Habitare Homes Limited: Income Management Policy

Version:	4.0
Author:	Portfolio Manager
Policy Owner:	Board
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Approved by:	Board

1 | Introduction

1.1. This policy sets out Habitare Homes Limited's (**Habitare**) approach to the collection of all income and the management of arrears.

1.2. Habitare is committed to providing an efficient and effective income management service to ensure that Residents pay rent and charges in accordance with the terms of their lease.

1.3. Encouraging early payment and preventing Residents from falling into arrears will always be our primary objective ahead of enforcement action.

1.4. In cases of persistent non-payment of monies due or failure to meet agreements to pay by Residents, Habitare will take appropriate legal action, including to repossess the property and recover outstanding debts.

1.5. Habitare is committed to the timely collection of rent from its Managing Agents. The lease terms will be enforced and the Managing Agents will be treated as a commercial organisation. In the event a Managing Agent is unable to meet its obligations under the lease, and approaches Habitare for a reduction or deferral of rent, these will be considered on an ad-hoc basis.

1.6. In addition to rent collection from its Managing Agents, Habitare will seek to collect information on the arrears, bad debt situations and enforcement actions in relation to the rental households that occupy the properties that we own. This information will be used to ensure that our Managing Agents are applying Habitare's and their own arrears and rent collection policies effectively and proportionately.

1.7. On all Habitare's properties, the rent payments and other charges will be set and collected in accordance with the specific lease in place.

1.8. Where services are provided to Shared Ownership properties, charges will be set for the property in accordance with the terms of the lease.

1.9. This policy will be jointly implemented with our Managing Agents.

2 | Scope

2.1. The policy applies to all Residents and commercial lessees (e.g. Managing Agents) under operating leases.

2.2. This income management policy applies to all property including Shared Ownership and rental homes where our properties are let to a third party organisation (e.g. Managing Agents).

2.3. This policy encompasses both Habitare's relationship with its Residents in respect of payments due under their Tenancy Agreements, and its commercial relationship with Managing Agents responsible for collecting that income on Habitare's behalf.

3 | Purpose

3.1. This policy sets out our approach to collecting arrears which includes rent, ground rent and service charges (and any other charges that may be specified in the lease).

3.2. The purpose of this policy is to ensure that Habitare has appropriate measures in place to:

- maximise income collection from Residents and Managing Agents;
- encourage prompt payment and prevent Residents falling into arrears;
- ensure Residents have the information that they need to prevent debt and arrears;
- engage with Residents quickly and sympathetically when arrears do arise;
- seek to maintain and sustain home ownership by supporting Shared Owners appropriately;
- respond constructively and without compromising our legal position in relation to requests for rent-related variations from Managing Agents;
- understand the arrears positions of Residents;
- ensure our Managing Agents have effective and proportionate policies to manage debt and arrears of Residents that are in line with Habitare’s policies, relevant legislation, regulation and guidance, and
- ensure we act consistently and in accordance with relevant legislation, regulation and guidance.

3.3. The key objective of this policy is to manage our income effectively, keep debt to a minimum and ensure the continued viability of the organisation. Our income management policy will always seek to reflect good practice and meet legal and regulatory requirements.

4 | Definitions

4.1. Definition of 'Managing Agent'

- For simplicity and consistency we have defined our Housing Association partners whether engaged via lease or management agreement as Managing Agent.

4.2 Definition of 'Resident'

- Resident means a Shared Owner or rental tenant.

4.3. Definition of 'Shared Owner'

- A resident who holds a shared ownership lease over a home.

5 | Relevant Legislation

5.1. This policy should be read in conjunction with the legal and regulatory documents listed below:

- Housing Act 1988

5.2. and the following strategies and policies:

- Rent Arrears Policy

6 | Approach to income collection

6.1. Habitare is committed to promoting preventative action and financial inclusion by working with Residents to promote a rent first payment culture, prioritising rent payments above most other expenditure.

6.2. Habitare stresses the importance of payments of rent, service charge and ground rent as a condition of Shared Ownership leases and emphasises that Residents are responsible for paying all appropriate charges in accordance with the specific lease.

7 | Arrears in relation to Shared Ownership properties

7.1. This policy acknowledges that Habitare will transfer the operational processes of the collection of Shared Ownership rent, and other charges to our Managing Agents.

<u>Shared Ownership Rent, Service Charges and Ground Rent</u>

7.1.1. Habitare's Shared Owner's lease agreement states that the Resident must pay the Shared Ownership rent and maintain mortgage payments.

7.1.2. Where there is a service charge due under the terms of the lease, the Resident is responsible for making service charge payments in accordance with the terms of the specific lease (including contributions to any sinking funds).

7.1.3. If applicable, the ground rent is an annual payment for the use of the demised premises. The Resident is responsible for making all ground rent payments in accordance with the lease.

7.1.4. Habitare recognises that occasionally Residents may have financial difficulties and be unable to pay their charges. Residents who fail to pay their Shared Ownership rent, service charges, ground rent, mortgage payment are in breach of their lease agreement which ultimately could lead to the loss of their home.

7.1.5. We will be supportive of all Residents experiencing financial difficulties, seek to understand their circumstances and will provide clear, consistent and practical information to Residents about the implications of any failure to make payments in accordance with the lease. We will seek to negotiate mutually acceptable payment plans for repayment of arrears before taking enforcement action.

7.1.6. Where appropriate we will work with our Managing Agents to refer residents to specialist debt counselling agencies, for example Citizens Advice Bureau for support.

7.1.7. Where residents are identified as having a particular need, vulnerability or disability, Habitare will provide reasonable adjustments and give appropriate advice and assistance.

7.2. Forfeiture Proceedings

7.2.1. If residents do not pay their Shared Ownership rent, service charges or ground rent, the Managing Agent must follow their recovery procedure which has been reviewed and approved by Habitare.

7.2.2. The actions that the Managing Agent can take against Residents include:

- issuing reminder letters,
- approaching the Resident's mortgage provider for payment on their behalf,
- applying to the court for a County Court Judgement or
- putting a charge on the property.

7.2.3. Habitare will encourage pre-action contact between parties before issuing court proceedings

7.2.4. If these actions do not resolve the arrears, then the Managing Agent will apply to the courts for forfeiture of the lease on behalf of Habitare.

7.2.5. Habitare will only seek to commence forfeiture proceedings as a last resort, when all alternative debt management actions have been followed.

7.2.6. Any forfeiture proceedings undertaken by the Managing Agent must be approved by Habitare.

7.2.7. If the court issues a possession order, Habitare will enforce the forfeiture and repossess the property.

7.3. Mortgage Lender

7.3.1. The Managing Agent will contact the Resident's mortgage lender when:

- the Resident and Managing Agent are in discussion about potential payment difficulty. Any action taken will be disclosed to the lender;
- there are rent arrears and where the Managing Agent has been unable to reach an agreement with the Resident to clear the arrears in full. There may also be mortgage arrears which may alter the Managing Agent's recovery procedure;
- forfeiture proceedings are being considered; or
- the issue has entered into small claims court for non-payment.

7.3.2. The Managing Agent will provide the resident's mortgage lender 28 days' notice of any intentions to commence forfeiture proceedings. This will include details of the level of arrears. Residents will be informed of contact and actions taken between Habitare and their mortgage lender.

7.3.3. The Managing Agent will notify residents in advance of any legal action that we intend to take. Any legal costs incurred by the Managing Agent and/or Habitare in recovering arrears will be added to the debt.

7.3.4. A Resident can request that the mortgage lender covers the rent payments for a temporary period if they have a genuine reduction in income, e.g. a period of sickness after which the Resident returns to work. However, if the mortgage lender begins to pay rent in any other circumstances, then the Managing Agent will start forfeiture proceedings against the Resident.

7.3.5. Habitare will be responsible in our actions to make sure anyone experiencing difficulties in making rent or mortgage payments is made aware of sources of advice available including welfare benefits and debt counselling. The Managing Agent will offer prompt and practical advice at all times.

8 | Arrears in relation to rental homes

8.1. This policy acknowledges that Habitare will transfer the operational processes, risks and rewards of the collection of rental income from Residents to our Managing Agents.

8.2. However, as the landlord to the Resident, Habitare will continue to ensure that the Habitare Rent Arrears Policy is consistently applied by our Managing Agents and in accordance with relevant legislation, regulation and guidance.

9 | Payments

9.1. Habitare encourages a positive payment culture amongst all Residents and stresses the importance of payment of all charges as a condition of the lease agreement. Payments due at the start of the lease will be collected when the lease is entered into.

9.2. Payment by Direct Debit is the most efficient method to collect income and reduce arrears administration. We will promote direct debit to all new Residents and request a direct debit mandate is completed. Habitare (through providers) will offer a wide range of payment methods, including:

- direct debit; and
- payment online.

10 | Frequency of payments

10.1. Residents will receive clear information regarding any charges payable in respect of their home in accordance with the specific terms of the lease. This will include the frequency of the charge, amount payable and the reason for the charge.

11 | New Residents

11.1. At the point of the Tenancy Agreement being signed, Habitare will:

- take the first contractual payment at sale;
- reinforce the terms of rent and the importance of regular rent payments being made; and
- provide information regarding the alternative methods of lease payment available.

12 | Statements

12.1. Residents can obtain a copy of their rent and service charge statement with a clear breakdown of charges at any time.

13 | Changes to charges

13.1. Residents will be informed of changes to rent and other charges in accordance with the specific terms of the lease or at least one month before these changes come into effect.

14 | Policy Monitoring and Performance

14.1. The Board has overall responsibility for this policy.

14.2. Diversity information relating to residents in rent arrears will be reviewed to ensure that this policy and our services are accessible to all. Any concerns identified will be addressed and additional support or reasonable adjustments offered.

14.3. Habitare will ensure that procedures are kept under review to reflect good practice and changes in legislation and regulation.

14.4. This policy will be reviewed every two years or when there is a change in circumstances, in work practices or the introduction of new legislation.

14.5. Our Managing Agents will be consulted when this policy is reviewed.

Version Control

Date	**Amendment**	**Version**
December 2021	New Policy Implemented	V1.0
May 2022	Policy updated	V2.0
June 2024	Policy updated	V3.0
June 2026	Policy updated	V4.0