



# Housing Community Overview and Scrutiny Committee

<b>Report for:</b>	Housing Community Overview and Scrutiny Committee
<b>Title of report:</b>	Mutual Exchange Policy (Additional Bedroom)
<b>Date:</b>	13 March 2024
<b>Report on behalf of:</b>	Councillor Simy Dhyani
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix 1 – Current Mutual Exchange Policy Appendix 2 – Community Impact Assessment
<b>Background papers:</b>	N/A
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	<ul style="list-style-type: none"> <li>• HB – Housing Benefit</li> <li>• SSSC – Social Sector Size Criteria</li> <li>• UC – Universal Credit</li> <li>• Community Impact Assessment (CIA)</li> <li>• Public Sector Equality Duty (PSED)</li> </ul>

### Report Author / Responsible Officer

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<b>Corporate Priorities</b>	<ul style="list-style-type: none"> <li>• Providing good quality affordable homes, in particular for those most in need, and</li> <li>• Ensuring efficient, effective and modern service delivery.</li> </ul>
<b>Wards affected</b>	All.
<b>Purpose of the report:</b>	Provide information outlining the proposal to change the policy so that Mutual Exchange would no longer automatically allow an extra bedroom for all applicants.
<b>Recommendation (s) to the decision maker (s):</b>	Provide feedback regarding the proposed amendment.

<b>Period for post policy/project review:</b>	Annually or upon legislative change.
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## **1 Introduction/Background:**

Our Mutual Exchange Policy is due for review. A mutual exchange is:

- Mutual exchange is a way for our secure and flexible fixed-term tenants to find a more suitable home without using the transfer process.
- Tenants may exchange with a social housing tenant in a different area of the country.
- The current policy allows tenants to move to a property which has one bedroom more than their assessed bedroom need.
- We are proposing to change the policy so that Mutual Exchange would no longer automatically allow an extra bedroom for all applicants.

The ability to exchange tenancies is recognised by Dacorum Borough Council and nationally 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 an exchange of properties where authorised. Mutual exchanges for secure tenants operate within a regulatory framework set out in the Housing Act 1985 and the Localism Act 2011, the statutory framework includes:

- A secure tenant has the statutory right to switch 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.
- The mutual exchange process is led by the tenant, in contrast to the landlord-led transfer process via the Housing Allocations Policy and does not have the associated higher administration costs and rental loss during void periods.
- A mutual exchange can provide people who would struggle to secure a transfer with a means of moving to what might be more suitable or affordable accommodation.
- Tenants may wish to move due to welfare reform changes.
- A mutual exchange can provide key 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 Key Issues/proposals/main body of the report:**

This review aims to ensure that the policy is fair, effective, and aligned with legal and regulatory requirements.

### **Supporting Information**

- The current policy allowing an extra bedroom is in conflict with the Council's Housing Allocations Policy and is at a time when social housing is in high demand whereby housing providers are being asked to make best use of this resource.
- The Council has approved 209 applications to mutually exchange since 1 April 2021:

Financial Year	Exchanges Approved	Under Occupancy
2021/22	96	40 (42%)
2022/23	64	25 (39%)
2023/Nov. 24	49	20 (41%)

- Of 85 tenants who engaged in a mutual exchange since the introduction of SSSC and moved to a property with an extra bedroom, 83 still reside at the same addresses.
- Of those, 38 (46%) had rent arrears in December 2023.
- When a tenant is approved for a mutual exchange and has an extra room, their housing benefits (either HB or UC housing cost) are affected by the 'bedroom tax'. This results in a 14% reduction in their allowance, and tenants are required to cover this shortfall from their other benefits or wages.
- Out of the 38 mutual exchange cases reviewed, 14 cases with benefit claims are in arrears, with 9 of them having debts exceeding £1000.

Importantly, the Council can't reject an exchange just because it believes the tenant might struggle to afford the property. This is not a valid reason for refusal, according to Schedule 3 of the Housing Act 1985.

### Corporate Plan

- The proposed change contributes towards reducing the risk of a tenant losing their home by being subject to the Social Sector Size Criteria (SSSC), commonly known as 'Bedroom Tax'.
- The change would support the Council's Corporate Plan 2020-2025 in providing good quality affordable homes, in particular for those most in need by ensuring best use of our housing stock.

### Recommendations

- That the Mutual Exchange policy is amended, removing consent for tenants to move to a property which has one bedroom more than their assessed need.
- That consent for exchanges where the accommodation is larger than is required by the tenant be refused unless exceptional circumstances apply.
- This may include (but is not limited to) one or more of the following:
  - a) The tenant is downsizing;
  - b) The tenant qualifies for supported housing and is exchanging to accommodation designated for older persons;
  - c) The tenant has a Council-recognised medical or welfare need for a larger property;
  - d) There are other exceptional circumstances that have been agreed before making the mutual exchange application.
- We would communicate the change by:
  - Updating the [House Exchange](#) website,
  - Updating the [Mutual Exchange](#) information on our website, and

- posting on social media.

### **3 Options and alternatives considered**

Alternative options have not been considered. It is necessary for policies to be regularly refreshed, to ensure that legislative requirements and best practice is reviewed and incorporated.

### **4 Consultation**

There is no proposed change to service delivery.

Engagement has been undertaken with the Housing & Property Directorate, Portfolio Holder for Housing & Property Services, and our Tenants & Leaseholders Committee. The proposed changes are based on robust evidence that our current scheme:

- does not contribute towards our aim of making best use of the Council's housing stock, and
- is leading to an increased likelihood of rent arrears amongst those tenants who have moved to a home larger than their assessed housing need.

### **5 Financial and value for money implications:**

Restricting under occupancy is an effective tool to help prevent tenants who are in receipt of Housing Benefit (HB) and/or Universal Credit (UC) from becoming at risk of building up rent arrears.

The amended policy would align directly with the SSSC rules.

Tenants choosing to transfer to smaller homes instead, would benefit from our 'Moving to a Smaller Home' incentive scheme.

The proposed amendment would complement the Council's Housing Allocations Policy in that tenants are able to secure housing which meets their housing need. There is no ground which allows the Council to refuse an exchange based on their financial circumstances even if a financial assessment completed in advance determines that the property is unaffordable.

Examples of exceptional circumstances include, but are not limited to, 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.

This detail will be included in the updated Mutual Exchange Policy and procedure.

### **6 Legal Implications**

There are no legal implications outlined within this report. The recommendations made in this report maintain compliance in line with our statutory duties set out in the Housing Act 1985 and Localism Act 2011.

In accordance with the Regulator of Social Housing (ROSH) proposed consumer standards, registered providers must offer a mutual exchange scheme.

There is no legal requirement to allow tenants to exchange to a home larger than their assessed housing need.

## **7 Risk implications:**

The proposed change may lead to increased demand for transfers, which incur associated void costs, including repairs, general maintenance, security, and potential loss of rental income.

## **8 Equalities, Community Impact and Human Rights:**

A Community Impact Assessment (CIA) has been created as part of the policy review process in order to meet our Public Sector Equality Duty (PSED). A CIA addresses whether the policy has any negative impact in relation to protected characteristics. We have determined that the revised policy would not have any negative impact on protected characteristic groups.

## **9 Sustainability implications (including climate change, health and wellbeing, community safety)**

This policy amendment will have a positive impact in respect of aligning our approach to the Housing Allocations Policy, ensuring best use of stock is made and supporting activity to develop sustainable communities.

## **10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

Mutual Exchange policy supports the decision-making processes relating to the council's retained Housing Revenue Account assets.

## **11 Conclusions:**

- Mutual exchanges are a valued means for tenants to secure a new home.
- The current policy allowing tenants to move to a property larger than their housing need is not in accordance with the Council's Housing Allocations Policy or corporate plan to make best use of our housing stock which is in high demand.
- Changes to the benefits system are leading to tenants who are under occupying their homes falling into arrears and potentially put their housing at risk as they are unable to meet rent which is not eligible for benefit assistance.
- This report outlines the intended changes to this operational policy, which are intended to be made with immediate effect.