow more time to move in (£80)

This option is not recommended at this time but may be reconsidered dependent upon the success of the other options.

7.5.6 Suggestions from customers and elected members can also be embedded into the overall policy. These are:

- Work with internal and partner agencies such as Children and Young People Services, Adult Social Services and Age Concern to encourage full occupation and promote the advantages. **This option is supported at this time**
- Undertake chain lettings . **This option is supported at this time**
- Legal succession to a tenancy can result in under occupation. For secure tenants, when a successor is a family member other than a spouse, award Priority Plus status to the successor to offer suitable alternative smaller accommodation. . **This option is supported at this time**
- Two tenancies for one - some three bed properties are occupied by a parent with an adult son or daughter. If they are happy to split up, in may be worth offering two one bed/bedsit properties, rather than that just one two bedroom property. **This option is supported at this time**
- RSL and Council New Build accommodation catering specifically for under occupiers. This accommodation is likely to be one or two bed roomed (depending on the needs and requirements that have been identified). It may be built to a higher than usual specification and it may be located in areas that are particularly popular with under occupiers. Adopt a Local letting Policy giving preference to Council tenants who are under occupiers, who have a proven record of being a “Good Tenant” i.e. no tenancy breaches such as rent arrears of anti social behavior. **This option is supported at this time.**

- Promote positive features of sheltered housing. Some under occupiers are unlikely to ask for sheltered housing when discussing a transfer, however they maybe persuaded to consider it if the advantages are promoted. . **This option is supported at this time**

7.7 - The Advantages of introducing an under occupancy policy are:

(i) A personalised approach

- Tenants appreciate a single point of contact, someone who knows their case. Home visits are particularly useful for getting to know the tenant, discussing their requirements, providing information in person and assessing the current property. The visit is an opportunity to persuade people to broaden or narrow their requirements – they are more likely to do this if given a realistic idea of their chances. Specialist staff can be very effective in increasing the numbers of moves by discussing with tenants their requirements, explaining what help is available and finding suitable properties. Providing information about the under occupation scheme, the allocations system and the process of moving.

(ii) Reduces overcrowding and homelessness

- Under-occupation policies can help free up family housing and thereby reduce problems with over-crowding and homelessness by promoting a more efficient use of the Council's housing stock. Under' occupation can be measured by comparing the number of bedrooms currently rented by an existing tenant with the minimum number we would be prepared to offer if we were to let them another property.

(iii) Reduces the number of households on the housing register

- Where a tenant secures a mutual exchange with the added benefit of the reduction in associated voids costs.
- More family homes are made available to family households on the housing register

(iv) Reduces usage of temporary accommodation

- Meeting urgent housing need for larger homelessness families will reduce time periods spent living in temporary accommodation, whilst waiting for suitable housing.

(v) Savings for the customer

- Often tenants will pay a lower rent when they move to a smaller home
- Energy saving with reduced bills for gas and electric consumption
- Smaller space to maintain and clean

7.8 The implications of introducing an under occupancy policy are:

(i) Increased associated voids costs

- Encouraging more transfers will mean an increase in void repair costs and void rent loss.

(ii) Need for staffing resources to administer the policy - If we increase advice/guidance and change the Allocation Policy staffing resources would not be required at this time. The option to defer introducing additional staffing resources would be pending consideration of the affordability and an evaluation of the success in six months time. However if the under occupancy policy hasn't been successful then staffing resources who specialise in dealing with under occupiers would play a very important role in encouraging under occupiers to move. This would be by spelling out the options, encouraging more people to consider different areas or property types, giving confidence, overcoming all the obstacles to a move, and helping to find the right property. They can also take a pro-active role in identifying suitable voids for under occupiers and in approaching people who have not yet registered an interest in moving. Tenants may appreciate having a single point of contact, someone they can trust who understands their circumstances and aspirations. The job combines well with other responsibilities – e.g. advising older people or offering advice regarding mutual exchanges.

Some of the responsibilities of this role could also include:

- Notifying services such as gas, electricity, water, telephone, and council tax and Housing Benefit sections.
- Arranging for other services to be transferred (e.g. community alarm, meals on wheels etc).
- Ensuring that meters are read before the tenant moves out. Arranging for disconnection and reconnection of appliances (e.g. cookers, washing machines, TV aerials/dishes).
- Help to arrange the fitting carpets and curtains.
- Informing friends, family, doctor, dentist, bank, insurance companies etc of the new address.
- Arranging for redirection of mail.
- House clearance/disposal of furniture:
- Arranging for the collection of unwanted furniture or other items, or recommending a charity or commercial firms.
- Help with sorting what to take and what to have removed.
- Collection and disposal of rubbish.

Other possible responsibilities of a specialised officer could include:

- Identify and contact potential transfer applicants
- Carry out home visits to under occupiers who have already applied to move – discuss their preferences; advise on the chances of rehousing; provide information about the housing options, the under occupation scheme and the

process of moving, advise about the costs of the move, the help that is available, and how and when payments will be made.

- Keep in touch and check for changes in circumstances.
- Encourage and maintain contact with their families, where appropriate.
- Where necessary, liaise with social services and occupational therapists to establish any support needs.
- Assess the property being vacated – its suitability for meeting housing shortages, with or without extensive repairs/adaptation.
- Identify potential properties for under occupiers from present and forthcoming voids.
- Accompany tenants to view properties on offer
- Arrange practical assistance with the move
- Arrange and authorise payment of cash incentives/expenses.
- Liaise with maintenance staff about agreed improvements or decorations.
- Monitor progress and expenditure.
- Visit successions to assess whether it is appropriate to recommend a move.
- Maintain regular contact with 2010 Rotherham Neighbourhood staff, to ensure that they are well informed about the under occupation policy and in a position to offer initial advice before referring tenants to the scheme.
- Assist with marketing of the scheme and the development of new initiatives.

The appointment of an officer to undertake this role would not be required at this time if we are merely altering the policy and offering enhanced guidance.

8. Finance

8.1 By focusing on meeting urgent housing need for larger families will reduce time periods in the Priority and Priority Plus Group which in turn will reduce the number of households living in temporary accommodation. This will enable a cost saving to the Council as it is likely to allow a reduction in the temporary units of accommodation currently needed for homelessness families.

8.2 Encouraging more transfers will mean an increase in void costs.

8.3 There are resource implications to fund the scheme the table below details estimated level of funding for each option for 100 properties. Other Local Authorities take different approaches such as some offer incentives and some rely on the provision of advice. Leeds cash incentive scheme is funded by having a separate Code in the HRA Supervision & Management with an annual budget of £100k. The ALMO pays the tenant and recharges the HRA through the liaison officer. Dewsbury have found that the provision of advice and support offered to customers through staffing resources has had more successes than cash incentives. The provision of 1 member of staff at a cost of £28K is a more cost effective option.

	Minimum £	Maximum £
Under Occupancy Grant £1000 each	100,000	100,000
Under Occupancy Grant £1500 each	150,000	150,000
*Direct payment of expenses and removal costs, plus staffing costs. *There is limited control of spend as each move would incur a variance in moving costs	50,000 19,621 Total £69,621 (minimum £500 per property)	320,000 19,621 Total 339.621 (maximum £3,200 per property)
Dedicated under occupancy housing options officer Band G	28,000	28,000
Mutual exchange grant resulting in downsizing	100.000	100,000

9. Risks and Uncertainties

9.1 The current demand for social rented housing is high which translates to pressures on the housing register. We have also seen an increase in households in urgent housing need who are affected financially by the economic downturn.

9.2 Increased void levels depending on the demand to downsize.

9.3 Direct payment of expenses and removal costs; has no control of spend as each move would incur a variance in moving costs.

10. Policy and Performance Agenda Implications

10.1 The Allocation Policy is delivered at a local level and via the Key Choices Property Shop and Neighbourhood Offices, which supports the Council's commitment to providing greater accessibility to services, meeting social needs by helping to ensure a better quality of life, improving fair access and choice, protecting, keeping safe vulnerable people and specifically addresses the diversity agenda, by tailoring services to the needs of hard to reach groups.

11. Background Papers and Consultation

- The Allocation Policy (Revised July 2009)
- Local Lettings Policies (Revised July 2009)
- The Homelessness Act 2002.
- Housing Act 1996, Parts VI and VII
- The Code Of Guidance in Allocation [CLG 2009]
- The Homelessness Code of Guidance
- Managing under-occupation: A guide to good practice in social housing, DETR, April 2001

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