

Policy on Rent Arrears – 9.13

Queenstown Lakes Community Housing Trust

November 2016

Updated November 2017, May 2021, May 2022

Background

QLCHT is a Class 1 Social Landlord¹, and as such must collect rent to pay for managing and maintaining its homes, and assist where practical with advice to help tenants manage their financial resources and related issues they may face. QLCHT recognises that rent arrears can quickly rise to unmanageable levels for lower income households, and therefore prompt and transparent action to manage debt is essential.

Policy

QLCHT will undertake the following actions to ensure rent arrears are managed in a timely and professional manner, consistent with that of a fair and reasonable landlord.

1. Prior to letting a property, QLCHT will:
 - a. Carry out a full financial analysis on the prospective tenant to determine their ability to pay rent (unless the applicant qualifies for Public Housing Rental, in which case they are not required to provide financial information);
 - b. Conduct a credit check (unless approved Public Housing applicants in which case no credit check is required);
 - c. Obtain a reference from a recent landlord, with a phone call to confirm information.

If any of the above reveal a history of credit defaults or rent arrears, QLCHT reserves the right not to offer a tenancy.

2. Each week, incoming rent payments will be reconciled and an arrears report run. If a tenant misses a rent payment, or fails to keep to an agreement to reduce arrears, QLCHT will contact the tenant by phone and/or email within 24 hours to check they are aware of the arrears and ask for it to be remedied immediately.
3. If the rent has not been received by the second week, QLCHT will issue a 14 Day Notice of Arrears (“Arrears Notice”), advising the tenant that they have 14 days to pay all the arrears owed in full.
4. If the rent has not been received by the date advised in the Arrears Notice, QLCHT will apply to Tenancy Services under section 56 of Residential Tenancy Act 1986 (“the Act”) for Breach of the Tenancy Agreement².
5. In all cases QLCHT will write to the tenant to advise them of the potential consequences of not keeping to their tenancy agreement and advising them to contact QLCHT as a matter of urgency. QLCHT will advise the tenant in the event it makes an application to Tenancy Services.

¹ Class 1: Social Landlord as confirmed by the Community Housing Regulatory Authority.

² Section 56 relates to failure to pay rent on time. Mediation will also be offered to the parties

6. QLCHT will seek to utilise the Tenancy Services mediation service when tenants with existing agreements to reduce their arrears, fail to keep to their agreement. If the arrangement agreed through mediation is not adhered to, QLCHT will lodge a dispute with Tenancy Tribunal.
7. In progressing any dispute lodged with Tenancy Service at a Tenancy Tribunal Hearing, QLCHT may seek a Possession Order or a Payment Order with Conditional Termination Order, which will include an immediate possession clause, to be triggered if the tenant fails to comply with the payment order.
8. All decisions to evict a tenant must have the prior agreement of the Executive Officer and Chair, and all Trustees shall be informed of the decision.
9. At all stages of the process, copies of correspondence and communications with the tenant will be retained in the household's electronic file.
10. In addition to the above, QLCHT has the right under Section 55(1)(aa) of the Act to apply to the Tenancy Tribunal, to terminate a tenancy³ due to unpaid rent if it can demonstrate that:
 - a) On three separate occasions within a 90 day period an amount of rent that was due has remained unpaid for at least five working days; and
 - b) On each occasion QLCHT issued the tenant with a written notice advising them of the unpaid rent together with:
 - i. The amount of overdue rent;
 - ii. Dates for which the rent was/is overdue;
 - iii. The tenant's right to make an application to the Tenancy Tribunal challenging the notice;
 - iv. How many other notices of overdue rent QLCHT has given the tenant in the relevant 90-day period that met these requirements.

³ QLCHT may file an application within 28 days after the third notice was issued to the tenant.

The timeframe for in any given worst case scenario would be:

Week 1	Rent not received.	QLCHT calls and emails tenant to advise them of failure to pay rent.
Week 2	Rent not received.	14 Day Arrears Notice issued within 2 weeks to tenant.
Week 4	Rent not received as per Arrears Notice.	QLCHT to make Application to Tenancy Services under section 56 of Residential Tenancy Act 1986 for Breach of Tenancy Agreement (failure to pay rent on time) and mediation arranged.
Week 4	Mediation is scheduled and tenant does not attend/answer phone.	Application for Tenancy Tribunal Hearing escalated. (Approx. 3-4 weeks).
Weeks 6 - 8	Tenancy Tribunal Hearing.	Seek Conditional Termination Order with immediate possession clause (1 week) if tenant fails to keep to payment agreement or Order sought for immediate possession and any arrears owing.
Week 9-10	Possession.	Tenancy ended and tenant moves out or issue resolved.