

Rent Setting and Arrears Management

Related Policy: Centacare Housing Services Policy

Purpose & Objectives

Centacare Housing Services (CHS) has established a clear set of procedures and guidelines for setting, receiving and processing rental payments as well as managing rental arrears.

This procedure has been established to ensure CHS meets the legislative and contractual requirements for rent and arrears management. It is the objective of CHS to:

- Ensure tenants understand CHS Rent Management procedures
- Assist tenants to meet their obligations under their Residential Tenancy Agreement thereby avoiding rental arrears, eviction notices and/or debt recovery processes
- Achieve sustainable tenancies through a fair but comprehensive pre-selection process
- Ensure that rents are affordable so that all properties remain accessible to people in financial housing stress and can be sustained by people on low and moderate incomes
- Ensure that the calculation of rents and rental rebates are fair, easy to understand, non-discriminatory and consistent
- Manage tenancies in a manner that maintains a balance between social and business objectives
- Ensure CHS rental income stream is protected through early intervention against rental arrears

Procedure

Rent setting and rental rebates - Assessing Affordability

The term 'rent' on the Residential Tenancy Agreement refers to the amount payable by the tenant to occupy the rented premises (or room, within a Rooming House) and use the facilities and services. CHS will set rent in accordance with legislation, the relevant formulas in funding agreements and Government guidelines, or as determined by CHS own policies, whichever is appropriate. All CHS rents are based on an independent rental valuation conducted by an accredited valuer; or as determined by other governing bodies (i.e. DHHS).

CHS will calculate the rent and rental rebate at the time of signing the Residential Tenancy Agreement, and will ensure that the tenant fully understands the method used. CHS will determine the rental rebate in compliance with the relevant guidelines for each funding program. All eligible tenants will receive Commonwealth Rent Assistance which will be taken into account in determining income.

Tenants can appeal decisions concerning their rent, rebate levels and their entitlement to a rebate by following the Centacare Housing Complaints procedure, included in the CHS Client Guide.

Rent reviews

CHS will conduct annual reviews of rents payable. CHS will adjust rental amounts in a manner that is fair and consistent for all tenants and takes into account individual hardship or unusual circumstances.

If a tenant's employment and/or income circumstances have changed, the following applies:

- a) Increase in Income (e.g. obtaining employment since the allocation of housing)
 - An Individual Income Review will be undertaken with the CHS client to provide an updated Centrelink Income Notification; and/or 3 current payslips
 - The tenancy will not be terminated but the rent payable may be altered
 - Taking into account the change in circumstances, the rent payable may be calculated to increase from the rent shown on the Residential Tenancy Agreement
 - If applicable, written notice will be provided to the CHS client 60 days prior to the increase being implemented, as per the requirements of the Residential Tenancies Act 1997
- b) Decrease in Income
 - An Individual Income Review will be undertaken with the CHS client to provide an updated Centrelink Income Notification; and/or 3 current payslips.
 - Taking into account the change in circumstances, the rent payable may be calculated to decrease from the rent shown on the Residential Tenancy Agreement
 - If applicable, written notice will be provided to the CHS client however the reduced rent will be calculated from the time the CHS client provides the relevant evidence for the Individual Income Review.

CHS will conduct a review of market rents as determined by the relevant funding body (i.e. DHHS) or in the case of National Rental Affordability Scheme (NRAS) properties in years 1, 3, 7 and 10.

Bonds and other charges

Bonds for Director of Housing owned properties are not required as per the Department of Health & Human Services. For all other owned or managed properties, CHS will charge each tenant a bond in accordance with the provisions of the Residential Tenancy Act 1997. CHS will lodge with the Residential Tenancies Bond Authority each tenant bond payment within seven days of receipt of the full amount.

Tenants will pay for utilities, including water usage, where they are separately metered. A utility fee will be paid by tenants where these services are connected in Centacare Housing Service' name. Utility fees will not exceed fair market or actual charges. Utility fees which are based on fair market rates will be reviewed annually.

Management of rental arrears and bad debts

CHS have procedures in place to ensure that tenants are aware of the seriousness of rental arrears and their implications. CHS understands there can be varied and genuine reasons for financial hardship. CHS will:

- Ensure tenants, when they sign the Residential Tenancy Agreement, are made aware of CHS procedures in relation to management of rental arrears
- Minimise the opportunity for rental arrears losses by weekly monitoring of tenant rent payments
- Take the most appropriate action to investigate and resolve the arrears depending on whether they are minor or actionable
- Prevent future arrears by working with tenants who advise they are having problems making payment, or where arrears are anticipated
- Be respectful, honest and helpful in responding to the tenant
- Be sensitive to tenant's circumstances but enforce their responsibilities.

Minor arrears – Up to 30 days in arrears

CHS will notify tenants by phone call and in writing if arrears reach 14 days overdue. CHS alert the tenant to the arrears and give them an opportunity to resolve the problem.

CHS will consider whether the involvement of a support agency or advocate to assist the tenant keep to their rent payments may be appropriate.

A minor arrears problem can become an actionable tenancy breach if it is not handled appropriately and promptly.

Actionable arrears - Over 30 days in arrears

CHS will have followed procedures in an attempt to resolve the problem before arrears become actionable. When arrears become actionable, CHS may take action to terminate the tenancy, and explain again to the tenant the steps they can take to resolve the problem.

If necessary, CHS will follow the Residential Tenancy Act 1997 procedure for a Notice to Vacate followed by a VCAT hearing for Eviction if the matter cannot be resolved to CHS satisfaction.

Bad debts

Bad debts can include:

- Non-payment of rent
- Cost of tenant damage
- Unpaid tenant debts e.g. Utility Fees

CHS will follow procedure to minimise bad debts by negotiating a repayment schedule with the tenant. When a tenant with an outstanding debt or who has left with rent unpaid and the amount owing exceeds the amount of the Bond money that can be claimed back, CHS will seek an order for repayment from the Victorian Civil & Administrative Tribunal (VCAT) www.vcat.vic.gov.au .

Rental fraud

CHS provides a rental rebate to eligible tenants in eligible properties based on documentation supplied by the tenant.

If a tenant knowingly deceives CHS in relation to declaration of assets, income and number of occupants residing at the premises, action will be taken to terminate the tenancy.