A short guide to housing management

This guide is about some of the core housing management issues and looks in more detail at the role of tenants in the management of social landlords. You will find about:

- Rents - how rents are set for social housing, ways of collecting the rent and rent arrears
- Repairs - the obligations of the landlord to keep properties in repair and what the tenant must do in return
- Tenant empowerment - the ways in which tenants can get influence their landlord.

You’ll find it useful to have available your own organisation’s internal documents, in particular:

- Policy and procedure documents about rent setting in your organisation
- Copies of the tenancy agreement used by your organisation
- The repairs handbook (if any) and procedures used by
- The tenant engagement policy of your organisation

Introduction

There are some core issues of housing management which run throughout a tenancy, and this subject looks at issues which apply to both social and private tenancies - rents and repairs, and to one which only applies to social tenancies - tenant empowerment. Tenancy problems, such as anti-social behaviour and tenancy fraud, are discussed in another Lemos&Crane short guide.

The income from tenants’ rents is central to the running of social landlords; social landlords no longer receive substantial revenue subsidy and so income management - the collection of rents - is central to their finances. The amount of rent a social landlord a tenant charges a tenant is determined by the type of tenancy the tenant has, by the subsidy originally provided to build their home and by guidance from the Government and Regulator. How easy it is to collect the rent charged is affected by the way welfare benefits are paid.

Also central to the relationship of landlord and tenant is the maintenance of the property, and this subject will look at the mutual obligations of the landlord and the tenant towards the repairs. The bulk of the responsibilities are placed on the landlord, but the tenant has some reciprocal duties.

In the past council landlords were seen as bureaucratic and unresponsive to tenants’ needs. Successive governments have encouraged social landlords to be more accountable to their tenants and urged social tenants to get involved in the running of their landlords. This subject will look at some of the ways tenants can get involved.
How does your organisation do it?
Look at your organisation’s rent-setting policies and procedures and list in your workbook the different sorts of rents your organisation charges (rather than levels of rent).

Rent setting
Rents in the social rented sector are decided by a mixture of legal and regulatory measures. Most secure and assured rents increase each year, but the amount of the increase it limited by the Government and the regulator. Social landlords have to follow appropriate procedures, set out either in the Housing Acts 1985 or 1988 or in the tenancy agreement to implement the allowed increases.

The way that social rents are set is complex, involving both tenancy law and regulation. Some social tenancies- such as secure tenancies from housing associations- are subject to rent control. A fair rent for the property is set by the Rent Officer Service. This is the maximum rent that the landlord can charge. The rent can only be increased every two years. The fair rent set is based on what the market rent would be if there were no shortage of properties to rent in the area. In contrast, secure tenants of local authorities should be charged a reasonable rent. There is little legal control of the rents for assured tenants of housing associations but in practice these social rents have been controlled by the government and the social housing regulator.

The rents charged by social landlords for similar accommodation often vary widely both within the same social landlord and between social landlords. These differences are a result of the different sorts of tenancies held by tenants, when the housing was built, changes to the subsidy regimes for social housing as well as the rent policies of specific landlords. Generally housing association rents are higher than council rents.

The government and social housing regulator control how much social landlords can increase social rents each year. The coalition government had set target rents for convergence by 2014/15 with social rents rising during 2015 by CPI plus 1% per year. The government also introduced a new class of social housing- those let on affordable rents which can be up to 80% of the local market rent. The extra rental income may then be used to fund new development. Affordable rents are set when the property is let and when any fixed term tenancy is renewed. The annual rent increase in the meantime is limited to RPI plus 0.50%. Affordable rent properties are not subject to rent restructuring.

There are provisions in the Housing Acts 1985 and 1988 prescribing the procedures to be used for annual rent increases during periodic tenancies. Tenants have to be served with Notices of Increase. Social rents usually go up at the start of the financial year in April. Fixed term tenancy agreements should include provisions allowing the rent to be varied during the term of the tenancy.
How does your organisation do it?

Look at your organisations rents’ procedures, in particular the procedures for increasing the rents of your periodic secure (for a councils) or assured tenants (for a housing association). If your organisation uses fixed term tenancies- what is the procedure for increasing the rent during the fixed term?

Rent collection

Landlords do not have to give their tenants formal reminders to pay their rent. Unless the tenancy agreement says otherwise, rent is payable in arrears at the end of the period of the tenancy. Landlords are encouraged to have a wide range of ways that tenants can pay their rent, and should be wary about changing methods of payment and in refusing cash payments.

Most written tenancy agreements set out the tenant’s duty to pay rent, but tenants have an implied legal duty to pay to their rent in any event. Landlords do not have to give their tenants any formal reminders to pay. Usually tenancy agreements say when rent is payable and unless the tenancy agreement says otherwise, rent is due at the end of a period of the tenancy, ie paid in arrears.

A large proportion of social landlords’ rental income has been received through direct payment of housing benefits, rather than from tenants’ themselves. According to the DWP around 65% of social tenants receive some housing benefit. In practice many tenants have found it difficult to pay exactly in accordance with their tenancy agreement because the whole or part of their rent is paid by housing benefit. Housing benefit is often paid directly to the landlord but at least two weeks in arrear. With welfare reform housing benefit as part of universal credit will be paid directly to the tenants and monthly in arrears, even where their rent is due weekly.

In 2006 Government Guidance encouraged social landlords to make it easy for tenants to pay their rent by providing a wide range of ways of paying. Many landlords have encouraged electronic methods of payment and discouraged cash payment because they are expensive in staff time and bring security worries.

Nevertheless social landlords need to be aware of the terms of their tenancy agreements when changing the way their tenants can pay their rent. In Allen v London Borough of Southwark (2011) the tenancy agreement allowed him to pay his rent at the local housing office. The council then said his rent should be paid at a bank or post office and refused to take money at the housing office. The tenant insisted on paying at the office, and arrears built up. The landlord
issued repeated possession claims even though each claim failed because the tenant had been trying to ay in line with his tenancy agreement.

Many housing officers are not authorised to accept cash payments, but to refuse to take cash from a tenant may mean that rent is no longer due from the tenant. A tenant may say that they have tendered payment of their rent. The landlord may then not be able to argue in any later court action that the tenant is in rent arrears even though the tenant still owes the money. Further a judge may not be satisfied that it is reasonable to make a possession order where the landlord has turned away rent money.

How does your organisation do it?
What are the different ways your organisation takes rent payments? What arrangements are there for tenants to pay in cash? What do the tenancy agreements used by your organisation say about paying rent?

Repairs
Effective repairs and maintenance services are important for landlords and tenants both legally and in practice. Social landlords must keep in repair the structure and exterior of the properties they rent out, and must make sure they are safe for tenants. Tenants must treat their home properly and not cause deliberate damage. They must allow their landlord access to inspect and do repairs.

Repairs and maintenance are very important for both landlords and tenants. For landlords repairs and maintenance is likely to be their largest item of revenue expenditure. Proper maintenance of their stock preserves the physical assets of the organisation, and means they can comply with the central element of their contract with their tenants- the provision of a decent home. All tenants use repair systems, and dealing with repairs may be the only time many tenants are in direct contact with their landlord. Their assessment of repair systems is a big factor in tenant satisfaction with their landlords.

There are a number of obligations placed o landlords to repair and maintain, and even improve their properties. The most important duties are those implied into tenancy agreements of less than seven years by section 11 of the Landlord and Tenant Act 1985 (so that long fixed term tenancies, Right to Buy leases and shared ownership leases are not covered). Section 11 sets a minimum standard- landlords can always agree to do more.

Section 11 makes landlords responsible for the repair of the structure and exterior of properties and for keeping the water and sanitary installations in repair and good working order. However the landlord does not have to do any repairs until they know about the problem- usually when the tenant reports the
repairs to the landlord or when a housing officer sees the problem on a visit to the property. The landlord only has to keep the property in repair - under this provision the landlord does not have to improve the property. The tenant has to allow the landlord access, on reasonable notice, to check for repairs and to carry out work.

While the landlord must maintain the property, the tenant must not cause deliberate damage, must treat the property in a “tenant-like manner” and should carry out small repairs around the house.

On top of these contractual obligations, landlord also have health and safety duties towards tenants - for example landlords must check any gas appliances the landlord has provided, such as gas boilers for central heating systems, every year, and should inspect the electrics in the property every five years to make sure they are safe.

Repairs and maintenance services are often contracted out by social landlords (they were one of the first areas where private sector approaches were used to improve services). They are also an important area for tenant involvement in the work of their landlord.

How does your organisation do it?
What does your organisation’s tenancy agreements say about repairs - do you think these go beyond section 11? Look at the ways that tenants can report repairs - these may be set out in tenancy agreements, tenants’ handbooks, repairs’ handbooks and so on.

Tenant Empowerment
Tenant involvement and empowerment is a regulatory requirement. Tenants should be given individual choices about services and a collective voice in the running of the organisation.

One of the customer standards in the regulatory framework produced by the Housing and Communities Agency (HCA) covers Tenant Involvement and Empowerment. Tenant empowerment and involvement is therefore an important part of housing management. Tenant involvement and empowerment is intended to give a voice to the users of landlord services - the tenants. It has two main purposes: scrutiny and service improvement.

Who are social landlords accountable to? Much of their activity is determined by the law, by central government funding requirements and by the Regulator. In the past social landlords were subject to intrusive inspection regimes from the Regulator and the Audit Commission. As this external scrutiny has been abolished, tenant monitoring is the main way social landlords will be held to account.
Social landlords are expected to establish Tenant Panels to facilitate the involvement of tenants, and to provide them with the management information they need to check the work of their landlord. Social landlords are also expected to consult with their tenants on important management changes.

Tenant empowerment is about improving services. This is done in three broad ways. The first is by giving tenants power as “customers” by giving them choices about the services they receive; the second is by involving tenants in the governance of the landlord and the shaping of services; the third is by scrutinising the work of the landlord.

The ability to make individual choices by tenants should mean better tenant satisfaction and improved services, as services adapt to respond to tenants’ needs. At its very basic for example this would mean the ability to make repairs’ appointments. The Standard says that social landlords must provide choices, and should tell tenants about the service choices available to them. Tenants should be able to give feedback about the service they have received and complain if they want to do so.

The tenant empowerment standard is also about having the tenant voice heard in the way their landlord is run; in the setting of strategic priorities, formulation of housing policies, and the decisions about the way housing services are delivered. Tenants’ collective views are obtained through consultation, and through Tenant Panel involvement.

The Regulator now has a hands off role in relation to the Consumer Standards. Councillors and Boards are primarily responsible for making sure the standards are met, and they should make sure that tenants are able to hold them to account. Again this tenants scrutiny is intended to be done by Tenant Panels.

Tenant Panels may therefore be involved in different areas of work- strategic decision making, shaping services, dealing with complaints and scrutinising the work of the landlord. Their involvement may be at different levels, from advising the organisation about the tenant perspective to making decisions. Tenant panels represent the collective voice of tenants to the landlord, and there are issues about making sure that they represent the full range of tenant opinions.

How does your organisation do it?
How do tenants give feedback on the services they receive from your organisation and how they can complain. What is the complaints system? Does your organisation have a tenant panel? If so, what does it do? How are the members chosen? If not, how does your organisation involve tenants?