

REPORT TITLE: MUTUAL EXCHANGE POLICY

18 JUNE 2019

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Cabinet Member for Housing and Asset Management

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WARD(S): ALL

PURPOSE

This report considers the current policy for Mutual Exchanges, which are available to secure and assured tenants and are an important means for many to find a more suitable home. The current policy allows tenants to move to a property which has one bedroom more than their assessed bedroom need. The report highlights the implications of the current policy and makes recommendations for change to bring the policy in line with the Council's Allocations Framework.

RECOMMENDATIONS:

1. That the Policy Committee consider an amendment to the Mutual Exchange policy which currently allows tenants to move to a property which has one bedroom more than their assessed bedroom need.
2. That the Policy Committee consider and comment upon the proposal that consent be refused for exchanges where the accommodation is more extensive than is reasonably required by the tenant unless one or more of the following conditions apply:
 - i. The tenant is downsizing;
 - ii. The tenant is exchanging to older persons accommodation;
 - iii. The tenant has a confirmed medical or welfare need for a property which is larger than their assessed bedroom need;
 - iv. There are other exceptional circumstances as determined by the Council.

1 RESOURCE IMPLICATIONS

- 1.1 There are no direct resource implications associated with this proposed change of policy. The policy will be delivered within current resources.

2 SUPPORTING INFORMATION:

Background

- 2.1 The ability to exchange tenancies is recognised by Winchester City Council as an important means for many tenants to be able to find a home more suitable for their needs. Procedures are in place to support tenants in their search for suitable exchange partners and to facilitate a speedy and smooth exchange of properties where authorised.
- 2.2 Mutual exchanges for secure tenants operate within a regulatory framework laid down by the Housing Act 1985 and more recently the Localism Act 2011. A secure tenant has the statutory right to swap homes with another tenant, provided the other tenant is the tenant of a social landlord and they both have the written consent of their landlords.
- 2.3 The process is tenant led, in contrast to the landlord led transfer process, and does not have the associated higher administration costs and rental loss during void periods which happens with the transfer process. A mutual exchange can also hold benefits for tenants, providing people who would struggle to secure a transfer with a means of moving to what might be more suitable or affordable accommodation, including tenants that might wish to move due to welfare reform changes.
- 2.4 For landlords it can help with efforts to maximise efficient use of stock to best meet housing need and minimise problems such as rent arrears. A mutual exchange can also provide major benefits for other services, for example, helping a tenant to move to be closer to family and friends can reduce demand on health and social care services and result in cost savings.
- 2.5 The Council currently permits properties to be let via mutual exchange where there is one bedroom more than the tenant's assessed bedroom need. In more recent years with welfare reform changes, in particular the introduction of the social sector size criteria (SSSC), tenants moving to properties which are larger than their housing need have been subject to the 'bedroom tax' and some have fallen into rent arrears as a result. Also this policy is contrary to the Council's Allocations Framework within Hampshire Home Choice and is at a time when social housing is in high demand whereby housing providers are being asked to make best use of this scarce resource.

Completed Mutual Exchanges

- 2.6 The Council approves on average 47 mutual exchanges per year. Of those approved, 48% are to tenants who will be under occupying their new accommodation.
- 2.7 The table below provides details on the number of exchanges and those that were under occupied for the last four years.

Financial Year	Number of Mutual Exchanges	Number Under Occupying
2015/16	48	28
2016/17	48	19
2017/18	46	21
2018/19	46	22

- 2.8 Since the introduction of the SSSC in April 2013, working age claimants for Housing Benefit or Universal Credit who are under occupying their home face a reduction in their eligible rent for benefit purposes of 14% for one additional (spare) bedroom. As part of the mutual exchange process, all tenants are made aware of the benefit restrictions related to under occupancy, regardless of whether they are currently in receipt of Housing Benefit or Universal Credit.
- 2.9 Of the 22 tenants who carried out a mutual exchange in 2018/19 and were under occupying their property, 14 are in rent arrears. 7 of the 14 have subsequently had a change of circumstances since moving, so although at the time of exchanging they may have been working and gave the assurance of meeting the weekly rental charge through their income, they have since found themselves out of work and Housing Benefit/Universal Credit not covering the full rental charge.
- 2.10 Financial assessments for exchanging tenants were not previously being undertaken as is standard practice with new tenancies from the Council's Housing Register. However, from May 2019 this service is being provided to give exchanging tenants advice on whether they are able to afford the property they are proposing to exchange into and if appropriate, give support with income maximisation and debt advice.

Consultation

- 2.11 From the 1st November until the 4th December 2018 we asked current Winchester City Council tenants to complete an on-line survey to establish

their thoughts on allowing an extra bedroom and their mutual exchange experience. 357 completed responses were received, representing a wide selection of all tenants.

- 2.12 Although overall, the process was a positive one, the response regarding allowing an extra bedroom was quite evenly split, 52% saying allowing the extra bedroom for mutual exchanging tenants was not fair (when applicants on the Housing Register are not allowed move to a property larger than their assessed bedroom need) whilst 47% thought this was acceptable. 39% either agreed or strongly agreed to the proposed policy exchange of not allowing tenants to exchange to a property with more bedrooms than are needed, whereas 40% either disagreed or strongly disagreed (20% neither agreed nor disagreed).
- 2.13 There were a further 142 free text responses on this issue and again, these responses were very mixed. Many of the comments said that allowing an extra bedroom should depend on individual circumstances, for example family taking on caring responsibilities for other family members, someone with a disability needing the extra room for equipment, medical supplies or a carer to stay, or a family planning to have more children. The opposing view made it clear that the shortage of social housing should be a factor and that there are families who need that extra bedroom immediately.
- 2.14 To explore this issue further a Focus Group was set up, with 4 council tenants being involved over two sessions during May 2019. The consensus from the Focus Group was that all tenants should not automatically be allowed to move to a property which has more bedrooms that they need. However, each exchange case requesting an extra bedroom should be assessed on its merits and take account of the applicant's individual circumstances. This is similar to the Allocations Framework which takes health and welfare circumstances into consideration when determining household size and accommodation eligibility. The group also felt that tenants downsizing to smaller accommodation or older people moving to older persons accommodation should continue to be allowed to under occupy a property.

Conclusion

- 2.15 Mutual exchanges are a valued means for tenants to secure a new home. The current policy allows tenants to move to a property larger than their housing need and whilst this gives tenants greater flexibility for their housing choices, it is not in keeping with the Council's Allocations Framework or pledge to make best use of our housing stock which is in high demand. Also more recently with the changes to the benefits system, we are seeing tenants who are under occupying their homes fall into arrears and potentially put their

housing at risk as they are unable to meet rent which is not eligible for benefit assistance.

2.16 The Localism Act 2011 introduced ground 7 as a valid reason for a landlord to refuse a mutual exchange whereby 'the accommodation is substantially more extensive than is reasonably required by the tenant to whom the tenancy is proposed to be granted'. It is suggested that this ground be applied and the current policy be amended so that there is no longer an automatic right to exchange to a property larger than the tenant's housing need. Instead, requests to exchange to a home which has an additional bedroom will be refused, except in the following circumstances::

- i) The tenant is downsizing;
- ii) The tenant is exchanging to older persons accommodation;
- iii) The tenant has a confirmed medical or welfare need for a property which is larger than their assessed bedroom need;
- iv) Other exceptional circumstances as determined by the Council.

2.17 This is in keeping with the Allocations Framework and will ensure consistency across our housing policies and will help to ensure the housing stock is fully utilised.

3 OTHER OPTIONS CONSIDERED AND REJECTED

3.1 No other options have been considered.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None.

Other Background Documents:-

Mutual Exchange Policy Review – We Asked, You Said, We Did

<https://winchester.citizenspace.com/housing/mutual-exchange-policy-review/>

Hampshire Home Choice Allocations Framework

<http://www.hampshirehomechoice.org.uk/Data/Pub/PublicWebsite/ImageLibrary/Version%2015%20-%20HHC%20Allocation%20Framework%20master%20May%202019%20CURRENT.pdf>

APPENDICES:

None.