

**Decision Session – Cabinet Member for
Health, Housing and Adult Social Services**

13/6/13

Report of Steve Waddington, AD Housing and Community Safety

**Proposed changes to the Mutual Exchange Procedure in response
to financial and social hardships.**

Summary

1. The Cabinet Member is asked to accept amendments to the existing procedure to allow a more flexible approach to facilitating Mutual Exchanges in cases where customers are experiencing hardship.

Background

2. The current procedure (Annex A) is based on legislation relating to Mutual Exchanges and the North Yorkshire Home Choice policy. Tenants have a right to exchange which can be denied in prescribed circumstances or delayed pending conditions being met. Please consult the procedure for more information on these.
3. Mutual exchanges has been and will be one of the main ways to help Housing Services make best use of it's stock and help customers find suitably sized properties in the areas that they want.
4. Mutual exchanges can also help mobility as exchanges can be done nationally and between social landlords as well as being a customer lead and quick route to help alleviate hardships (overcrowding, lack of support network, distance to travel to work etc)
5. In addition the current government estimates that nationally 660,000 social housing tenants benefit from a spare room and it has introduced housing benefit regulations to end the 'spare

bedroom subsidy' to encourage under occupying customers to move.

6. The government also estimates that there are 250,000 tenants who are overcrowded in social housing and that there are 1.8 million households registered for social housing.
7. As at January 2013 the Housing Benefit service provided information on the 803 CYC Housing tenants which they indicated would be affected by the bedroom tax when it was implemented at April 2013.
8. All tenants affected were offered a visit to discuss the options available to them and only 62 declined this offer. Of those successfully engaged with 27% expressed a desire to downsize by transfer or exchange. Other options were also discussed and Housing Services continue to signpost customers to money, benefits and employment advice as appropriate as well as reiterating the full range of options available.
9. An updated list was received 25.04.13 and the number of tenants affected at this point had fallen to 710. The total loss of benefit for these customers is £9,858.37 per week or £483,060 this financial year.
10. A sample of customers affected by the Bedroom Tax were looked at in the west of the city. It was found that 50% of those subject to the 14% reduction were actually paying the shortfall and 33% of those subject to the 25% reduction were paying the shortfall.
11. If this is extrapolated to all affected and numbers subject to the Bedroom Tax remain the same this could result in extra rent arrears of £263,351. £175,598 coming from 587 of the cases which are subject to the 14% reduction with an average reduction of £12.21 and £87,753 coming from 123 cases the 25% with an average reduction of £21.84.
12. Facilitating moves for these customers should help reduce the potential for these rent arrears with regard to the removal of the spare bedroom subsidy or the Bedroom Tax as it is commonly known as.
13. Customers accruing arrears are subject to legal action and ultimately eviction should the arrears not be dealt with. This could

lead to an increase in homeless presentations and a need for temporary accommodation at great cost

14. To facilitate 710 moves using the transfer process via North Yorkshire Home Choice would take a number of years given that Housing Services let 487 in the last financial year and many of these went to customers who were not existing tenants.
15. City of York Council currently uses the Homeswapper service to bring customers wanting to exchange together. This is a web based service which is free to our customers. Customers can also find others wanting to exchange using less formal means such as adverts in shop windows and word of mouth.
16. Housing Services currently have 823 (at 07.05.13) tenants registered on Homeswapper with 104 of these under occupying and 155 being overcrowded. There have been 141 exchanges in the last 12 months 26 of which were previously under occupied and 50 previously overcrowded. Homeswapper indicates that this is above the national average of sites that use this software.
17. We are in the process of arranging higher level access to Homeswapper for front line staff and training for them on how to get the most out of the website from their own and the customer's perspective.
18. Mutual exchange is an efficient and customer focused way of helping customers move as opposed to transfers via North Yorkshire Home Choice which in 2011/12 cost an average of £1468.01. There is no void period involved and the process is customer lead. Repairs are usually minimal but there are costs associated with capping and testing gas supplies and appliances and officer time.
19. A proposed amended procedure (Annex B) is attached for consideration. This will widen the scope of customers who can potentially obtain an exchange with the exercise of limited management discretion on grounds which previously would have lead to a refusal.
20. In addition there is a downsizing incentive scheme that can be used to help customers move to smaller properties regardless of whether this is via exchange or transfer.

21. Other housing partners are looking for ways to help customers mitigate the impact of the bedroom tax and other benefit cuts and the intention is to discuss greater flexibility on mutual exchanges between partners and better use of shared information on Homeswapper to work proactively for customers.

Consultation

22. Recent visits around the bedroom tax to 803 customers revealed that 27% of those engaged with are looking to do a mutual exchange to mitigate the financial impact.

Options

23. Option 1: Accept the amended procedure as presented.
24. Option 2: Accept the principle of a more flexible approach and suggest alternative amendments.
25. Option 3: Reject the amended procedure and retain the existing.

Analysis

26. Option 1: This option introduces management discretion over and above the existing procedure. It allows customers to move who would have been denied previously as long as there is good reason for this e.g. to alleviate financial, medical or social hardship. It would not be available to customers who were in clear and ongoing breach of their tenancy agreement and were doing nothing about this. This approach can help with ameliorating the effects of the Bedroom Tax for customers and increasing arrears for Housing Services. It can also help make best use of stock, increase mobility, help customers move closer to work and therefore contribute to wider social and economic wellbeing.
27. Option 2: As above , the extent depending on the level of discretion.
28. Option 3: As above but the extent could potentially be to a much lower level. It is worth noting that as arrears increase due to the effects of the bedroom tax more customers wishing to exchange would be excluded as they accrue arrears, are issued with notice of intention to seek possession (NOSP) and face legal action.

Council Plan

29. This proposal will help the Council 'Build Strong Communities' and Protect Vulnerable People'

Implications

30. **Financial** - Approving the recommendation will allow tenants to move house with rent arrears. However, not adopting the policy may result in increased level of arrears.
31. **Human Resources (HR)** - None
32. **Equalities** - Any changes can apply to customer not affected by the bedroom tax but experiencing other hardships thus potentially allowing access to this more flexible approach for a wide range of reasons.
33. **Legal** - The discretion is over and above our legal requirements in this area. Moving tenants with court orders or NOSP issued would mean that these were negated and we would have to start the process again.
34. **Crime and Disorder** - None
35. **Information Technology (IT)** - None
36. **Property** - Potential for better use of stock with a reduction in over and under occupation.
37. **Risk Management** - It has already been acknowledged that the bad debt provision will need to increase year on year and this has been factored into the HRA Business Plan.
38. **Recommendations**

The Cabinet member is asked to approve

- 1) Option 1 – to amend the procedures as set out in Annex B.

Reason: This can potentially allow more customers suffering hardship to move alleviating poverty and contributing to better use of stock.

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Report
Approved

Date 30/5/13

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Annexes

Annexe A

City of York Council, Procedure Guide, Direct Exchanges

Annexe B

City of York Council, Procedure Guide, Direct Exchanges