



## Rent Arrears Recovery Policy

**Policy Number**

**POL 03**

## Purpose of Policy

To ensure that the maximum amount of rent income and other charges are collected from tenants and that those tenants who fall into rent arrears are dealt with in a consistent and fair manner.

## Policy Statement

This policy will be implemented in line with the Housing Corporation's Regulatory Code and Guidance.

Derwentside Homes will adopt a firm, fair and helpful approach to the recovery of rent arrears and will act quickly to prevent arrears from building up. It will make personal contact with tenants whose accounts go into arrears to offer advice and make realistic repayment arrangements.

All tenants will be advised of their obligation to pay the rent, and of the various payment methods available.

All tenants will be encouraged to apply for Housing Benefit and other welfare benefits to maximise their income.

Derwentside Homes will take legal action to repossess properties where there are persistent arrears.

## Performance Measures

- Percentage of annual rent debit for general needs dwellings that was collected (GNPI28);
- Rent arrears of current general needs tenants at the financial year end as a percentage of annual rent debit (GNPI34);
- Percentage of annual rent debit for supported housing that was collected (SHPI 15);
- Rent arrears of current supported housing and housing for older people tenant at the financial year end as a percentage of annual rent debit (SHPI 18);
- The number of tenants with more than ten weeks of gross rent arrears as a percentage of the total number of Derwentside Homes tenants;
- % tenants with rent arrears;

- % tenants who have had Notices served for rent arrears;
- % tenants evicted for rent arrears;
- Rent written off as not collectable as a proportion of the companies rent roll;
- Number of tenants with over £1,000 current rent arrears;
- Gross current garage rent arrears

<b>Responsible Officer</b>	Head of Housing Services
<b>Policy Author(s)</b>	Head of Housing Services Performance Monitoring Officer
<b>Date Approved by the Shadow Board</b>	
<b>Frequency of Review</b>	Three years or as dictated by legislation/guidance
<b>Review Date</b>	
<b>File Reference</b>	
<b>Consultees</b>	LSVT Working Group –Policies and Procedures Tenants Forum Staff Management Team Derwentside Homes Shadow Board

# Rent Arrears Recovery Policy

## 1 Statement of Intent

- 1.1 Derwentside Homes intends to collect the maximum amount of rent income and other charges due from tenants, and it will aim to collect this income promptly. Therefore it will rely on customers paying rent directly to Derwentside Homes or directly via any Housing Benefit awarded.
- 1.2 Derwentside Homes provides a number of methods for paying rent, in accordance with its rent collection policy (POL 02). Tenants will be encouraged to pay their rent and other charges on time by the method that suits them best.
- 1.3 Derwentside Homes recognises that a tenant's personal circumstances can sometimes make it difficult to maintain rent payments and wishes to assist and advise tenants in maximising their income through benefits and avoiding debts.
- 1.4 Derwentside Homes will adopt a firm, fair and helpful approach to recovery of rent arrears and will act quickly to prevent arrears from building up. It will make personal contact with tenants whose accounts go into arrears to offer advice and make realistic repayment arrangements.
- 1.5 Derwentside Homes will establish an arrangement or protocol with the Housing Benefit Service to allow communication over cases where arrears are thought to be accumulating because of delays in processing a Housing Benefit claim. Staff will liaise regularly with the HB service to share information to remove obstacles to efficient housing benefit administration, and to be informed of changes to Housing Benefit administration.
- 1.6 Where arrears persist, Derwentside Homes will take legal action to repossess the property.
- 1.7 Derwentside Homes will aim to collect 100% of the rent receivable, which includes gross rent and service charges.
- 1.8 Derwentside Homes will aim to ensure that total rent arrears (including those of former tenants and those brought forward from previous years) are not in excess of 5% of the annual rent receivable from general needs housing, in line with the Housing Corporation Performance standards, which was replaced by the Regulatory Code.
- 1.9 Derwentside Homes will act fairly in matters relating to rent arrears, not treating anyone unfairly because of their race, colour, ethnic and national origin, nationality, gender, disability, religion, sexual orientation, marital status, HIV/Aids status, responsibility for dependants and age.
- 1.10 Derwentside Homes will ensure that customer confidentiality is maintained at all times and that all personal information of third parties will be handled in accordance with the requirements of the Data Protection Act 1998.

## **2 Outline of Service**

- 2.1 Section 4, paragraph 2 of the Tenancy Agreement sets out the tenant's responsibilities in respect of the payment of rent, service charges and any other charges to Derwentside Homes:
- (1) To pay the Rent, Service Charges and any other charges (listed at the start of this Tenancy Agreement) when due (on each Monday, a week in advance).
  - (2) **Three Rivers Housing Association** If you have a joint tenancy you are jointly and individually responsible for all the payments due and for any arrears. This means that if one joint tenant leaves we can recover all or any of these amounts from the joint tenant who stays in the home or from the joint tenant who leaves. The joint tenancy continues provided at least one of the joint tenants lives in the home unless a notice to quit is received from one of the joint tenants (or we have taken steps to end the joint tenancy). This also applies to your other obligations as a tenant.
- 2.2 Derwentside Homes will advise all tenants of their obligation to pay the rent, and of the various payment methods available. They will also be advised as to their potential eligibility for Housing Benefit, and where appropriate staff will assist tenants with their application for Housing Benefit. Derwentside Homes will offer additional support to vulnerable tenants.

## **3 Implementation**

- 3.1 When signing up new tenants Derwentside Homes will comply with the Rent Collection Policy (POL 02) in so far as it relates to advice to tenants on the prompt payment of rent and any other service charges; options for the convenient payment of rent ; advice on their eligibility for Supporting People and Housing Benefit ; offer additional support to vulnerable tenants.
- 3.2 Derwentside Homes will carry out new tenant visits at four weeks after the commencement of a tenancy to discuss any issues including rent arrears and to offer additional support to vulnerable tenants.
- 3.3 Derwentside Homes will monitor rent accounts on a fortnightly basis in order to identify tenants who are not making regular payments of rent and/or service charges.
- 3.4 Derwentside Homes will write to/ interview /carry out a home visit and financial assessment for all tenants whose arrears total equates to two weeks or more (including tenants who are claiming Housing Benefit for part of their rent). Derwentside Homes will advise tenants on how they can maximise their income through benefits and to make an arrangement to repay the arrears.
- 3.5 The Housing Service Benefits Service will be contacted to check whether an application for housing benefit has been made and whether or not there are any outstanding Housing Benefit payments relating to the tenants rent account.

- 3.6 Derwentside Homes will advise tenants whose arrears have accrued to more than the equivalent of four weeks rent, and who are struggling to clear their account, to seek counselling in debt management from the Derwentside CAB or the Council's Welfare Rights Service.
- 3.7 Further contact with the tenant to assess progress in paying off the arrears will be made throughout the process of recovering arrears as is considered necessary or beneficial by Derwentside Homes. The tenant will be advised that if the total rent owed rises to the equivalent of 6 weeks or more, Derwentside Homes will start proceedings for possession. In exceptional cases Derwentside Homes reserves the right to issue proceedings as soon as arrears arise, especially where there is a history of non-payment.
- 3.8 If it is discovered that the arrears have accrued because the tenant is in hospital and their entitlement to Housing Benefit has changed, Derwentside Homes will seek to contact the individual or their representative. They will explain the problem and advise the tenant of the actions they need to take to pay their rent.
- 3.9 A Notice of Seeking Possession (NSP) will normally be served when the outstanding arrears total equates to six weeks or more of the gross rent due. Derwentside Homes reserves the right to serve a NSP sooner than this in exceptional circumstances and/or where there is a history of non-payment. It may consider taking this action if arrears equivalent to 4 to 6 weeks persist. Derwentside Homes will take into consideration any extenuating circumstances such as severe illness or infirmity, hospitalisation of the tenant or death of a member of the household. This may result in the decision not to issue a NSP.
- 3.10 The NSP gives 4 weeks notice after the day of service and is valid for 12 months from service.
- 3.11 A possession order will be requested at the court hearing, unless there are extenuating circumstances. A suspended order will be sought if proposals for repayment are made that are acceptable to Derwentside Homes, or if a significant amount of the arrears are cleared prior to the hearing. Where a tenant is in substantial rent arrears and has failed to make contact with Derwentside Homes or has refused to make an arrangement to repay the debt Derwentside Homes would seek an Immediate Possession Order. A court may, however, make a suspended order.
- A Suspended Possession Order (SPO) is a court order that allows Possession to be deferred by imposition or consent on the landlord and tenant.
- The outcome of this order would mean that Derwentside Homes could not apply to re-possess the property providing the tenant maintains agreed payments.
- 3.12 Once a possession order has been granted, requests for eviction must be agreed by the Chief Executive or other authorised staff of Derwentside Homes before the eviction takes place.
- 3.13 If, during the process towards repossession, the tenant clears the arrears, then the NSP will be annulled and court action will be discontinued.

- 3.14 If the tenant makes a concerted and sustained effort to significantly reduce the arrears but has not cleared those arrears, then further action will be delayed but the NSP will remain in force until it expires.
- 3.15 Where court action is being or has been pursued Derwentside Homes will seek court costs. These will be recharged to the tenant provided that the court so orders. The court has the final say as to whether the tenant must pay such costs.

## **4 Garages**

- 4.1 Derwentside Homes collects rent payments for garages on a weekly basis with the rent for both its own tenants and for customers who are not its tenants.
- 4.2 Customers who fail to pay their garage rent, and who fail to respond to two reminders will be served with a Notice to Quit (NTQ). If the account is not cleared within 1 week of the NTQ, the locks will be changed and the costs will be recharged to the tenant.

## **5 Former Tenant Arrears**

- 5.1 Derwentside Homes will pursue all recoverable rent and service charge debts from its former tenants where it is economically viable to do so.
- 5.2 After reasonable effort has been made to recover the debts, it may be considered that debts are uneconomical to continue to try to recover. The decision to write off such debts will depend on the size of the debt, the likelihood of recovery and the estimated administrative cost of the process to recover the debt.

## **6 Consultation**

- 6.1 Derwentside Homes will consult tenants about Housing Management and changes in the company's practice and policy in line with the arrangements established by Derwentside Homes Tenant Consultation Policy (REF NO).

## **7 Review of Policy**

- 7.1 Derwentside Homes will review this policy, as a minimum every three years or whenever there are any changes to legislation or case law, taking into consideration good practice and any research that would impact on this policy and/or service delivery, including trends in complaints received by Derwentside Homes. This policy will be reviewed and implemented in line with the Housing Corporation's Regulatory Code and Guidance

## **8 Legislation and Guidance**

- 8.1 Derwentside Homes will ensure that its approach to Rent Arrears Recovery is in line with the Housing Corporation's Regulatory Code and Guidance, Guidance for Charitable Registered Social Landlords – the Joint Guidance – the Charity Commission and the Housing Corporation. Derwentside Homes will have regard to Derwentside District Council's Homelessness and Housing Strategy in the formulation and implementation of its policies. It will ensure that this policy is compatible with the obligations of existing legislation including but not limited to:

- Disability Discrimination Act 1995;
- Race Relations Act 1976(As amended 2000);
- Sex Discrimination Act 1975(As amended 1986);
- Crime and Disorder Act 1998;
- Anti Social Behaviour Act 2003;
- Housing Act 1996;
- Housing Act 2004;
- Data Protection Act 1994;
- Charities Act 1993.