

## **APPENDIX 4: Grants To Move Scheme**

### **Purpose of scheme**

To make the best use of Harrow's social housing stock and allow Harrow Council tenants to realise their housing ambitions, thus freeing up social rented homes for families in priority need and reducing the use of costly bed and breakfast accommodation for homeless families.

### **1. Background**

- 1.1 Given the high demand for social housing in the borough, the Council has a responsibility to promote best use of available stock, as outlined in the Council's Housing Strategy (2013-18). This is increasingly pertinent given the ongoing reforms to welfare benefits and the increase in the right-to-buy discount in London to £100,000 from April 2013.
- 1.2 Cash grants can be paid to encourage and enable social housing tenants to leave their property where they wish to do so, either to downsize to another social housing property or to move into the private sector. The objective of such schemes are variously to:
  - a. Release family-sized accommodation for re-letting, allowing the council to help those households that are homeless or in housing need;
  - b. Encourage under-occupying tenants to downsize to homes more suited to their needs, freeing-up accommodation for over-crowded households or those affected by the reforms to welfare benefits (e.g. the 'bedroom tax');
  - c. Increase the choices available to council tenants and enable them to better meet their housing aspirations;
  - d. Offer an alternative to tenants considering exercising their right to buy
- 1.3 A number of other social housing providers operate grant schemes that promote mobility in the social housing sector. Harrow Council currently offers a downsizing incentive scheme to tenants moving to another social housing property in the UK. It previously operated a home ownership grant when this was funded by central government in the 1990s, which proved very popular.
- 1.4 The proposed Harrow grants to move scheme has been developed following financial modelling and research into local authority schemes elsewhere.
- 1.5 The proposals have been refined following preliminary consultation with the Tenant, Leaseholder and Resident Consultative Forum (TLRCF) on 27/02/2013, through telephone surveys, at a mutual exchange event for tenants, and by email with voluntary sector representatives. There has also been some coverage in the tenants' Homing In magazine and feedback has so far shown significant support for the scheme.

### **2. Proposed grants to move scheme**

#### **2.1 Scheme outline**

- 2.1.1 The scheme is summarised in Table 1 and comprises three elements or options. Option 1 is similar the current under-occupation scheme for tenants downsizing to another Council or housing association property, whilst options 2 and 3 offer grants to move into the private rented and owner occupied sectors.

Options based on type of move	Grant available by size of current property			
	Studio / 1 bed	2 bed	3 bed	4+ bed
1. Under-occupying households downsizing into another social housing property <sup>1</sup>	None	£1,500	£1,500	£1,500
	Bonus of £1,500 for downsizing by 2 bedrooms Bonus of £3,000 for downsizing by 3 bedrooms or more Plus allowance of up to £1,500 for improvement works to the property to which the tenant is moving			
2. Households moving into private rented home	£1,500	£3,000	£4,500	£6,000
3. Households buying in the private sector	£20,000	£24,000	£31,000	£38,000

*Table 1: Proposed grant scheme and options*

2.1.2 The proposed under-occupation grant is similar to the existing scheme, albeit enhanced to offer an additional £1,500 per move for improvements in the new property, to be awarded on a merit basis where the tenant leaves their current property in a good and lettable condition. The improvement work will be completed by the Council's void contractors where possible, and where the tenant is downsizing to another Council property; alternatively the money would be given as a cash lump sum where this is not the case. In addition, imminent kitchen and bathroom upgrades to Council properties will be brought forward and completed during the void period where this is considered to be feasible.

## **2.2 Procedural principles for administering the scheme**

2.2.1 Grants to move into rented accommodation (options 1 and 2) will be administered according to the principles currently in place for the Council's downsizing scheme. The tenant's removal costs will be paid for these in addition to these grants.

2.2.2 Applications will generally only be considered where the tenant has held a tenancy with the Council for at least 12 months and where they have conducted their tenancy in a satisfactory manner<sup>2</sup>. Tenants must leave full, vacant possession of their property, and the move should not render any member of the household homeless. Tenants are expected to leave their property in a lettable condition, and the cost of any rechargeable repairs and any outstanding arrears to the Council will be deducted from the grant awarded.

2.2.3 It is proposed that the private sector grants (options 2 and 3) should be flexible, providing the tenant can demonstrate that their new property would be their principal home and is settled and affordable given their financial circumstances. The property should also meet the household's needs into the foreseeable future. Providing certain criteria are met, and the tenant has satisfactorily conducted their tenancy (i.e. there are no active court orders in effect), the grants to move could be used to:

- Purchase or rent a property anywhere in the UK or abroad;
- Purchase a leasehold or shared-ownership property;
- Assist older or more vulnerable tenants to move in with a family member as a lodger;

<sup>1</sup> Must be downsizing by one bedroom or more (as defined by Harrow Council's Allocation Scheme).

<sup>2</sup> Grants will not be awarded to tenants who hold an introductory tenancy extended past 12 months.

- d. Enlarge an existing property in the private sector (e.g. by constructing an annexe), where the tenant wants to move in with family members and where the tenant can secure an interest in the property;
- e. Move into a new property with another Council tenant, in which case only one household would be entitled to a grant payment.

2.2.4 Applications to move into the private rented sector will be reviewed on a case-by-case basis, and will only be considered where the tenant can secure an assured tenancy or an assured shorthold tenancy of at least 12 months.

2.2.5 Applications for the home-ownership grant will be prioritised and allocations may be made periodically in tranches, in order to manage take up. The Council will place a ceiling on the purchase price of the new property, and a legal charge will be placed on the mortgage obtained by the tenant. This will enable the Council to reclaim a proportion of the grant if the tenant moves within 5 years of using the scheme.

## **2.3 Support**

2.3.1 It is proposed that tenants utilising the scheme be offered a core support package consisting of budgeting advice (including the implications of any incentive payment on benefit entitlement), signposting to supporting agencies as appropriate and a follow-up call after the move. Tenants accessing the downsizing grant may be entitled to additional support to identify properties and pay for removals. The support offered may vary on a case-by-case basis depending on the tenant's age, vulnerability and personal circumstances.

2.3.2 Prior to moving into the private sector, tenants will be provided with information about the implications of surrendering their tenancy with Harrow Council. The Council will investigate the feasibility of making available independent advice to assist with this decision. Their decision to utilise the grant scheme will be taken into account if they present as homeless at a future date, and in line with the guidance outlined in the relevant homelessness legislation, including the 1996 Housing Act and the 2002 Homelessness Act. Whilst the risk of future homelessness presentations cannot be removed, the provision of adequate support and guidance, as outlined above, will minimise this risk.

## **2.4 Priority criteria**

2.4.1 Where demand for a grant exceeds availability, it is proposed that priority should be given to tenants releasing the largest properties, and particularly those in properties with 3 bedrooms or more. This would deliver the greatest savings to the General Fund homelessness budget. Although each case will be assessed on its individual circumstances, tenants holding a fixed-term tenancy will generally only be considered for the scheme where they have 12 months unexpired on their tenancy, or where a tenancy review determines that they would be granted a renewal of their tenancy at the end of the term.

## **2.5 Monitoring**

2.5.1 Table 2 presents the target number of moves for each grant under the scheme, although these may be revised in future years depending on demand. The estimated number of moves to be achieved in 2013/14 is set out below and takes account of the timescales required to implement the scheme and to achieve moves, following approval.

Indicative number of moves:	1. Downsizing grant	2. Private rented sector grant	3. Home ownership grant <sup>3</sup>
2013/14	38	5	4
2014/15	40	10	15
2015/16	40	10	15

Table 2: Indicative number of moves to deliver under the proposed scheme

2.5.2 In order to track progress against target, it is proposed that each of the schemes be reviewed 6 months after implementation or after half of the allocated budget for the period 2013-14 is spent, whichever is sooner. Where demand for the scheme is lower or significantly higher than the budget allocation allows, the scheme will be reviewed and amended as appropriate via the delegated authorities sought in this report.

### 3. Resource Implications

#### 3.1 Financial implications

3.1.1 In line with Housing Commissioning Panel proposals, Housing Services has allocated £250,000 revenue and £250,000 capital within the Housing Revenue Account (HRA) to fund grants to move for each of the three financial years from 2013/14 (plus inflation). In line with proposals to Commissioning Panel, the scheme aims to save £96,000 for the General Fund by 2014/15 as a result of this HRA investment by reducing the number of households in bed and breakfast accommodation. This equates to releasing approximately 6 Council homes per year, depending on property size.

3.1.2 The Council's allocated budget for this scheme (as described in 2.4) would be apportioned as detailed in Table 3. There is a degree of budget flexibility which may allow carry-over of the capital budget between years, where this can be justified. The revenue budget has been top-sliced for additional staffing, to fund communications and the additional void works.

	Capital	Revenue
<b>HRA Allocated budget</b>	£250,000	£250,000
<b>Top slicing</b>	May include capital works on void properties	Marketing: £5,000 Additional staffing: £75,000 Contingency for void works/overheads: £40,000
<b>Grant(s) funded</b>	Home-ownership grant: <b>£250,000</b>	Downsizing grant: <b>£156,900</b> (inc. £69,000 existing budget for scheme)  Private rented sector grant: <b>£42,100</b>

Table 3: Budget breakdown for grants to move scheme

<sup>3</sup> Assumes GLA funding is obtained – see Section 3.1

- 3.1.3 It is vital that the proposed scheme delivers value-for-money for the Council. This is measured in terms of savings on the cost of homelessness to the General Fund; the average cost of housing a household in B&B accommodation is £8,000 per year, but this varies considerably depending on property size (up to £16,500 for households requiring 4 or more bedrooms<sup>4</sup>). Savings are based on the assumption that the mobility created in the housing stock as a result of the scheme will lead directly or indirectly to a reduction in the number of households requiring B&B accommodation.
- 3.1.4 In addition to savings to the General Fund, the scheme will deliver wider benefits to the Council and its customers. This will include the better use of stock to meet housing need, allowing tenants affected by the housing benefit “bedroom tax” to downsize rather than accumulate arrears, and minimising the loss of Council housing units through right-to-buy.
- 3.1.5 The Council has submitted as bid for £358,800 to the GLA’s “Building the Pipeline” Mayor’s Covenant funding. If successful, the investment would be used to match fund the home-ownership grant on a 50:50 basis with the Council, and would increase the number of moves that could be delivered within budget from 22 to 34 over 3 years.
- 3.1.6 Council properties released following the award of the home-ownership grant will also attract a New Homes Bonus payment. This sum is paid to the Council by the GLA for increasing the number of homes, and is currently £350 per property released. This will contribute to the Council’s General Fund and will be redistributed as appropriate.
- 3.1.7 The grant scheme also has resource implications for other areas of the Council’s housing business plan. A £40,000 contingency revenue fund has been set aside to fund additional void works and overheads, and there is room in the allocated budget for additional capital works. Additional void works as part of the downsizing scheme may have a minimal impact on void turnaround times.

## **3.2 Staffing implications**

- 3.2.1 It is anticipated that two additional staff will be required to set up and deliver the grant scheme in its first year: one for project management and the other to deliver the customer service involved in supporting moves. The need for these posts will be reviewed after the first year of operation.

## **4. Communication plan**

- 4.1 Good communication of the grants scheme will be vital to raising awareness with tenants and generating demand, and a communications strategy is being developed for this purpose. Limited advertising of the proposed home-ownership scheme has already generated interest from a number of Harrow Council tenants, and a home-ownership grant pilot study with one interested tenant is planned subject to a business case being demonstrated and approved. This follows the recommendation by Cabinet on April 11th, 2013, that “the Corporate Director of Community, Health and Wellbeing, the Director of Finance and Assurance and the Portfolio Holder for Housing be granted delegated authority to approve individual cash incentive payments to Council tenants to enable them to move to settled private sector accommodation, supported by a Business Case, pending approval of a general

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<sup>4</sup> Based on data for quarter 4 2012-13.

scheme for cash incentive payments for Council tenants to be included in the final Housing HRA Business Plan”.

## **5. Legal considerations**

5.1 Councils are permitted to operate a range of cash incentive schemes under Section 129 of the 1988 Housing Act and Section 435 of the 1985 Housing Act as amended by Schedule 18 of the 1996 Housing Act. It has been confirmed with the Secretary of State for Communities and Local Government that approval will not be required for the proposed grants outlined in this report.

## **6. Equality and diversity considerations**

6.1 An Equality Impact Assessment (EqIA) has been completed alongside the development of the grant scheme. The scheme is open to all tenants, although, as outlined in Section 2.4, those tenants occupying larger properties will be prioritised. The increased mobility in the Council stock that would be generated by the scheme presents opportunities for positive impacts on all protected characteristics.