

Housing York Inc.

Collection of Tenant Accounts Policy

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| Authority:        | <p>Tenant Protection Act, 1997, Sections 61, 69 and 71.</p> <p>Social Housing Reform Act, 2000 Reg. 339/01 Section 18</p> <p>Collection Agencies Act, R.R.O. 1990, Regulation 74, Amended to O. Reg.467/01</p> <p>Regional Municipality of York<br/>Corporate Policy – Collection of Accounts</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Explanation:      | <p>Tenants are obliged to pay their rent on the first of each month in accordance with lease terms and conditions. When the tenant does not fulfill this obligation while in residency, non-legal collective activities will be launched by Property Management staff. Only when these initiatives have proven unsuccessful, the progressive collection measures outlined in the Tenant Protection Act are applied. Accounts that remain unpaid after a tenant has vacated are subject to recovery through standard business processes practiced within York Region.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Current Practice: | <p>Provisions of the TPA are currently recognized but discretionary interpretations existed between the former housing corporations. The recovery efforts related to bad debts from former tenants did not provide a high rate of success.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Proposed Policy:  | <p>Addressing the collection of tenant accounts as an ongoing activity throughout the tenant life cycle is proposed with unique and consistent strategies for the various stages of residency. The business goal is to ensure that collection processes are delivered fairly and equally to all tenants with a basic goal of eviction prevention. A further objective is to maintain a low bad debts exposure by preventing arrears from accumulating to excessive amounts that make it difficult for the tenant to recover.</p> <p>At the applicant stage HYI will need to be satisfied of the applicant's ability to meet their lease obligations before being accepted for occupancy. An external credit check, including arrears owing to former housing providers, may be conducted on any applicant prior to final acceptance into a HYI unit. Where the credit risk exceeds HYI tolerance and it is doubtful that rent will be paid when due, a market applicant may be refused tenancy and a RGI applicant may be refused with proper notification under program rules. SHRA Reg. 339/01 specifies that</p> |

refusing a RGI applicant is limited to situations where it is believed that the applicant's rental history supports the belief that they will not pay rent when due. When the credit check reveals a marginal credit history, the applicant may be housed but a discreet internal flag will be placed on the account to be used only for the purpose of pro-active collection monitoring.

Once housed in a HYI unit, regular reviews will be conducted on all tenant accounts. When an account is overdue the Property Manager will communicate with the tenant for the purpose of understanding the reasons for tardiness and restating expectations and priorities. Evaluating the tenant's reasons for not paying rent when due is integral to maintaining HYI eviction prevention philosophies and for assessing any individual supportive needs that may assist the tenant. Where appropriate, payment plans will be negotiated or referrals to support agencies may be recommended by the Property Manager. The referral to government or social service agencies is an important link to community resources that may provide the tenant with the means to maintain rent payments. In the case of market tenants with affordability issues, additional steps may be taken by the Property Manager to determine eligibility for subsidy assistance and/or placement of the tenant's name on the HYI waitlist for an RGI unit at the property.

When non-legal action is unsuccessful, Property Managers will collect overdue rent within the TPA framework. The Ontario Rental Housing Tribunal is used to resolve disputes between residential landlords and tenants by providing education, mediation and adjudication services. While preserving the tenancy is a factor in managing delinquent accounts, Property Managers will exercise the landlord's rights by providing the required letters, notices and Tribunal orders on a prescribed schedule. The first step is to launch a Notice to Terminate Early for Non-Payment of Rent Form N4, which is typically issued on or about the 10<sup>th</sup> working day of the month. This action provides the tenant with approximately 20 business days to settle the account. Tenants who opt into a payment plan with their Property Manager during this time will avoid a Tribunal hearing. When the tenant has neglected the requirements of the N4 form and has not entered into a payment plan, an Application to Terminate Tenancy for Non Payment of Rent and for Collection of Arrears of Rent Form L1 will be issued, initiating a Tribunal hearing for the specific purpose of mediating a payment settlement in a legal forum. In the event the account remains unpaid, an application for eviction orders for non payment of rent will be pursued via the Tribunal, typically avoiding the accumulation of rent owing for more than three months. Throughout the course of any tribunal activity the tenant is provided ongoing opportunity to settle their account in full or through a negotiated payment plan in order to preserve their tenancy. Cases of genuine hardship or complex situations affecting the tenant's ability to pay their account may require other remedial action which is discretionary in nature. These instances will involve the Manager, Housing York Inc.

The desired outcome following Tribunal is that the tenant will pay their rent. When a payment plan is negotiated through the Tribunal and the tenant subsequently defaults on the settlement strategy, the Property Manager will reactivate the Tribunal case in a timely fashion.

Subsequent to all collection activities through non-legal and legal avenues, seeking eviction orders through the Tribunal may be the only recourse to avoid accumulating rent charges to excessive amounts. In the interest of fair and equitable treatment to other tenants who maintain their rent payments, termination of tenancy is viewed to be final option in HYI collection strategies for current tenants. The Housing York Inc. eviction policy defines the direction and timelines for these circumstances.

In the event a tenant vacates the unit because of overdue charges, collection activities will continue in the form of recovery using prescribed methodologies. The Eligibility Review Officer is authorized to investigate, locate, contact and negotiate recovery plans with former tenants whose rent or other charges remains outstanding. The York Region Housing Access Unit and an external credit corporation will also be notified of any outstanding tenant arrears as delinquent accounts affect future eligibility for rent-assisted housing.

When internal collection efforts result in little or no probability of collection, the account may be considered a bad debt and subject to write-off. Accounts valued at less than \$3,000 and within specified criteria may be written off by the Treasurer or General Manager with full disclosure to the HYI Board in an annual report. Accounts which exceed \$3,000 require Board approval.

The specified criteria for write-off accounts less than \$3,000 is:

- The amount of the arrears is under \$100 and attempts to locate the tenant are unsuccessful.
- The tenant has left the country permanently.
- The tenant is deceased and there are no known assets.
- All attempts to locate the tenant have failed and 90 days have passed.
- As recommended by the Property Manager after assessing all recovery attempts and circumstances.

Completing a write-off for a delinquent account is solely an accounting entry to fairly reflect aged balances on HYI financial statements. This will take place annually at a minimum. All collection avenues remain fully open and active and will be supplemented with external assistance through a collection agency and/or Small Claims Court. In this eventuality, HYI will utilize the service provider under contract with York Region for the delivery of collection services. In the case of legal action, HYI would follow the advice of the Department solicitor.

**Sensitivity:** The nature of program delivery implies that some tenants will default on their payment obligations. A neutral balance of tenant compassion and business judgement is required in the collection policy. In all scenarios, a fair but firm approach will be adopted, using legislated landlord provisions and York Region philosophies to attempt full recovery of overdue accounts.

**Consultation:** The following stakeholders have contributed to this policy:

- Housing and Residential Services Division - Housing Operations
- Business Services Division
- Quality Assurance Unit
- Corporate Finance

**Effective Date:** This policy takes effect June 2, 2004.

**Other Service Managers:** Toronto Community Housing Corporation has related policies.