

Report for: Homes Policy Development Group

Date of Meeting:	18 th March 2025
Subject:	FINAL REPORT OF DOWNSIZING INCENTIVES WORKING GROUP
Cabinet Member:	Cllr Simon Clist Cabinet Member for Housing, Assets and Property
Responsible Officer:	Simon Newcombe – Head of Housing and Health
Exempt:	None which are Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Wards Affected:	All
Enclosures:	Final Report of the Downsizing Incentive Working Group

Section 1 – Summary and Recommendation(s)

The Homes PDG established a Downsizing Incentives Working Group to investigate potential incentives that might encourage tenants to move from larger properties. The group was tasked with gathering tenants' perspectives on desirable incentives and providing recommendations for an incentive scheme. The recommendations of the working group are set out below.

Recommendation(s):

The Working Group recommends that the Homes PDG recommends to Cabinet that the Downsizing Incentives be developed by Officers and added as an addendum to the Allocations Policy with the following provisions:

- 1. A maximum financial incentive of £1,000 for tenants downsizing by one bedroom**

2. **A maximum financial incentive of £2,000 for tenants downsizing by two or more bedrooms**
3. **Tenants could use the financial incentive to offset any recharges they might owe on their current property or to cover costs for moving, new carpets and/or redecoration in their new property. If no recharges are owed, they would receive the full incentive amount to use at their discretion**
4. **A direct let option for existing tenants to allow MDH to consider downsizing moves into newly void properties in specific circumstances in accordance with wider allocation policy**
5. **A communication plan including targeting of hard-to-reach tenants**
6. **One-to-one support for completing Devon Home Choice applications if relevant**
7. **A 12-month pilot scheme, followed by a review to assess the scheme's success and determine next steps.**

Section 2 – Report

1 Background

- 1.1 On 9th July 2024 the Cabinet agreed, after a recommendation of the Homes PDG that use of Flexible tenancies be halted. The Homes PDG agreed to set up Working Group to explore the possible introduction of an incentive scheme to encourage and support tenants who were willing to move out of larger accommodation if they were under occupying them.
- 1.2 MDDC had used Flexible tenancies since 2013, one of the reasons that they were originally introduced by the Localism Act 2011 was that these tenancies could be reviewed on a periodic basis. The legislation that brought in Flexible tenancies gave the ability for registered providers to end a Flexible tenancy if the tenant was found to be under occupying at a review. In reality the legislation was not comprehensive and did not consider a tenants rights when a registered provider wanted to end the tenancy for the sole reason of under occupancy. Any decisions relating to the renewal of a flexible tenancy must account for the long term health needs and disabilities found in each household. Since they were introduced not one flexible tenant has been made to move home because their tenancy was not renewed due to under occupancy.
- 1.3 The new Regulator of Social Housing (RSH) Tenancy Standard states that Registered Providers must develop and deliver services to address under-occupation and overcrowding in their homes. These services should be focused on the needs of tenants.
- 1.4 The Devon Housing Commission Report (July 2024) recognises that Devon's homes are some of the most under-occupied in the country. With secure tenure under legislation, local authority social housing is particularly impacted by under occupation of stock.

2 Tenant Consultation

- 2.1 In October and November 2024, tenants living in properties with 3 or more bedrooms were invited to complete a survey to gather feedback on whether they agree with a downsizing incentive and what incentives would appeal to them most. The survey was successful in that it received 76 responses. The survey was sent via the post and emailed to those that MDH hold an email address for. Of the 76 responses, 46 were completed online and 30 were returned via post.

53 tenants (around 70%) agreed that MDH should offer an incentive. 21 disagreed and 2 skipped the question. This showed there was overall support to offer a downsizing incentive.

The survey results showed that tenants attitude towards a downsizing incentive is positive and would encourage them to consider downsizing. Whilst there is clear support, the feedback also highlighted the complexity and diversity of tenant needs.

3 Other Considerations

- 3.1 The Head of Housing and Health highlighted that we could not offer tenants rent free periods or council tax exemptions as had been suggested by some tenants as this was against legislation and would not be legal.

MDH could provide aids and adaptations in a new property if needed, supported by an existing robust process to facilitate this. While the current practice involves installing adaptations after the tenant has moved in, arrangements could be made to complete them prior to the move if the requirements were known in advance. However, he noted that not all properties would be suitable for adaptations.

Regarding internal transfers, tenants could be offered a direct let option. This would allow MDH to match tenants with more specific requirements for a new home, such as location or necessary adaptations where particularly suitable properties become available through the normal void process. This approach could also help relocate tenants to more suitable homes, facilitating the redevelopment of existing properties that are nearing the end of their lifespan where are wider redevelopment opportunities.

- 3.2 The Head of Housing and Health explained to the Group that no dedicated budget had been allocated yet. However, there would be a need to develop a financial model based on a specific number of properties, with an initial proposal to model for 30 properties per year. The financial model would need to account for all financial incentives, including payments, recharges, and the cost of officer resources if one-to-one support were to be provided.

The Group carried out an exercise to estimate the potential financial cost of implementing all six proposed incentives. The cost per property, assuming the relinquishment of two bedrooms, was calculated at approximately £7,000. This

would result in an annual cost to the HRA of £210,000, based on 30 properties per year.

The Group agreed that offering all 6 incentives was not financially viable and suggested that the results of the survey be used to offer those incentives which were seen as most important to our tenants.

4 Rationale for Recommendations

- 4.1 Members had considered the views of MDH tenants and taken into consideration that the majority voted yes for a downsizing incentive. Members took their views of what types of incentives they valued the most into the recommendations.
- 4.2 Members recognised the need for tenants who were under occupying a home to downsize to enable larger homes to be released for families in need.
- 4.3 The downsizing incentive would provide the RSH with assurance that MDH are actively considering ways to support tenants to move into properties which were more suitable for their needs and to address under occupation.

Financial Implications

The proposed incentives will affect the Housing Revenue Account (HRA). Any costs associated with the recommendations in this report that are not covered by savings elsewhere or existing staffing budgets will need to be drawn from the HRA Minimum Working Balance.

Legal Implications

No secure tenant is required to relinquish possession of their home without a court order. The proposed incentive scheme is entirely voluntary, allowing tenants to freely choose whether to participate. Tenants may opt to enter into a new agreement with the council by surrendering their current property and accepting a tenancy for a smaller alternative, with the council providing a payment based on an approved scheme. While individuals are generally presumed to have the legal capacity to make decisions, officers should remain mindful that some tenants, due to age or other disabilities, may lack the capacity to make informed decisions and manage their affairs.

Risk Assessment

Formulation of a Downsizing Incentive Scheme will encourage and support tenants to move to suitable accommodation. Tenants who are in receipt of benefits are affected by the 'bedroom tax' which provides a financial disincentive to remaining in a home which is larger than they need. Promotion of mutual exchange scheme will encourage moves. Improved data collection on households will enable targeted contact with tenants under occupying.

Risks associated with this scheme have been considered although assessment will need to continue throughout the early life of the scheme. Whether the payment is

sufficient to incentive downsizing remains to be seen, although with the number of tenants looking to reduce numbers of bedrooms in their properties expected to increase, another risk is that HRA resource is being paid to support moves which would have happened anyway.

Impact on Climate Change

This report does not have any effect on Climate Change

Equalities Impact Assessment

The introduction of the scheme should have a positive impact on older people, who may currently be residing in properties that are too large for them to heat and maintain; but have chosen not to downsize due to the fear of potentially not having a spare room for a future live in carer or a family member to support their needs.

The regulatory framework currently includes the Tenant Involvement and Empowerment Standard and, in line with the provisions of this, RPs are required to treat all tenants with fairness and respect; and also to demonstrate that they understand the different needs of their tenants, including in relation to the equality strands and tenants with additional support needs.

Officers working in MDH have training in support of this and are mindful that the Public Sector Equality Duty applies in the discharge of their duties. Work has started to refresh the information held on tenants in MDH records and, to this end, diversity information will be sought at most contacts starting once teams have been briefed.

Those tenants who may have difficulty using standard means of written communication, including those who with literacy issues or whose first language is not English can request alternative forms of communication, including telephone calls, face to face contact and alternative formats including information in large print.

Relationship to Corporate Plan

We will work closely with our tenants to ensure they feel safe, secure and happy in their homes.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151 Officer

Date: 6 March 2025

Statutory Officer: Maria de Leiburne

Agreed on behalf of the Monitoring Officer

Date: 6 March 2025

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 6 March 2025

Performance and risk: Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 04 March 2025

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Simon Newcombe – Head of Housing and Health or Cllr Andrew Glover
(HPDG member/Chair of Downsizing Incentives Working Group

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Background papers: