

Sample Rent Arrears and Hardship Policy

Foreword

This document is an example of a rent arrears and hardship policy. It is not a definitive example of good practice, but one of many ways an organisation may choose to manage overdue rent. If you choose to use this document as a template, it will need to be edited to best reflect your organisation's procedures.

Purpose

This document guides [Organisation]'s actions on the recovery of overdue rent.

Definitions

Rent Arrears - Rent overdue in payment; a debt that remains unpaid.

Hardship – When an unforeseen event takes place in a Tenant's life that puts their tenancy at risk due to the increased burden - financial or otherwise - involved.

Tenant - The holder of a Residential Tenancy Agreement with [Organisation].

Scope

This policy applies to all tenancies of [Organisation] and includes:

- The recovery of Tenant Arrears;
- Hardship and payment arrangements;
- Termination of a Tenancy due to Arrears;
- The recovery of former Tenant Arrears.

Policy Statement

[Organisation] depends on rent collected from our Tenants as its main source of income for the delivery of an effective and efficient housing management and maintenance service. It is important that policies and procedures are in place to keep the level of Rent Arrears to a minimum. This policy will ensure that the payment of rent and other charges is made in line with the Tenants' obligations within the Residential Tenancy Agreement. As a responsible landlord, [Organisation] will try and resolve all Rent Arrears and sustain tenancies.

[Organisation] recognises that hardship may arise on behalf of the Tenant for many reasons. It is the policy of [Organisation] to assist Tenants whose circumstances may change (e.g. additional costs associated with their health, disability, location, or other circumstances) which impact on their cost of living. [Organisation] will be open to re-negotiating contractual requirements and will assist Tenants in accessing the financial assistance they are entitled to.

Rent arrears will be dealt with promptly and managed in accordance with the Residential Tenancies Act 1986 (RTA) and [Organisation] Housing Management Policies. Rent Arrears will be recorded and reported to the board quarterly.

Key principles

[Organisation] has the intention of:

- Remedying potential Arrears before they arise by making early contact with Tenants;
- Maximising rental income, in line with the **Rent Setting and Administration Policy**, in order to meet financial obligations;

- Preventing Rent Arrears where possible by providing Tenants with appropriate advice and assistance;
- Adopting a consistent approach where Arrears do accrue which is applicable to all Tenants;
- Assisting Tenants in arrears to prevent their debts from becoming unmanageable;
- Using eviction as a last resort.

Implementation and Guidance

Hardship

[Organisation] is committed to helping Tenants address the circumstances that lead to Arrears. As soon as [Organisation] becomes aware of Rent Arrears or outstanding debt we will work with the Tenant to resolve the issue. Tenants will be helped to access independent specialist advice and budgeting services and work with other social support agencies to address underlying issues that may have led to the debt occurring (for example gambling or substance addictions) if necessary.

Where a Tenant has incurred housing debt to [Organisation] and the Tenant cannot pay the debt in full, we will seek to make an arrangement to pay-off the debt in instalments where ever possible.

Rent Arrears procedure

1. [Organisation] will regularly monitor rent accounts on the day due to identify Arrears as soon as they arise and make early contact with the Tenant.
2. After one missed rent payment, early contact is made with the Tenant (via email, phone and letter) to remind the Tenant of the amount outstanding. This will be in plain English and issued within 3 working days following the due date.
3. If the Tenant fails to bring the rent account up to date or fails to make contact, [Organisation] will visit the Tenant in person. This will occur within two weeks of the account going into arrears. The cause(s) of arrears should be identified with the Tenant and methods discussed to repay the debt.
4. At this point, and if the Rent Arrears are under 21 days, and the Tenant is not contactable or fails to provide a legitimate response to the Arrears, or fails to keep to the repayment plan, then, [Organisation] will serve the Tenant with a 14-day Notice to Remedy the Rent Arrears, giving the amount of rent due, the amount the rent is in arrears by and the requirements of how and when the Tenant must pay. During the 14-day notice period, the Tenancy Manager should continue to contact the Tenant to arrange repayment. A minimum of one visit and one phone call is required.
5. If the Tenant has undergone a change of circumstances, [Organisation] will ensure that the Tenant is aware of benefits and financial assistance available to them from MSD, and is referred to relevant agencies such as Work and Income (MSD), budgeting services and the Citizens Advice Bureau.
6. At whatever point possible in this process, [Organisation] and the Tenant will agree a realistic repayment schedule, in line with the Hardship Policy, to ensure that Rent Arrears can be paid back in a way that does not put undue financial pressure on the Tenant.
7. If the Tenant fails to respond adequately to the 14-day Notice to Remedy rent arrears, the Tenancy Manager will make an application to Tenancy Services for mediation.

Going to the Tenancy Tribunal

If the Tenant fails to pay after [Organisation] makes contact and serves a 14-day Notice to Remedy, then [Organisation] will take the matter to the Tenancy Tribunal for mediation. An application for Order of the Tenancy Tribunal needs to be completed, together with the details of the application, i.e. what order [Organisation] wants the Tenancy Tribunal to make. There is an application fee associated with this. Supporting documentation with this application is to include:

- Copies of the Residential Tenancy Agreement.
- Copies of the Rent Arrears letter and 14-day Notice to Remedy for rent.
- A rent statement showing the Rent Arrears

Order to Recover Money

If the rent is over 21 days in arrears [Organisation] will make an application to the Tenancy Tribunal for an order to recover money for the overdue rent. [Organisation] will seek a binding monetary order through the Tribunal that sets out a schedule for repayment.

Termination of Tenancy

[Organisation] will only apply to the Tenancy Tribunal for an order to terminate the Tenancy as a last resort. If no rent has been paid for eight weeks, the monetary order has resulted in no action, and it appears that the level of Rent Arrears will continue to accrue with no likelihood of debt reduction, [Organisation] will take steps to repossess the property. [Organisation] will file an application to the Tenancy Tribunal for termination of the tenancy in accordance with Section 55 (1) (a) of the Residential Tenancies Act 1986.

Former Tenant Arrears

[Organisation] will endeavour to stop former Tenant arrears occurring but where inevitable, to also minimise the level of Arrears at the end of Tenancy. [Organisation] has 1 month to serve on the former address a Money Order from Tenancy Services. If the Tenant is the recipient of a benefit, they have access to the Recoverable Assistance Payment Grant and Ministry of Social Development may be contacted to settle the Arrears. As a last resort, former Tenant arrears may be passed to a debt collection agency (DCA) for collection. If a Tenant abandons the property or is evicted, the debt will be passed by [Organisation] directly to the DCA. Arrears deemed to be irrecoverable by a debt collection agency will be written off without further action. Written-off debt does not negate the former Tenant's responsibilities for the debt and should their whereabouts be known in future or they make an application for rehousing, they will be pursued for the debt.

The [Organisation] manager has delegated authority to authorise the write off Arrears under \$1000. Former Tenant arrears of \$1000 or more will not be written off without the authority of the Board.

Relevant legislation/regulatory compliance

- Residential Tenancies Act 1986;
- Housing Restructuring and Tenancy Matters (Community Housing Provider) Regulations 2014, Performance Standards.

Related Policies/Procedures

- Absent Tenants, Abandoned Tenancies and Disposal of Goods Policy;
- Debt Collection Policy - **Financial Management & Accounting Policy Manual**;
- Rent Arrears Management Procedures and Guidance (TBC);
- Rent Setting and Administration Policy;
- Complaints and Appeals Policy.

Quality Control

Version	Last Reviewed	Reviewer	CHRA Aligned	BPG Aligned