

Housing

Summary



Housing association rent income

Rent collection and arrears management by housing
associations in England

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our work covers local government, housing, health and criminal justice services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

The Housing Corporation is the Government agency responsible for regulating and funding over 2,000 housing associations in England. It is a leading player in revitalising and building sustainable communities by providing affordable homes where people will want to live now and in the future.

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Rents are the prime source of income for housing associations. In 2001/02 the rent due to associations was £4.4 billion with an additional £0.5 billion due in service charges. However...

- the rent collection performance in the housing association sector has generally deteriorated: In 2001/02, associations collected 93.7 per cent of rent due compared with 94.6 per cent in 2000/2001
- in 2001/02, housing association tenants owed £231 million, an increase from the previous year of 10 per cent
- associations estimate that 28 per cent of arrears is due to the payment of housing benefit (HB) four weeks in arrears by local authorities

Housing association tenants have lower incomes than average. Seven out of ten new tenants claim some form of benefits. Many find it difficult to meet the rent and other bills...

- for those in low-paid or intermittent work, rent competes with other more pressing demands for their limited income
- some are unaware of their benefit entitlements – 10 per cent of pensioners entitled to HB do not claim it
- a small core of tenants have little intention of paying – they are not concerned about the longer-term implications of debt

Most associations recognise the benefits of prevention and early intervention in managing arrears and many assist their tenants to navigate the benefits system. Others dedicate specialist resources to debt recovery. However they often...

- focus only on high-value cases and on obtaining court orders that are unlikely to be enforced
- apply policies inconsistently, giving tenants mixed messages about their commitment to enforcement
- have limited success in tackling arrears caused by blockages in the HB system

In order to make a step change in rent collection performance the Audit Commission recommends that associations:

- shift the focus of tenancy management from penalising default to rewarding compliance, coupled with improved information, advice and guidance services
- further the empowerment of their tenants through community development activities, such as credit unions, carried out in partnership with other agencies
- seize the initiative to break the HB impasse by developing solutions jointly with tenants and with local authorities