

## Applying Payments to Arrears Policy

**Policy Number:** PSHC-009A

**Date Approved:** November 10, 2020

**Date Effective:** November 10, 2020

**Date Amended:** Not Applicable

**Procedure Number:** PSHC-009B

### 1. Background

The Perth and Stratford Housing Corporation (PSHC) is committed to providing affordable housing for low-income households and recognizes that, in certain instances, tenants may have difficulty in paying rent or other charges related to their housing. For tenants who owe arrears, the PSHC will offer reasonable and flexible payment plans due to extenuating circumstances.

The purpose of this policy is to outline the repayment framework for all types of arrears owed by tenants. This framework was developed in order to:

- Meet PSHC financial obligations;
- Reduce instances of uncollected rent and other types of arrears;
- Promote early intervention to prevent tenants from accumulating high arrears; and
- Prevent tenants from losing their housing (as per PSHC-010A Eviction Prevention for Non-Payment of Rent Policy).

This policy applies to both current and former tenants of the PSHC.

### 2. Policy

**2.1.** The PSHC shall apply payments on tenants' accounts in a legal and consistent manner.

**2.2.** Tenants are able to make payments on arrears owing at any time on either their ledger or a registered debt collection agency as appropriate.

**2.3.** Tenants are able specify to PSHC staff as to how a payment is applied to the various outstanding balances on their account.

*\*However, in the case of rent, payment will always be applied to the oldest rent charges first.\**

If specification is not provided, payments will be applied in the following order:

- 1) Rent (always oldest charges first);
- 2) All other charges; and
- 3) A credit to future charges (if balance owing is zero).

- 2.4.** If **current tenants** cannot pay off their arrears owing in full, they are encouraged to establish a repayment agreement in which they make payments based on what they can afford; ideally, this agreement will not exceed 12 months.
- 2.5.** If **current tenants** do not pay off their arrears in full, do not enter into a repayment agreement, and/or default on payments, the PSHC may take legal action through the Landlord and Tenant Board (LTB).
- 2.6.** If **former tenants** cannot pay off their arrears owing in full, they are encouraged to establish a repayment agreement in which they make payments that are 5% of their gross monthly income until the balance is paid.
- 2.7.** If **former tenants** do not pay off their arrears in full, do not enter into a repayment agreement within 30 days of notification, and/or default on payments, the money owing will be filed with a registered debt collection agency.
- 2.8.** If tenants do not agree with a charge on their account, they may contact the PSHC and provide evidence (e.g. date stamped videos or pictures) as to why the charge should not be their responsibility.

### 3. Definitions

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**Arrears:** money that is owed to the PSHC by a current or former tenant. Arrears include rent, maintenance chargebacks, LTB filing fees, Sheriff enforcement fees, or any other type of overdue payment.

**Chargebacks:** fees that are not related to rent (e.g. maintenance costs) that are paid by the PSHC and billed back to the tenant.

**Current Tenants:** people who are identified on the lease as leaseholders, and who are currently living in a PSHC unit.

**Former Tenants:** people who were identified on a PSHC lease as leaseholders, but who are *not* currently living in a PSHC unit. This also includes current tenants who completed an internal transfer and owe arrears from their previous PSHC address.

**Landlord and Tenant Board (LTB):** a provincial tribunal that resolves disputes between residential landlords and tenants including tenant arrears.

**N5 Notice to End your Tenancy For Interfering with Others, Damage or Overcrowding:** a legal notice prepared by the landlord notifying the tenant that they owe arrears for damages.

**Repayment Agreement:** a legal document that outlines how arrears owed by the tenant will be paid back to the PSHC, including a monthly amount and a timeframe. Repayment agreements can be established directly between the PSHC and a tenant or through a mediated process at the LTB.

## **4. Legislative Authority**

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*Housing Services Act, 2011*

*Residential Tenancies Act, 2006*

## **5. Other Relevant Policies**

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PSHC-010 Eviction Prevention for Non-Payment of Rent Policy

## **6. Attachments**

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Procedures for Applying Payments to Arrears Policy (PSHC-009B)

PSHC Repayment Agreement – under review