



## Rent arrears policy

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### 1 Introduction

Under the management agreements we have signed with our landlords, Alamo Housing Co-operative is obliged to collect as much as possible of the rents due to on our members' homes. If we do not collect all the rent, we will have less money to pay for essential repairs and maintenance. Maximisation of rental income is therefore an underlying principle of this policy.

We aim to make it easy for our members to pay their rent and to contact us to discuss rent payments and arrears. Our staff (or agents) will be contactable over the phone or in person during office hours, and can also be contacted by letter or by email.

We will adopt a sympathetic approach to members in financial difficulties and will provide debt counselling and welfare advice as well as pursuing enforcement action when necessary. If we cannot provide the advice needed, we will try to direct the member to another agency which can assist.

This policy applies equally to members holding assured tenancies, assured shorthold tenancies, secure tenancies as well as non-regulated tenancies and licenses. It should be noted that the legal procedure for obtaining possession of residential property is specific to the tenure type. This policy does not aim to explain the legal framework governing each type of tenancy and is not intended to be a guide to taking possession action for rent arrears.

### 2 What we mean by rent arrears

We define rent arrears as:

*Late payment of rent, irrespective of how late the payment is*

Rent is due on the Monday of each week (for weekly tenancies) or on the first day of each month (for monthly tenancies). Any member who is not up to date with their rent will be considered to be in arrears with their rent.

The co-operative does not accept that its members should fall into arrears, irrespective of how much the debt is and for how long the member is in debt. A member who pays at the end of the week or at the end of the month rather than on the due date will be considered to be in arrears.

### 3 Objectives of the rent arrears policy

The objectives of the rent arrears policy are:

- To set out a framework for monitoring members' rent accounts and taking action in the event of arrears which will ensure that the co-operative's financial interests are protected, but also that its members are treated fairly and sensitively.
- To facilitate appropriate intervention by staff (or agents) at the earliest possible stage and to ensure that members, especially vulnerable ones, can obtain any necessary support.
- To provide guidance to members and staff, agents and committee members on the operation of the rent arrears process, including arrears monitoring, timescales for action and standards of record keeping.
- To ensure that we comply with the Courts Service's *Pre-Action Protocol*.



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### 4 Tenancy status and legal policy

Alamo Housing Co-operative principally manages homes on behalf of other landlords, which are usually housing associations. This means that most of our members hold either a *secure* or an *assured* tenancy with their landlord. Secure and assured tenancies are regulated by the Housing Acts and offer tenants *security of tenure*.

Secure and assured tenancies can only be ended by an order of the court. Other than under where an application is made in respect of an assured tenancy under ground 8 of the Housing Act 1988, the court has the discretion not to grant the landlord possession if it considers that it would be unreasonable to do so. Alamo Housing Co-operative has taken the decision not to use ground 8 of the Housing Act 1988.

Members who hold *contractual tenancies*, *assured shorthold tenancies* or *licenses* have less security because they hold tenancies which can be ended without a court order, or the court is obliged to make an order for possession if the landlord applies for one.

### 5 Arrears prevention

We believe that prevention is better than cure and so we aim to give our members all the information they need to pay their rent on time, and to provide any assistance and support they need in claiming welfare benefits, particularly *Housing Benefit*.

New members will be given a thorough induction, which will include:

- An explanation of the rent and also, if there are any, the service charges.
- Details of the different payment methods offered by the co-operative. The member will be asked to confirm how and when they intend to pay their rent.
- Advice on claiming welfare benefits and, if required, assistance with completing a Housing Benefit form.
- A six week follow up visit, including a review of the rent account.

Existing members who fall into arrears will be contacted promptly in order to ensure that debts do not build up to unmanageable amounts.

### 6 Welfare benefits

Alamo Housing Co-operative recognises that many of its members receive one or more welfare benefits and that a significant proportion of our members rely on Housing Benefit to pay part or all of their rent.

Although it remains the responsibility of individual members to make claims for benefits at the correct time and in the appropriate manner, our staff (or agents) will provide advice on welfare benefits to those members who need it. In particular we will assist members to complete their Housing Benefit application forms if they cannot do so by themselves.

Over the next few years, the new rules introduced by the *Welfare Reform Act 2012* will begin to affect our members. In particular, Housing Benefit will be withdrawn and replaced by *Universal Credit*. This will mean that members whose Housing Benefit is currently paid directly to the co-operative will become responsible for paying their own rent. We recognise that for some members this responsibility will represent a significant challenge. Our response will be to intervene promptly and to offer assistance to members who need it.

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### 7 Vulnerable tenants

Although it is a firm principle of the rent arrears policy that every member must pay their rent, we recognise that some of our members are vulnerable because of their age, their health or due to disability. We also recognise that other members may find it harder to understand our written communications because of poor literacy or language difficulties.

If we know that a member who has fallen into arrears with their rent is vulnerable, we will do everything we can to make personal contact at an early stage. We will take appropriate steps to make sure that they are aware of the problem and understand what they need to do. We will also offer to assist if we can. If we can't help, we will do our best to direct the member to an agency which can.

Before we take legal action that might result in the eviction of a vulnerable person, we will endeavour to find a suitable agency who can support them. We will also advise the social services department of the local authority before evicting anyone who is vulnerable.

### 8 Rent arrears recovery procedure

In the first instance, Alamo Housing Co-operative will always endeavour to recover rent arrears through negotiation with the member concerned. We will send at least three reminder letters and attempt to make personal contact before we serve a notice or apply to the county court.

However, if a member falls into significant arrears and is unwilling or unable to clear the debt, or to keep to a satisfactory agreement to repay the arrears by instalments, then the co-operative will instigate legal proceedings to recover the debt. Depending on the type of tenancy concerned, a notice or a court order may also end the member's tenancy with their landlord.

Action to recover rent arrears will begin when a payment of rent is overdue by more than seven days. The first action will always be a letter, an email or a telephone call. If the member is vulnerable we will make personal contact at an early stage.

Members will always be offered the opportunity to make an agreement to repay rent arrears by weekly or monthly instalments. However only one agreement will be allowed in any twelve month period. If a member breaches an arrears agreement and does not make up the missing payments within one month, legal proceedings will usually be started (or restored if previously adjourned).

Agreements will usually be for a period of no more than twelve months. This means that we will expect a member who is in arrears to pay sufficient each week or month to bring their rent payments up to date within twelve months of the start of the agreement.

Responsibility for making decisions about the appropriate action to take when a member falls into arrears rests with the management committee. The committee may choose to delegate responsibility for certain decisions to a member of staff or to a managing agent, but will always retain responsibility for the decision to apply to court for a possession order or for a warrant of possession.

The action we will take when a member falls into arrears with their rent is shown on the next page. These timescales are compliant with the Court Services' *Pre-action Protocol*, which every landlord is obliged to comply with before applying to the court for a possession order.

The timescales are for guidance only. There may sometimes be occasions where it will be appropriate to delay legal action, or to act more promptly. We may sometimes take legal action after a single warning if the arrears are long-standing and / or repetitive.

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Stage	Action	Arrears
1.	Send a letter or email to the member reminding them that they are late with their rent. Telephone vulnerable members.	> 1 week
2.	Send a letter to the member advising that they are in arrears with their rent and asking them to clear the balance or make contact to discuss repaying the debt by instalments. Visit vulnerable members.	> 2 weeks
3.	Send a letter to the member advising that a notice will be served if the arrears are not cleared within seven days. Telephone the member or arrange a home visit to establish circumstances and discuss payment plan.	> 4 weeks (or one month)
4.	Serve the appropriate notice. Endeavour to visit and serve the notice in person if feasible. If not write a letter to the tenant asking them to make contact urgently.	> 6 weeks (or two months)
5.	Apply to the County Court for possession order. A possession order may be suspended on terms (assured and secure tenancies only). Write to the member explaining the process and the consequences.	> 8 weeks (or two months)
6.	Apply for a warrant of possession. When the warrant is issued, unless the member makes a significant payment of rent or there are other exceptional factors (such as vulnerability), we will ask for warrants to be enforced by the bailiffs as quickly as possible.	Variable (but > two months)

### 9 Monitoring and reporting

Rent arrears will be monitored on a weekly basis by the our employed staff (or agents), Action will be taken in respect of each account that is in arrears, unless the member concerned is keeping to an agreement to repay the debt by instalments.

Each month the management committee will consider a rent arrears report. The report will be provided by the co-operative's staff (or agents) and will include:

- The cash amount of the arrears. Also the arrears as a percentage of the annual rent roll.
- The direction of travel (whether the arrears are increasing or decreasing)
- Details of action taken against members who are in arrears with their rent.
- Any recommendations that legal action should be taken in respect of rent arrears.

Information about the rent accounts of individual members will be provided to the committee in an anonymous format.

We will also provide the landlords of the properties we manage with the performance information required under the terms of the management agreement.

Each year the management committee will report on arrears performance to the membership at the annual general meeting (or other general meeting).

### 10 Policy review

This policy will be reviewed annually. It will also be reviewed if there are changes to relevant legislation or to the regulatory framework.