



## **Downsizing Incentive**

**March 2025**

A review to explore the possible introduction of an incentive scheme to encourage and support tenants who are willing to downsizing.

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## 1 Introduction

- 1.1 On the 9<sup>th</sup> July 2024, the Cabinet agreed, after a recommendation of the Homes PDG that the use of flexible tenancies be halted. The Homes PDG agreed to set up a 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 after being introduced by the Localism Act 2011. It meant tenancies could be reviewed on a periodic basis and gave registered providers the ability to end a tenancy if the tenant was found to be under occupying at the point of review. However, the legislation was not comprehensive enough and did not consider tenants' rights when a registered provider wanted to end the tenancy for the sole reason of under occupancy. Since introduction, not one flexible tenant was made to downsizing due to under occupancy.
- 1.3 The Regulator of Social Housing (RSH) states that Registered Providers, under the Tenancy Standard, must develop and deliver services to address under-occupancy and over crowding in their homes. These services should be focused on the needs of tenants.
- 1.4 Work already takes place to assist families who need to move into larger homes including the Devon Home Choice Policy which allows those wishing to downsize to be awarded a high housing need band (Band B) which enables a high need property to be released which aids the wider management of the social housing rented stock. MDH also has a comprehensive development program which aims to deliver 500 additional social housing units.

## 2 Working Group Members

- 2.1 The Working Group was made up of the following Members:
  - Cllr A Glover
  - Cllr C Connor
  - Cllr M Tuffin
- 2.2 Cllr A Glover was duly elected Chairman of the Working Group
- 2.3 The Working Group met on two occasions 06/08/2024 and 17/12/2024.

## 3 Rationale

- 3.1 Within the district, as is the case nationally, there are high numbers of tenants who are under occupying their current general needs rented accommodation. Many are older tenants occupying family houses where family members have grown up and left home.

- 3.2 Many tenants in this situation may find it increasingly challenging to look after a large property alongside other factors such as rent levels being higher for larger properties, with benefits not covering additional and unused bedrooms.
- 3.3 Due to the high demand for all MDH properties, and in particular, larger family homes, actions need to be taken in order to ensure that additional properties are made available for families whilst at the same time looking after the health and wellbeing of older tenants who may be struggling with looking after and affording a larger property.
- 3.4 Although a tenant may struggle to look after or afford a larger property, they may also find it daunting to downsize or may not have the financial means to do this.

## 4 Tenant Involvement

- 4.1 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.
- 4.2 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.
- 4.3 Among the tenants that agreed, several key themes emerged:
  1. Tenants emphasised that downsizing must be voluntary, without pressure or penalties.
  2. The new homes must meet personal needs, including location, accessibility and family connections
  3. Many highlighted that larger homes are essential for families, particularly those facing overcrowding or caring for children with disabilities so this led to support of an incentive to free up homes for those that need them.

Among the tenants that disagreed, the key themes that emerged were:

1. Many tenants have spent years and sometimes thousands of pounds making their homes comfortable.
2. Moving disrupts established friendships and support networks, particularly for long-term tenants.
3. Tenants with homes that have been adapted for disabilities may struggle to find suitable replacements.

4.4 To better understand tenant priorities they were asked to rank 6 potential incentives. Those most important incentives according to the survey are:

1. Financial incentives
2. New carpets and or redecoration of the new property
3. Prioritisation for internal transfers
4. No recharges for repairs in the home being vacated.

The least important were a pick and pack service to assist with moving and end to end support with a dedicated Officer. This shows that while financial support is the top priority, practical assistance with preparing for a new home is also valued.

4.5 When asked specifically about financial incentives, the response varied but several key themes emerged. Lump sums were the most popular suggestion but many felt that the incentive should cover moving costs, including removal vans, decorating and new carpets. Support for tailored incentives was also strong, particularly for tenants with disabilities who need homes with specific adaptations.

## 5 Statistical Information

5.1 Members noted statistics relating to the amount of homes that came available in Mid Devon according to bedroom size. From the 1<sup>st</sup> April 2023 – 31<sup>st</sup> March 2024, Mid Devon Housing let 99 1 x bedroom properties, 79 2 x bedroom properties, 32 3 x bedroom properties and 3 4+ bedroom properties.

5.2 Members noted that of 18 Devon Home Choice partners, 6 offer tenant downsizing incentives.

5.3 Members noted the results of 76 responses received in the tenant survey.

## 6 Considerations

6.1 Officers confirmed that the Regulator of Social Housing requires registered providers to address under occupying and support tenants to move to properties which were more suitable for their needs.

6.2 Officers explained that the cost of a downsizing incentive is borne by the Housing Revenue Account (HRA) after a discussion regarding the cost of housing families in temporary accommodation, the costs of which are borne by the General Fund.

6.3 It was highlighted that MDH could not offer tenants rent free periods or Council Tax exemptions as an incentive as this would be against legislation and would not be legal.

- 6.4 Officers explained that 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 requirement is known in advance. However, it was noted that not all properties would be suitable for adaptations.
- 6.5 It was highlighted that tenants could be offered direct lets which 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 there are wider redevelopment opportunities.
- 6.6 It was explained that a variety of channels will be used to advertise any incentives including social media, My Mid Devon, newsletters, through tenant conversations with Officers. Tenant Involvement staff will also be available to talk to tenants on a one to one basis and assist with Devon Home Choice applications.
- 6.7 Discussions took place regarding a budget and whilst no dedicated budget has been allocated yet, a financial model would need to be developed to account for all financial incentives including payments, recharges and the cost of officer resources. The group carried out an exercise to estimate the potential financial cost based on 30 properties per year implementing all six proposed incentives which were offered to tenants in the survey. The group agreed that offering all 6 incentives was not financially viable due to the cost per property 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. Instead, it was suggested that the results of the survey be used to offer those incentives which were seen as the most important to tenants.
- 6.8 The group suggested the incentive would be piloted for 12 months initially to establish take up and whether the incentives would need to be altered to be more attractive to tenants.

## 7 Recommendations

- 7.1 The Working Group recommends that the Homes PDG recommends to Cabinet that a downsizing incentive would be added as an addendum to the current 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

re-decoration 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.

## 8 Rationale for Recommendations

- 8.1 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.
- 8.2 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.
- 8.3 The downsizing incentive would provide the Regulator of Social Housing 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.