rent arrears policy

objective of this policy

Housing Co-ops depend on the rent collected from their tenants for their main source of income. It is therefore the policy of the Co-operative to keep the level of arrears to an absolute minimum in order to maximise income in the interests of the co-op and its members.

However, the co-op recognises that arrears do occur, and that they arise primarily for 2 reasons;

- where tenants are unable to pay (perhaps due to an outstanding benefit claim)
- or where tenants are unwilling to pay.

Whilst a serious view will be taken of outstanding rent arrears due to non-payment, it is still recognised that many tenants are financially disadvantaged and a caring and sympathetic approach will be adopted. This policy sets out the way the Co-op will take action due to non-payment of rent but also how to actively assist residents with housing benefit claims to make sure that all possible income is received.

1 HOUSING MANAGEMENT SUB-COMMITTEE

1.1 The Co-op elects a housing management sub-committee which meets regularly and which has the day to day responsibility to ensure that this policy is operated effectively.

2 PAYMENT METHODS

2.1 At the lettings stage, new tenants will be advised of the amount of rent and service charge they need to pay and their responsibility to ensure that their rent is paid.

2.2 Rent may be paid into any branch of the co-op's bank, using a rent paying-in book, which will be supplied to the tenant when they move in. Subsequent rent paying-in books will be supplied by the Housing Management sub-committee.

2.3 For those in receipt of housing benefit, direct payment from the Local Authority will be encouraged.

2.4 Where tenants wish to pay monthly, this should be two weeks in advance and two weeks in arrears. In such cases, arrears action will be taken when the account is two weeks or more in arrears. Tenants who wish to pay their rent monthly will be encouraged to pay by monthly standing order.

2.5 The Co-operative will send 6 monthly rent account statements to tenants showing all transactions.

3 DEALING WITH NON-PAYMENT

3.1 This section refers to rent that is due from a tenant, and not to rent that will be paid once a housing benefit claim has been processed. However, if the tenant is only entitled to partial housing benefit, then this section will apply to the non-housing benefit part of the member's rent.

<u>Contact</u>

3.2 All tenants will be advised of the identity of The Co-operative's housing management representatives and will be encouraged to contact them to discuss any problems they have in meeting their financial obligations.

3.3 Tenants with any outstanding rent will be sent notification usually within 1 week of the overdue date. If the tenant then fails to bring the rent account up to date or fails to make contact, the Co-op will attempt to make personal contact with the tenant.

3.4 The Co-op will attempt to establish direct contact with tenants, assess tenant's problems and agree realistic arrangements for repayment. The Co-op will try to ensure that tenants are receiving full advice/assistance and in particular, establish any eligibility to Housing Benefit.

3.5 The Co-op will issue a Notice to Quit if the tenant fails to respond satisfactorily under clause 3.3 above. However, when this notice is served, the Co-op will make every attempt to make personal contact with the tenant.

3.6 As joint tenants are equally responsible for any arrears, the Co-op will take action against all joint tenants.

Legal action

3.7 The Co-op will advise tenants, in writing, of their intention to commence legal action.

3.8 Notice to Quit action will normally be taken by the Co-op where tenants are in arrears of 6 weeks rent. Arrears cases will normally be entered into Court when the amount of arrears reaches a total of 10 weeks rent.

3.9 Once the decision is taken to enter an arrears case into court has been taken, legal costs will be incurred by the co-op. In all cases, the Co-op will seek to recover these costs from the tenant in arrears. However, where legal action has been commenced or is threatened, and the tenant had agreed to and is maintaining arrangements for repayment, further legal action will only be taken if these agreements are broken.

3.10 Where all practical methods have failed, repossession proceedings through the County Court will be taken. In cases where the tenant is unable to clear the debt in full, a Suspended Possession Order will be sought, except in exceptional circumstances. A Suspended Possession Order means that the court will grant possession to the Co-op, but that this will be suspended if the tenant pays a weekly amount to the Co-op set by the court.

3.11 Having obtained a Court Order, where the tenant fails to respond, a Warrant of Execution will be sought and the tenant evicted. It must be stressed that this course of action will only be taken as a last resort. Whilst the Co-op would not wish to take action, which results in the eviction of tenants, it will do so if other attempts to recover arrears are unsuccessful.

3.12 Throughout all the above stages, constant efforts will be made by the Co-op to agree terms with the tenant and offer advice/ assistance, including benefit and financial advice from outside agencies.

4 DEALING WITH HOUSING BENEFIT CLAIMS

4.1 It is the responsibility of each tenant to ensure that their rent is paid in full, even if they are entitled to housing benefit, but the Co-op will offer every assistance to tenants to help them complete claim forms, assist in obtaining proof of income and copy and forward the form to the Benefit Section on behalf of the tenant.

4.2 An approximate calculation of the tenant's entitlement to Housing Benefit will be made and the tenants will be advised of the likely contribution they will have to make. It should be made clear that this is an approximate calculation and if there is an amount to pay then the tenant will be expected to pay this weekly, otherwise the non-payment policy will be followed.

4.3 The Co-op will do what it can to build up a good relationship with the Benefits Section to chase the progress of claims.

4.4 The tenant will be kept informed of any progress made on their behalf in chasing the claim for housing benefit, in particular if the claim is delayed by information the tenant should have provided.

4.5 The tenant will receive the fullest support in making their Housing Benefit claim, which, for example, might extend to accompanying the tenant on a visit to the Benefit Office.

Recovery action where a housing benefit claim is outstanding

4.6 When the rent arrears are due solely to an outstanding Housing Benefit claim that the housing management sub-committee believes will be paid, then recovery action will not usually be taken.

4.7 If a tenant has to make a contribution towards the total rent, or if there is doubt about whether the tenant is entitled to full housing benefit, then recovery action will be taken if an agreed contribution is not made.

4.8 If a tenant refuses to claim Housing Benefit, will not provide information required, or does not take appropriate action to resolve their housing benefit claim, then recovery action will be taken. However, if required, every attempt to assist the tenant will be made.

5 FORMER TENANTS' ARREARS AND OTHER SUNDRY DEBTS

5.1 The Co-op will attempt to establish early contact with the debtor and agree a method of repayment. Where practicable, this should be done in person, but contact may be through correspondence.

5.2 Failure of the debtor to respond or maintain agreement will result in applying for a County Court Judgment if this is appropriate.

5.3 The Co-op will use any legal method to recover debts.

6 MONITORING

6.1 The Co-op will carry out systematic performance monitoring of the economy, efficiency, effectiveness and equity of all aspects of services associated with rent arrears. Regular reports will be made to the Co-op meetings detailing the Co-operative's position with regards to current arrears, former tenant arrears and sundry debtors and performance & trends.

6.2 When the Co-op is in a situation where a Notice to Quit will be issued; court proceedings will be taken; or an eviction is necessary, the housing management sub-committee will make recommendations to the Co-op meetings who will ratify decisions.

7 SUMMARY OF KEY STAGES

The following actions will be taken under normal circumstances at the discretion of the housing management sub-committee:

TIME	ACTION
1 WEEK AFTER AN OVERDUE PAYMENT	CORRESPONDENCE TO TENANT
2 WEEKS OR MORE IN ARREARS	ARREARS ACTION
6 WEEKS ARREARS	NOTICE TO QUIT ISSUED
10 WEEKS ARREARS	COURT ACTION
3 WEEK MISSED SPO PAYMENT	EVICTION

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