

RENT ARREARS AND LEASEHOLDERS ADMIN CHARGES POLICY AND PROCEDURE FOR RESIDENTS

1. INTRODUCTION

English Rural Housing Association (ERHA) should maximise rent income as it is in the interests of all residents as well as the Association to keep rent arrears to a minimum. The Association therefore operates a robust but sensitive approach towards the effective management of rent arrears. This will be achieved through the encouragement of a positive payment culture, effective rent account management and prompt identification and control of rent arrears. The following policies and procedures set out how ERHA will work towards achieving this.

2. RENT PAYMENTS BY TENANTS

- 2.1 At the start of a tenancy the new tenant will be made aware of the importance of paying rent in accordance with the terms of the tenancy agreement and will be advised on how the Association deals with non payment of rent.
- 2.2 Rent payments will be due weekly in advance and payable on a Monday, or monthly in advance if paying monthly. Payments will usually be made by bank standing order, or by giro card payments.
- 2.3 The first 3 weeks rent will be paid on acceptance of keys to the property. This will prevent the accrual of arrears while standing order arrangements are put in place. Benefits advice will be offered to the tenant at this same time where applicable.
- 2.4 Rent payments will be recorded and accounted weekly.

3. RENT INCREASES TO TENANTED PROPERTIES

- 3.1 In accordance with the terms of the Tenancy Agreement rent will not be increased more than once a year. Any rent increases will be effective from the beginning of April each year following an annual rent review.
- 3.2 Rent increases will be notified to the tenant using the prescribed form, giving not less than one calendar month's notice.
- 3.3 Tenants will be advised of their right to refer any proposed increases to the Rent Assessment Panel, which will fix a market rent for the accommodation, above which ERHA will not increase the rent for 12 months. Whilst any referral is being considered by the Panel ERHA will proceed with proposed increases at the due time and review the position after the Panel's determination.

- 3.4 The Chief Executive will ensure that board approval is sought and agreed for an annual rent increase that is in line with ERHA's budget. Rent increases will be within any guidelines recommended by the Housing Corporation.
- 3.5 The Finance Department will update tenants' rent records with the new weekly rent debit.

4. TENANTS' RENT ARREARS

- 4.1 Tenants will be sent monthly rent statements to ensure they are kept fully informed of any arrears or credit on their account.
- 4.2 Housing Managers will be sent weekly arrears reports and detailed monthly reports will be produced by the Finance Department and circulated to the Housing Management Panel.
- 4.3 The Housing Manager will act promptly in contacting tenants if a payment is missed. This would usually be in the form of a letter where one rent payment has been missed. Lack of response to this letter, or any subsequent missed payments will result in a follow-up letter or a home visit depending on the circumstances.
- 4.4 Early contact with the tenant will be used to determine how and why the arrears have arisen, to offer advice where necessary on budgeting and benefits claims and to make an arrears repayment agreement with the tenant. Arrears agreements will be made in writing and signed by the tenant and will be for affordable weekly payments of arrears in addition to weekly rental payments.
- 4.5 A Notice of Seeking Possession (NoSP) will be served on any tenant with arrears of over 6 weeks or £400 or more. This will be served by the Housing Manager by either recorded delivery or by hand delivered. The NoSP will last for twenty eight days and will include:
 - the reasons for seeking possession
 - latest arrears figures
 - advice on possible sources of legal assistance
- 4.6 Once the NoSP has expired, 28 days after service, the account will be reviewed again by the Housing Manager. If the arrears have not been cleared or a repayment agreement put in place, a final warning letter will be sent to the tenant advising that if no response is received within 7 days then an application will be made to the County Court for Possession.
- 4.7 All tenants with arrears of over 10 weeks or £1000 or over will be referred to the County Court for Possession.
- 4.8 Normally the Association will apply to Court for a Suspended or Postponed Possession Order, provided a written proposal for repayment of the arrears has been received and accepted either before or at the hearing. Such an

order gives the Association the right to pursue the repossession of the property if the terms of the court order are not maintained.

- 4.9 An Outright Possession Order or Warrant for Eviction will only be sort as a last resort where the tenant has failed to make any attempt at clearing the arrears or responded to previous legal action or where the terms of a Suspended Possession order are continually breached. Before commencing any eviction proceedings approval must be sought from the Housing Management Panel.
- 4.10 Should an eviction proceed the Housing Manager will contact the local authority housing department and where necessary Social Services with details of the tenant to be evicted.
- 4.11 Tenants will be recharged for any costs incurred to the Association as a result of legal proceedings.
- 4.12 At any time during legal proceedings tenants have the right to make an appeal to the Chairman of the Housing Management Panel.

5. LEASEHOLDER RENT PAYMENTS AND ARREARS

- 5.1 Leaseholders are required to make payments monthly in advance to cover charges for the property. These payments will be made by standing order, usually at the beginning of each calendar month. Quarterly statements will be sent to ensure Leaseholders are kept informed of any arrears or credit on the account.
- 5.2 Accounts will be monitored on a regular basis. If three or more monthly payments are missed the Leaseholder will be contacted in writing to request an immediate payment to clear the arrears and bring the account back up to date.
- 5.3 If the Leaseholder does not respond or make satisfactory payment and where more than six monthly payments have been missed ERHA will make contact with the Leaseholders mortgage provider and ask that they make arrangement to settle the outstanding arrears. Leaseholders will be notified of The Association's intentions to contact their mortgage provider and will be given a final opportunity to clear the debt.
- 5.4 If a leaseholder is considered to be a consistent non-payer then legal action will be taken against them to remove them from the property in accordance with the provisions detailed in the property lease. Before commencing any legal proceedings approval must be sought from the Housing Management Panel.
- 5.5 Leaseholders will be advised regarding amendments to their charges and payments in accordance with the provisions detailed in their lease and in accordance with ERHA's statutory obligations as landlord and freeholder.

6. LEASEHOLDER ADMINISTRATION CHARGES

6.1 A sales administration charge will be levied by the Association on the re sale of all shared ownership homes. At present the Association will charge 0.75% to cover administrative costs incurred in line with the standard Shared Ownership Lease used by the Association. The charge is payable on the successful completion of the sale to a purchaser introduced by the Association. Should the Association not successfully process the sale, the fee will no longer be payable. This charge will be reviewed from time to time by the Association.

6.2 Further administration charges will apply to leaseholders when noting amendments to the property lease or approving or noting mortgage arrangements. This fee is currently set at £40+VAT. It will be reviewed as reasonable and proportionate. Any review will be approved by the Housing Management Panel.

7. SERVICE CHARGE SETTING AND COLLECTION

7.1 Service charges will be levied where a scheme has an unadopted infrastructure requiring attention, such as landscapes, sewage treatment plants, private roads etc. Costs for maintaining this infrastructure will be chargeable to residents who benefit from them. Service charges will reflect what is being provided to residents.

7.2 Service chargeable items will be identified on completion of the development and necessary service contracts put in place to manage and maintain. Any review of unadopted infrastructure covered by the service charge will include consultation with residents affected and adhere to legal and regulatory requirements. In addition to actual expenditure, sinking fund provision for future capital expenditure is made, based on the projected life of the relevant component and the likely capital cost of replacement.

7.3 The Association will operate a 'variable' service charge which changes each year depending on services provided to residents and costs incurred. The annual cost of providing the service, plus a 10% administration fee, is divided between all the residents on the scheme and we aim to balance the account over the course of the following 12 months. Any surplus or deficit on a scheme account will be carried over into the following year and be credited or debited accordingly. Provision for levying the charge will be laid down in the residents lease or tenancy.

- 7.4 The annual review of service charge costs will be carried out by a working group made up of finance and housing management personnel from the Association. We will also endeavor to secure a resident representative on this working group inline with our commitment to involve and consult with residents.
- 7.5 Where individual contracts or services are recharged at the cost of £250 or more per dwelling, S.20 Notices will be served to all leaseholders affected and appropriate actions taken by the Association to ensure statutory obligations and consultation are adhered to.
- 7.6 Where we propose to let a contract for the provision of services for a period of more than 12 months, and the apportioned cost to any individual leaseholder is more than £100 a year, we will consult leaseholders affected to ensure statutory obligations and consultations are adhered to.
- 7.7 Once new service charges are confirmed residents will be notified giving not less than one calendar month's notice. New charges will take effect from 1st April of each year. Notification to residents will include:
- Annual account summary for the development detailing actual payments and costs incurred over the preceding financial year, and predicted costs for the forthcoming financial year. (all residents)
 - Clear explanatory notes on the annual account summary. These notes should include who to contact at ERHA with questions and complaints, as well as how to obtain a full copy of the Associations complaints policy and procedure. (all residents)
 - Form and contract of summary of rights and obligations as detailed in the Commonhold and Leasehold Reform Act. (leaseholders only)
 - Clear explanatory notes on how to appeal against any changes to the service charge deemed to be unreasonable. In addition, information should be provided on appealing via Leasehold Valuation Tribunal (LVT) and the advisory organisation LEASE. (leaseholders only)
- 7.8 The Association encourages engagement with residents and will formally investigate any complaints relating to service performance. In the first instance these complaints will be investigated by the Housing Services Co-ordinator and appropriate Housing Manager. Where deemed appropriate service providers' will be made aware of the complaint and the Association will seek further views from other residents on the development. Complaints will form part of the ongoing review of service providers.
- 7.9 Satisfaction with the services received by providers will be assessed through the annual residents' satisfaction survey. In addition, random checks will be carried out by housing management staff throughout the course of their duties. Where shortcomings are identified, service providers will be given an opportunity to improve, failing this an alternative provider will be sought.
- 7.10 Service charges will be payable with the rent as detailed earlier in the policy.

Any arrears accrued will be pursued accordingly.

7.11 A separate service charge account will be maintained for each scheme where such expenditure and provision is incurred.