

## **Rent Policy**

### **Purpose**

To ensure that Victorian Women's Housing Association (VWHA) has policies and strategies in place to ensure the delivery of long term, affordable housing to women on low- to -moderate incomes.

### **1. Definitions**

#### **Market Rent**

The Market Rent is the rent value of a property if it were to be rented on the private rental market. It is comparable to the rent charged for other properties of a similar type, size and location. The market rent can be determined by carrying out a property valuation. Alternatively, data can be obtained from the Office of Housing Rental Report which lists median rent prices for various suburbs according to type and bedroom size.

#### **Discounted Market Rent (75%)**

The Discounted Market Rent is the maximum rent VWHA will charge for any property and is set at 75% of the market rent for that property. For example if the weekly market rent for a property is valued at \$380, VWHA will never charge more than \$285 rent a week.

#### **Assessed Rent**

Assessed rent is when the rent charged for the property is based on a percentage of household income, plus Commonwealth Rent Assistance. If the total rent calculation exceeds the Discounted Market Rent then the rent for the property is capped at the Discounted Market Rent.

### **2. VWHA Rent Models**

VWHA has three rent models:

#### **1. Rent Requirement Model – 75% of market rent**

For properties that require a specific rental return, a set rent of 75% of market rent is charged. Tenants housed in these properties must receive an income between a specific range in order for VWHA to charged this rental model.

The income ranges are determined by the OoH and are outlined in Appendix 1: Household income limits for Growth Strategy and other similarly funded properties, March 2009.

This rental model is targeted towards key workers and tenants supplementing a Centrelink payment with part time employment.

#### **2. Assessed Rent Model - Support Agency Nominated Tenants – 25% of household income**

All tenants nominated by a support agency are charged 25% of household income; 15% of Family Tax Benefit A&B and Child Support; Plus Rent Assistance.

When rent charged at a percentage of household income exceeds 75% of market rent, 75% of market rent will be charged for the property.

This arrangement is outlined in the partnership agreement between the support agency and VWHA.

3. Assessed Rent Model - All other tenants – 30% of household income.

All other tenants are charged 30% of household income; 15% of Family Tax Benefit A&B and Child support; Plus Rent Assistance.

When rent charged at a percentage of household income exceeds 75% of market rent, 75% of market rent will be charged for the property.

**4. Assessable Incomes**

Not all incomes received by household members are included in the rent calculation.

VWHA uses the Office of Housing – Rental Rebate Manual - Assessable and non- assessable incomes table to determine which incomes should be included in the calculation.

[http://www.dhs.vic.gov.au/\\_data/assets/pdf\\_file/0008/568061/Rental-Rebates-manual-Chapter-2-Assessable-and-Non-assessable-Incomes.pdf](http://www.dhs.vic.gov.au/_data/assets/pdf_file/0008/568061/Rental-Rebates-manual-Chapter-2-Assessable-and-Non-assessable-Incomes.pdf)

**5. Applying for an Assessed Rent**

Tenants who reside in a property that does not have a rental requirement (rent charged at 75% of market rent) can apply to have their rent assessed based on household income.

VWHA tenants apply for an assessed rent by completing an 'application for assessed rent' form and submitting it to the office with the required documentation for all members of the household.

Assessment is carried out on CHINTAROs 'Rent Calculator'.

**6. Changes in household income**

Tenants on an assessed rent must notify VWHA of any changes in the household within 7 days of any changes occurring. Changes include:

- A household member has turned eighteen years of age
- Arrival of a new baby
- A change in household income i.e. gaining employment or losing a job.

The household will need to submit the required documentation to have the rent re-assessed. Failure to provide updated documentation will result in Discounted Market Rent being charged for the property.

## **7. Setting Market Rents**

Market Rents are reviewed annually in July each year.

VWHA will obtain data from the Office of Housings March Quarter Rental Report to set the Market Rents for the next twelve months. Where comparable data is not available in the rental report VWHA will engage the services of a property valuer to set the market rent for those properties.

## **8. Notice of Rent Increase**

Tenancy agreements list the Market Rent as the true rent, with a reduction available according to the tenant's income.

VWHA are required to give 60 days' notice of rent increase when there are changes to the Market Rent. Notice of Rent Increases will be sent to tenants in August each year following the Market Rent Review.

## **9. Annual Rent Reviews**

Annual Rent reviews are posted out in August each year.

A letter is sent to all tenants on an assessed rent requesting that the enclosed 'Assessed Rent' form be completed and returned with income documentation for the household. VWHA gives household until September 1<sup>st</sup> to provide all documentation. If the documentation is not provided within this period, the household is informed that the rent will be charged at the Discounted Market Rent.

All new rents will commence from the 1<sup>st</sup> November that year. By setting a date it means that tenants who submit documentation early, and therefore have their assessment processed sooner, will not be penalised.

For tenants who did not return the documentation their Discounted Market Rent will also commence from the 1<sup>st</sup> November.

## **10. Rent Re-Assessment for Tenants with Fluctuating Incomes**

Tenants on fluctuating incomes must submit all income records on a regular basis. This arrangement must form part of either the tenancy agreement at the beginning of the tenancy, or the tenant must sign an agreement should they wish to have their rent assessed this way.

Assessments can take place either every month or every 13 weeks (monthly if it is a new job or one that has wildly fluctuating incomes, 13 weeks once the job has some sort of regular pattern). The tenant is then charged rent for the *next* month or quarter, in accordance with what was earned for the *last* month or quarter.

- Monthly/ 4 weeks - Remains valid for the following month/ 4 weeks
- Quarterly/ 12 – 14 weeks - Remains valid for the following quarter (13 weeks), or 12 or 14 weeks

- Annually (one full tax-year) - Remains valid for one year

Monthly is the shortest period of time for Rental Re-assessments.

Annual assessments should only be offered to self-employed tenants.

Each assessment must run on from the previous assessment – quarterly assessments for example could alternate between 12 and 14 week periods if the tenant is paid fortnightly.

If the tenant fails to provide further evidence of income at the end of an assessed period within one month of the end of the period – maximum rent will apply and should be backdated to the end of the last assessed period.

Tenants are obliged to tell us of increases to household income greater than \$50 per week within one month of the change. We then calculate their new income-assessed rent to commence one month after the change first occurred (or backdated to this point if the notice to us is delayed).

### **11. No response to Requests for Documentation**

If a tenant does not respond to a request for documentation, rent will be charged at the Discounted Market Rent.

### **12. Rent Management**

Rent is the main source of revenue for VWHA, it also funds the positions of the Property and Tenancy Managers. Failure to recover rent impacts on VWHA's capacity to operate as well as maintain its current housing stock. VWHA does not have the capacity to carry a large amount of rent arrears debt, therefore the rent management process must aim to prevent and reduce instances of rent arrears.

The rights and responsibilities of tenants and landlords with regard to rent payments and the rent arrears process are set out in the Residential Tenancies Act 1997 (RTA 1997).

### **13. Rent Payment Options**

Three options exist to make rental payments:

#### **1. Centrepay**

Households that receive an income from Centrelink can set up a Centrepay service with Centrelink by completing the Centrepay deduction form. This can be completed at sign up. Tenants can nominate an amount and which payment they would like rent deducted from.

If tenants opt for this service it is explained to them that they still remain responsible for ensuring the correct amount on the correct date is deducted and paid into the VWHA rental account.

Centrelink, at times has a delay in processing Centrepay deduction forms. Tenants are given a payment book to make the first few rental payments; it is up to the tenant to follow up with Centrelink to establish when the deduction will begin.

Centrepay is a free service offered to Centrelink customers.

## **2. Internet Banking**

Tenants can pay rent electronically into the VWHA rent account through their financial provider. VWHA does not offer a direct debit service to tenants. Tenants must reference their surname & rent when making payments.

## **3. Bendigo Bank – Payment Book**

Tenants can make regular payments to VWHA by going into their nearest Bendigo Bank branch to make a payment using their own payment book. All tenants are advised that they must reference their surname and 'rent' when making the payment. Bendigo Bank staff are not supposed to accept payments without a reference.

## **14. Monitoring Rent Payments**

Property and Tenancy Managers will check rents weekly as a minimum, usually on a Friday.

### **Centrepay**

Centrelink deposits lump sum amounts into the VWHA Bendigo Bank rental account; it is therefore necessary to import the transactions from the Centrepay statements and not from the Bendigo Bank statements. This way each individual transaction can be allocated to a tenant.

The Centrepay Service is an organisational log in and the user name and password is kept on file in the Centrepay file in P&T filing cabinet.

Property and Tenancy Manager will then log on to the Centrelink website and download the Centrepay statements, save on the z drive and then import into CHINTARO, VWHA's database.

### **Bendigo Bank**

All rents are paid into the VWHA rental account held with the Bendigo Bank.

Each Property and Tenancy Manager will have an individual log in to the online Bendigo Bank system and be registered as a user. This access is to be arranged with the Finance Manager.

Property and Tenancy Manager will download the all transactions from the Bendigo Bank account, save on the Z drive and then import into CHINTARO.

For both the Centrepay and Bendigo Bank Statements, a paper copy of all statements should be printed off and placed on the hard file once the transactions have been imported into CHINTARO.

It is the responsibility of the Property and Tenancy manager to ensure that no transactions imported into CHINTARO are a duplicate.

Each payment is then allocated to the relevant tenant and the payment is generated into their individual rent account on CHINTARO and will show up in their rental statement.

Rent accounts are to be generated two weeks in advance as per tenancy agreement.

If a tenant fails to make a rent payment the rent arrears process takes effect.

### **15. Reporting to the Finance Manager & CEO**

Property and Tenancy Managers are required to ensure that all rents have been imputed into CHINTARO by the 7<sup>th</sup> of each month to ensure the Finance Manager can retrieve a monthly rental report. Property and Tenancy Managers must report monthly to the CEO and Finance Manager on actions taken for tenants in arrears so this information can feed into reports to the Board of Directors.

### **16. Rent Arrears**

A tenant falls into rent arrears when they fail to maintain their rental account two weeks in advance, as per the requirement outlined in the tenancy agreement.

Addressing rent arrears at the earliest possible stage enables women to get back on track quickly and regain control over their housing.

VWHA will ensure all women receive information regarding budgeting and financial counselling in the first instance when rent arrears occur. Wherever relevant, Property and Tenancy Managers will work closely with support agency/worker to address the issue and attempt to prevent arrears from increasing.

### **17. Rent Arrears Repayment Agreements**

For tenants in arrears the repayment agreement cannot be less than ten per cent of household income.

### **18. Legal Action**

Legal action is initiated in circumstances where a tenant is more than 14 days in arrears and fails to respond to contact by VWHA, fails to negotiate repayment plan, or has failed to meet the agreement requirements.

### **19. Record of Correspondence**

A copy of all correspondence sent to the tenant is kept electronically on their CHINTARO database file as well as a hard copy placed on the tenancy file and stored in the locked Property & Tenancy filing cabinet.

### **20. Rental Arrears Process - less than 14 days**

When a tenant's rental account falls into rent arrears a letter is sent to the tenant requesting payment is made to bring account up to date or if experiencing financial difficulties to contact the office to discuss payment options within seven days.

Reference: Rent Arrears Letter 1 (less than 14 days) - CHINTARO

A copy of Tenants Union of Victoria's 'Avoiding Rent Arrears' fact sheet and the 'Money Help' publication is included with the letter.

The Property and Tenancy Manager would also make a call to the tenant to request the payment be made or would send an SMS to request the tenant contact the office re: rent arrears.

The Property and Tenancy Manager will monitor the account, if the tenant does not make payment or fails to make contact within seven days the Property and Tenancy Manager should follow up with another phone call/ SMS and contact the support worker where relevant.

If the tenant cannot make the payment in full the Property and Tenancy Manager should negotiate a repayment agreement no less than 10% of household income until arrears are paid in full. A copy of the agreement can be sent to the tenant to be signed, dated and returned to VWHA within 7 days to be kept on file.

Reference: Rental Arrears Agreement Proforma - CHINTARO

The Property and Tenancy Manager will monitor the agreed repayments.

If the tenant breaks the agreement, a broken agreement letter should be sent to the tenant.

Reference: Broken Agreement Letter – less than 14 days - CHINTARO

If the tenant is not more than 14 days in arrears no legal action can be taken. The Property and Tenancy Manager can only follow up with letter, phone call, SMS and home visit to encourage the tenant to bring the account up to date.

If the tenant is in arrears 14 days or more and has not responded to any attempts of contact then the Tenancy and Property Manager will issue the tenant with a Notice to Vacate.

### **21. Rent Arrears Process - greater than 14 days**

When a tenant's rental account falls into rent arrears greater than 14 days the tenant will be issued with a Notice to Vacate with a letter from VWHA

(Note: more than 14 days does not include the two weeks in advance, therefore the tenant is already a month behind in payments as required by VWHA in accordance with their tenancy agreement).

Reference: Rent Arrears Letter 2 (NTV) - CHINTARO

The Notice to Vacate should be sent to the tenant on the date arrears are discovered to be greater than 14 days. The notice must be sent via registered and normal post. Two days for postage should be taken into account when completing the Termination Date.



NTV 14 days arrears

Application to Tribunal 28 days

### **23. Legal Agreement**

Leading up to the hearing date the Property and Tenancy Manager can continue to negotiate an agreement with the tenant to repay arrears, however at this stage the tenant should be advised that the case will continue to VCAT so that the agreement can be made legal. This means that if the tenant breaks the agreement VWHA can go straight back to VCAT for an Order for Possession.

At VCAT, the Property and Tenancy Manager can request the Chairperson make an order for the tenant to enter into a legal agreement rather than grant an Order for Possession.

### **24. Order for Possession**

The Property and Tenancy Manager should request an Order for Possession when the tenant remains in arrears greater than 14 days; does not attend the hearing; has broken the agreement; has failed to make any payments or contacted VWHA.

Where the Chairperson grants an Order for Possession the Property and Tenancy Manager should send a letter to the tenant with a copy of the Order within one business day of the order being granted via registered and normal post, requesting the tenant contact VWHA within 7 days. A copy of VWHA referral list which includes housing information and referral services and crisis accommodation to be included with the letter.

If the tenant fails to make contact within 7 days and the arrears are still outstanding the Property and Tenancy Manager should make an application for a warrant.

Throughout this process all attempts will be made to contact the tenant and any support agency/workers or next of kin to prevent an eviction taking place.

### **25. Warrant**

VWHA has six months from the date the Order of Possession was granted to purchase a warrant. VWHA must contact VCAT to purchase a warrant to enforce the order. The fee for a warrant increases from time to time; it is currently \$66.60. VCAT will either fax the Warrant to the nearest Police Station or may give it to the CERC to take to the Police Station.

A warrant is only valid for 14 days – if it is not acted upon within the 14 days both the warrant and the original Order expire. A new VCAT Order will then be required.

The Police will contact the tenant advising that they will act to remove them from the property, usually giving them several days notice, but within 14 days of the issue of the warrant. The Police will advise VWHA of the date and time of the planned eviction.

On the day of the planned eviction, a Property & Tenancy Manager should be present and arrange for a locksmith. If necessary, the locksmith will be asked to gain entry to the property. In any case the locksmith should change all the locks. Check at this time that all the windows, outside doors are secured.

Property and Tenancy Manager will take photos of the state of the property at this time.

## **26. Rent Statements**

Tenants are provided with a quarterly copy of their rental account statement. This is posted via Australia Post within the first week of the commencement of the months of March, June, September and December.

## **27. Rental Refunds**

A refund is authorised when a tenant has vacated the property and:

- The tenant is in credit and therefore owed a refund.
- The tenant vacates the property and following this exit date a rental payment is made to VWHA that the tenant had not wanted to make.

In both these cases, VWHA will arrange a rental refund by transferring the credit into the tenant's bank account. The BSB and Account Details for the tenant will be required to make the electronic transaction. All refunds are documented on CHINTARO.

## **28. Housing Registrar Performance Standard Compliance**

VWHA is a registered Housing Provider and must meet the Performance Standards required of Housing Agencies registered under the provisions of the Housing Act 1998. Compliance to the standards is required at all times. The *Performance Standards for Registered Housing Agencies* requires that VWHA must offer properties for occupation at affordable rents and that:

1. The agency has policies and strategies to deliver housing services at affordable rents to low income tenants. The Registrar will monitor the extent to which rent charged is below 75 per cent of market rent and exceeds 25 per cent and 30 per cent of tenant income.
2. Policies developed by the agency under the preceding paragraph detail the method of assessing affordability, the treatment of Commonwealth Rent Assistance in the assessment and the treatment of additional service charges if applicable.
3. The agency regularly reviews its rent modelling and the impact of its rent policies on its tenant population and on its financial viability. Where appropriate, adjustments to rent policies are made.
4. The agency has policies and strategies to deal with tenants in financial difficulties and with arrears of rent.
5. The agency has policies and strategies to ensure that service and other charges do not exceed fair market or actual charges.