

# Mace Housing Rent Arrears Recovery

## **Introduction**

Mace Housing Co-operative recognises that collection of rent is of major importance so that it can maximise its income to achieve the commitments in its Business Plan.

The Housing Corporation expects all Registered Social Landlords (RSLs) to comply with its Regulatory Code. RSLs are required to provide housing management services efficiently and effectively in order to meet their obligations and requirements as landlords; to ensure that residents understand their obligations, but also to support tenants to sustain their tenancies; and to liaise with other agencies about the related needs of their residents both as individuals and communities.

The Housing Corporation expects that:

- RSLs will collect at least 97% of rent receivable
- RSLs' rent arrears will not be more than 5% of the rent receivable
- RSL rent losses arising from voids and bad debts will not be more than 4% of total rent receivable.

Mace Housing Rent Arrears Policy embraces the above concepts.

Mace Housing is committed to a policy of continuous service improvement under Best Value and will ensure that this policy is regularly reviewed.

## **Policy Statement**

Mace Housing Co-op primary aim in relation to rent arrears recovery is to maximise its collection of rent income and other charges from its members/tenants. It is in the best interests of Mace Housing and its tenants that its income is maximised so that the objectives of the Business Plan can be met.

Mace Housing will set targets for rent collection and arrears recovery that exceed the Housing Corporation's expectations set out above.

Mace will adopt a firm but fair approach to rent arrears recovery. It will be pro-active in preventing arrears occurring where possible, by taking early steps to avoid and minimise the build-up of arrears. Whilst being firm and clear in its arrears recovery, Mace will also act in a sensitive manner appropriate to tenants' individual circumstances. Mace will seek to create a culture where tenants attach a very high level of importance to ensuring their rent is paid.

Mace Housing recognises that from time to time tenants may experience financial problems and will not be able to pay their rent. Mace housing staff would offer to meet with tenants as soon as the problem arises and offer tenants sensitive support and advice, including debt counselling and benefit advice. Housing Staff would receive ongoing training to enable them to provide these services to a high standard and to ensure that rent is paid and arrears are reduced.

Mace will seek to reach agreements with individual tenants in arrears to pay their rent arrears off over a reasonable period. These agreements will be both manageable for the tenant and acceptable to the organisation. Mace will take into consideration tenants' financial circumstances when making these arrangements. However if tenants' refuse to make or adhere to reasonable agreements, legal Mace Housing and this would take action may include action to repossess the tenant's property. This action will be used as a last resort.

Mace Housing recognises that some tenants will need help and support in meeting their rental obligations. Assistance and guidance will be given to tenants on the range of benefits available to them. Access to housing benefit (HB) is particularly important in rent recovery. Mace will endeavour to maintain good links with Housing Benefit offices in relation to housing benefit and will ensure that its officers are well trained in this regard.

## **Implementation**

The implementation of this policy will be achieved through the consistent application of the arrears procedures. Officers will be trained in the procedures. The important principles behind each stage in the procedure are set out below.

## **Prevention of Arrears (Procedures)**

Prevention of arrears, if achieved, removes the requirement for other recovery and enforcement stages.

Tenants will be given access to a range of payment methods as described in the Rent Collection and Payment Policy. These will be regularly reviewed.

Those tenants in receipt of housing benefit will be encouraged to have it paid direct to their rent accounts.

New tenants, as part of the letting interview, will be advised of the following:

- Their responsibilities with regard to ensuring rent is paid on time
- Methods of rent payment available
- Possible entitlement to housing benefit (including offering help and assistance in making a claim).
- Possible entitlement to other welfare benefits
- Details of contact points for tenants experiencing problems with their rent.

## **Action for Non-Payment**

Mace Housing arrears procedures will detail the action to be taken at every stage and the timetable for actions.

The main features of the procedures are as follows:

- Tenants will be advised of any change to the rent and methods of payment at least one month before the changes come into force.

- Rent officer will verify before commencing, or at any stage during, the arrears recovery process that the debt identified is genuine
- Rent officer will monitor rent accounts regularly so that problems can be identified at an early stage and arrears levels minimised.
- Rent officer will inform tenants of their debt and advise them of the consequences of continued non-payment.
- Rent officer will make personal contact with tenants who are in arrears, by visiting, inviting them for interview or telephoning so that the arrears position can be discussed, to ensure they are aware of the debt and given opportunities to come to arrangements to clear the debt. The consequences of not reaching an agreement and maintaining it will be carefully explained. Staff will ensure that appropriate advice and assistance is offered, including with regard to housing benefit.
- During the arrears recovery process, Rent officer will ascertain the full circumstances of the tenant and where possible help the tenant to address any factors immediately contributing to the arrears for example recent breakdown in relationship, ill health, loss of employment etc.
- Rent officer will, where necessary make referrals for debt counselling to the appropriate agency, or offer it in-house.
- Rent officer will endeavour to reach payment agreements with tenants in arrears that are both manageable for the tenant and protect the interests of the organisation.
- Rent officer will encourage direct payments from employers or the DSS where this is practicable.

Rent officers will check with the Housing Benefit Section to ensure that any outstanding benefit is credited to the tenant's account or to verify the reasons why any outstanding benefits are not being paid

- Rent officer will serve any Notice of Proceedings for Possession in accordance with its procedures, and in line with current regulations.

- Rent officers will begin Court action in accordance with its procedures when circumstances dictate.
- Rent officers will request the appropriate order at court, depending upon the individual circumstances of the tenant and the case.
- Rent officer will always request an award for costs at Court. Where granted these will be added to the outstanding debt.
- Rent officers are allowed to use grounds 8 or 11 of schedule 2 of the Housing Act 1988 in any action to repossess the property (Ground 8 is a ground that can be used to seek possession where a tenant has arrears of more than eight weeks' rent. It is mandatory which means that if the landlord proves that the tenant has arrears, the court has no choice but to award him possession. Ground 11 is used where even if the tenant was not behind with his rent when the landlord started possession proceedings, s/he has been persistently behind with his/her rent).

### **Former Tenancy Arrears**

- Rent officers will seek through its arrears recovery procedures to control the level of arrears at all stages prior to tenancy termination so that former tenant rent arrears are minimised.
- Rent officers will use its Abandonment Procedure to end tenancies where properties have been abandoned without the use of the courts, so that arrears do not accrue unnecessarily.
- Rent officers will pursue all recoverable former tenants' arrears. Emphasis will be placed on the establishment of early contact with the debtors and reaching agreement for the repayment of the debt.
- Rent officers may involve the services of debt recovery agencies where that is considered appropriate. They will be members of the Credit Service Association, the recognised trade body that maintains a code of practice for this type of work.
- Where a debt is uneconomic to pursue and/or where all reasonable attempts to recover the debt have failed, the debt may be written off.
- More details of the various steps involved in the pursuance of former tenants' arrears are contained in the procedures that accompany this Policy.

## **Responsibility**

- The Director of Operations is responsible for the effective implementation of this policy.
- The Director of Operations is also responsible for ensuring that all staff involved in the recovery of rent arrears are adequately trained.

## **Consultation**

Mace Housing will consult annually with its members, Voluntary Agencies, the Benefits Agency, its major creditors i.e. Stadium Housing in order to continually develop good practice.

## **Review**

Mace Housing will formally review its Rent Arrears Recovery Policy annually in order to develop good practice and to ensure that the Policy achieves its objective of minimising arrears levels.

A monthly report will be submitted to the Management Committee or relevant sub-committee giving details of:

- a. Rent collected as a percentage of rent receivable;
- b. The total arrears outstanding as a percentage of annual debt;
- c. The total number of tenants in arrears and the percentage of tenants in arrears;
- d. The number of Notices of Seeking Possession which have been issued;
- e. The number of Cases presented to Court.
- f. The number of cases approved for eviction and the number carried out;
- g. The total value arrears outstanding, broken down to:
  - Current arrears
  - Former Tenant Arrears
  - Housing Benefit Overpayments

Reviewed: March 2016