

Manningham Housing Association
Shared Ownership Rent Collection Policy
DRAFT

Background

Manningham Housing Association (MHA) is a registered social housing provider. The Association provides general needs, sheltered and supported housing for rent and shared ownership. MHA provides housing for people in need in a way that leads to sustainable and balanced communities where people want to live, work and play.

Our mission is to empower communities to be successful and vibrant. We focus on quality, making a difference and fairness in the way we provide housing services in the communities we serve.

This policy sets out how we will ensure that leaseholders or shared owners keep up with their rent payment, and where they default, positive action is taken to encourage payment. This policy used to be called our Shared Ownership Rent Arrears Policy. We have decided to change the name to reflect the focus of our work in this area.

We have taken account of the following legislation and publications:

- Housing Corporation's Regulatory Code and Guidance 2.3, 2.5, 2.7, 3.1, 3.2, 3.3 and 3.6.
- Housing Act 1988
- Housing Act 1996

We are aware that the new regulator of tenant services is the Tenant Services Authority (TSA). The TSA will in due time publish their own standards to replace Housing Corporation standards.

Our Approach to Rent Collection

We will treat tenants with respect and consideration, and try to help them find a way around their problems, as then they are likely to repay us with loyalty and respect in turn. Rent arrears are 'priority debts', which means the consequences of not dealing with them are serious - there is a risk of people losing their home.

Accordingly, we will encourage tenants that even if they have other debts, they should make sure they prioritise their rent arrears. In order to minimise the loss of rental income we will apply a firm but fair approach to the prevention and recovery of arrears.

Rent payments are due weekly. A rent account will go into arrears if a payment has not been received by the Friday of the week that it is due.

In the case of housing benefit, after this has been applied for and granted, payments are made by the Council to the Association every four weeks, in arrears. In that situation, providing we have been notified by the Council that benefit is payable, we do not regard the rent account as being in arrears.

Where there is more than one person named in the Tenancy Agreement, we treat all of them as being equally responsible for the payment of the rent, including any arrears. The legal way of describing this is that all people named on the tenancy are "jointly and severally" responsible for all the tenant obligations in the Tenancy Agreement.

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In dealing with rent arrears we aim to be sensitive and responsive to any specific needs tenants may have, for example:

- minority ethnic groups
- people with disabilities
- people who are infirm
- older people
- people who are housebound

Examples of specific actions we would consider using in these situations include:

- accessing interpreting services
- translation of printed material
- referral to specialist organisations (including voluntary organisations)

As identified in the Shared Ownership Allocations Policy, the Association will undertake a strictly defined financial assessment of individual applications to ensure affordability in the long term.

Where Leaseholders undergo a change in their financial circumstances, provision may be made for leaseholders to apply for reverse staircasing, subject to the availability of funds.

The Association will work in partnership with the relevant mortgage lender to ensure that all possible avenues and solutions are explored, before a decision is made to repossess the property.

We will apply our Supporting (General Needs) Tenants Policy in dealing with rent arrears.

Preventative Measures

We will assess applicants' ability to afford the rent on their home as part of our letting service.

When we visit shortlisted applicants for new tenancies, we will advise them about possible home set-up and running costs, contents insurance, furnished tenancies and white goods (if applicable), referral to furniture re-use schemes (if applicable), low cost energy deals and whether they qualify for Social Fund Budgeting loans and Community Care grants.

At sign up we will advise new tenants to pay two weeks' rent in advance before they can be signed up. This will ensure their rent account does not go into arrears at the start of their tenancy. For those who qualify for partial or full Housing Benefit (HB), the advance rent will be refunded to them as soon as their HB payments are secure.

We will advise new tenants of what will happen if they go into arrears. We will issue them with a copy of "Statement to Our Tenants" or any similar document. We will make it clear that the responsibility for ensuring the rent gets paid is theirs, even if they are getting housing benefit.

During the first month of the tenancy, a member of our staff will visit the tenant to check that they are settling in well and to offer help with any housing-related problems they may

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be having. We use this as a further opportunity to check if there are any rent difficulties, and provide any help and support the tenant may need to deal with these.

We will check tenants' rent accounts weekly and contact those who have missed their rent payment.

We will send rent statements to tenants at least every quarter.

A variety of payment methods will be made available to make it as convenient and simple as possible for customers to pay their rent and any arrears agreement. Payments can be made in the following ways:

- By cash or cheque at any Post Office
- From any bank or building society by standing order or direct debit
- By any other new methods we introduce, as notified to tenants from time
- By direct payments on the tenant's behalf from the Council to the Association (where the tenant has been granted housing benefit)

We will work closely with the Housing Benefit department to help ensure that customers receive the maximum level of benefit and that it is assessed and paid as soon as possible.

We will benchmark our performance on rent collection and arrears recovery against targets, and against the performance of other organisations.

Dealing with Rent Arrears

Every effort will be made to assist tenants in rent arrears to prevent their arrears building up, including referral to debt advice agencies, help with accessing appropriate benefits in order to maximum their income, and early personal contact by telephone, letters and homevisits.

Housing management staff will be encouraged to build good customer relationships that inspire trust in their tenants so that they are aware of any triggers from which debt may start during the life of the tenancy, as well as other indicators. These include: change of circumstances – job loss or change, new baby, new partner, divorce/separation, death of joint tenant or household member; sudden build-up of arrears, erratic payments, cash or credit card payment, 'bounced' payments whether by cheque, credit card or Direct Debit

Other informal evidence such as reference to other debts, utility disconnection, presence of door-step lenders, and obvious consumption despite apparently limited resources will be used to assist tenants in arrears to seek help from relevant agencies.

As soon as money management problems are identified with prospective, new, or existing tenants, immediate and ongoing signposting and support will be provided. This will include: Housing Benefit application, money advice, financial awareness training and support, debt counselling, establishing a budget and payment plan, help to consolidate debts and, where applicable, support to set up a suitable bank account and use it appropriately.

As a rough guide the following figures will be used as trigger levels for action:

Warning of Notice Seeking Possession - 2 weeks or more

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arrears but not less than £70

Service of Notice Seeking Possession – 3 weeks arrears or more but not less than £90

Court Action – 7 weeks arrears or more but not less than £130.

Eviction - 7 weeks arrears or more, but not considered for less than £130. In the case of suspended possession orders, eviction will not normally be applied for unless the tenant is at least 2 weeks behind on the terms of a suspended order, and has had a warning letter giving them a chance to catch up with the terms of the order.

Tenants with arrears of rent will be encouraged to take responsibility for their debt and understand the importance of paying their rent, and the consequences of non payment.

They will be provided with information on how to deal with their rent debt, including the opportunity to have debt and welfare benefits advice to assist them in maximising their income, minimising their outgoings and prioritising their debts.

Agreements to repay arrears will be based on an assessment of income and expenditure so that it is maximised, but fair and sustainable.

No court or possession action will be taken against a tenant who has submitted a claim to housing benefit, supplied all the relevant information and is therefore awaiting assessment. However, in Shared Ownership cases, the Mortgage lender can act unilaterally, and does not need our consent.

Where appropriate, the Association will seek recovery of arrears through attachment of earnings for tenants in regular employment, garnishee orders for those with fluctuating bank balances (so long as we have some evidence of when there is likely to be adequate funds), charge against property for leaseholders as a long-term solution, and court means assessment which is an order that reflects objectively collected personal budget information.

If a customer who owes arrears of rent is due compensation of any kind or any other type of payment from the Association, where permissible by law, the money will automatically be paid into the rent account to help reduce the arrears.

In the case of joint customers, both will be pursued for any debt accruing where possible, as all parties to a joint tenancy are both jointly and individually responsible for such debts. Starter Tenancies will not be offered fully assured status if they have rent arrears.

Additional, non-statutory services, such as grass and hedge cutting, and tenant rewards, etc will be withdrawn if a tenant goes into arrears.

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Appropriate court and recovery action including eviction as a last resort will be taken where preventative and other methods fail, or the tenant fails to keep to repayments agreements.

In line with good practice in housing management, it is **not** our policy to use distraint (i.e. the seizing of tenants' goods in order to sell them to pay off the debt) in arrears recovery. However, we **will** pursue other legal remedies where repossession is not appropriate.

Evictions

In the worst cases, and as a last resort, the Association will evict tenants who fail to pay off their arrears following a Possession Order. Evictions must be approved by the Director of Housing or another Director in his absence. Where an eviction does proceed, the tenant will be sent a letter in advance of the eviction notifying them of the time and date of the eviction. They will be advised to clear the property of their possessions in advance of the eviction being carried out. The tenant will be recommended to seek advice independently. The Association will notify the Homelessness Team of the Local Authority of possible evictions.

Evictions will normally only be cancelled where arrears are cleared in full, although the Director of Housing will have the discretion to agree part payment. The Housing Officer and at least one other colleague (from the Maintenance team, Estate Management, or Community Initiatives) will attend the eviction, and the locks of the property will be changed. An inventory will be taken of any possessions worth over £100 left behind. The property will be left unoccupied until the end of the working week to give the evicted tenant a final opportunity to clear their arrears. Where items of value have been left they will be put into store for a minimum of 28 days, and the cost of storage will be charged to the evicted tenant.

Re-housing of Tenants in Rent Arrears

Our Lettings Policy does not exclude tenants in rent arrears from applying to transfer to another MHA property.

However, in deciding on eligibility and priority for re-housing, each case is considered having regard to the way the current tenancy has been conducted, and we will take into consideration any significant, serious or consistent breaches of the Tenancy Agreement, including non-payment of rent.

Former Tenants' Arrears

It is our policy to actively pursue all rent arrears, even where the tenant has moved out of the property that they were living in when the arrears accrued. Leaving the property does not remove the tenant's responsibility to pay the debt owed.

In certain circumstances we may decide to "write off" former tenants' arrears. This means that we choose to stop actively pursuing the debt. It does not mean that the debt is considered to have been paid. We will seek opportunities to collect Former Tenant Arrears.

We do not write off current tenants' arrears under any circumstances.

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Monitoring and Review

We will monitor and review this policy in conjunction with residents to ensure its effectiveness and relevance to the Association's stated aims and objectives.

The Director of Housing has overall responsibility for the on-going monitoring of the policy through the work of frontline staff, particularly those engaged in resident involvement directly. The policy will be reviewed annually by the Director of Housing.