

POH1805

ARREARS POLICY AND PROCEDURES

1. INTRODUCTION

In accordance with the Residential Rental Agreement, renters are legally responsible for ensuring that their rent is paid in full when due. Arrears are a debt owed to Women's Property Initiatives (WPI) as a result of a renter failing to make the required rent payments, constituting a breach of the Residential Rental Agreement.

2. POLICY SCOPE

This policy applies to all renters and former renters of WPI.

3. PURPOSE

Renters living in properties owned or managed by WPI are required to pay rent charges. These charges may include rent, water usage, bonds, or removal costs. The purpose of this policy is to provide a clear framework for the management and collection of rent charges in accordance with the Residential Tenancies Act 1997 (Vic) (RTA).

4. POLICY STATEMENT

When a renter's rent account goes into arrears, WPI recognises that early intervention is crucial in order to protect the renter from further debt. To avoid rental arrears, WPI will closely monitor accounts and contact renters if they fall into arrears, with a view to clearing the debt as soon as possible as outlined in section 5 below. When a renter is in arrears, depending upon their individual circumstances, and the legislative requirements of the RTA, WPI will take a range of actions that may include:

- the Tenancy and Property Manager bringing the status of arrears to the immediate attention of the Operations Manager and Finance Manager if the amount of arrears reach the escalation threshold. The escalation threshold is \$1,000 in any one rent account.
- Negotiating a Repayment Agreement with the renter.
- Referral of the renter to financial counselling.
- Assisting the renter to access any grants/financial assistance available that they are eligible for.
- Communicating with and referral of the renter to support services.
- Following the RTA "Five Strikes System" by sending the first 14 day Notice to Vacate on the first occasion that the renter owes at least 14 days rent within a 12 month period.
- Only when alternative actions have been tried and failed or a renter repeatedly is unable to keep to a repayment plan, WPI can proceed with eviction proceedings following the RTA "Five Strikes System".

5. PROCEDURES

5.1 Overview

When a renter's rent account goes into arrears, WPI recognises that early intervention is crucial in order to both protect the renter from further debt and to sustain the tenancy. To avoid rental arrears, WPI will closely monitor accounts on a weekly basis and contact renters if they fall into arrears, with a view to clearing the debt as soon as possible.

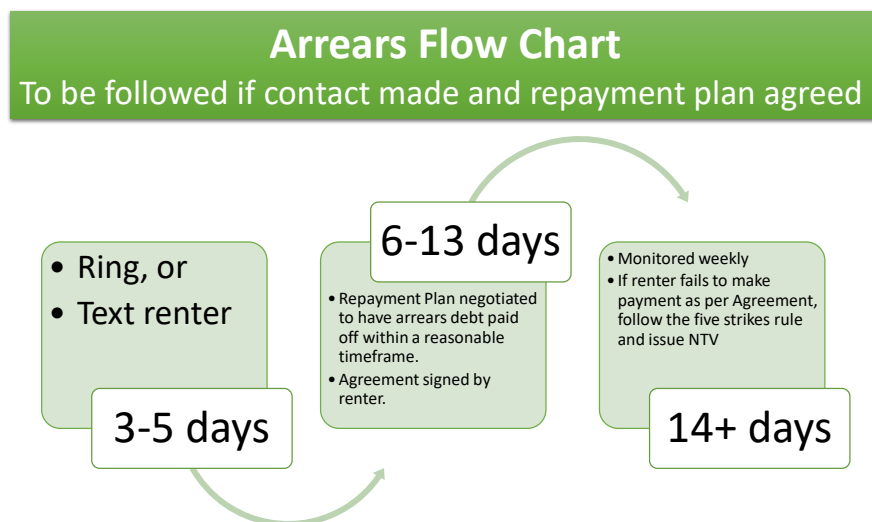
There are new rules in relation to Notices to Vacate and non-payment of rent to comply with the updated Residential Tenancies Act 1997 (Vic) detailed in 5.4 below.

5.2 Early Intervention

WPI will endeavour to use early intervention to prevent debt from non-payment of rent from becoming unmanageable for renters. This approach is a priority for WPI staff who will proactively monitor all rent accounts on a weekly basis.

WPI will encourage renters to speak to their Tenancy and Property Manager before they get into difficulty with their payments of rent. WPI will make contact with renters as soon as they go into arrears, using letters, phone calls, SMS, email and home visits where allowed.

Wherever possible, make a Repayment Agreement with the renter to pay off the arrears in a sustainable and achievable timeframe. The Repayment Agreement is to include a payment schedule that clearly sets out how long it will take to pay off the arrears whilst continuing to pay rent (weekly or fortnightly) to get their rental account back on track and the consequences of non-payment of rent.



In addition to negotiating a Repayment Plan, WPI will also take the following course of actions:

- Referral to financial counselling as per RTA 'five strikes' rule.
- Assisting the renter to access any grants/financial assistance that may be available that they are eligible for.
- Communicating with existing support services or referral to relevant support service.
- Only when alternative actions have been tried and failed or a renter repeatedly is unable to keep to a repayment plan, and reaches the fifth strike WPI can proceed with eviction proceedings as detailed below.

5.3 Monitoring of rental payments

Monitoring of rental payments and arrears is a crucial part of the process to ensure that WPI remains compliant with the Housing Registrar and any covenants on WPI's funding for housing (e.g. Low Interest Loan).

The following is undertaken to monitor rental payments to ensure this compliance:

- Discuss arrears at regular arrears meetings and monthly team meetings. Outside of these regular meetings, the processes outlined in 5.2 and 5.4 are to be followed diligently.
- Escalation trigger events include:
 - when arrears in any one account reaches \$1,000, or
 - when total arrears are in excess of 1.9% of rental income.
 - These events must immediately be escalated to the attention of the Operations Manager and Finance Manager for discussion.
- Bad Debts will be managed as detailed in POH2101 Arrears and Bad Debt Policy.

5.4 Notice to Vacate / Five Strikes

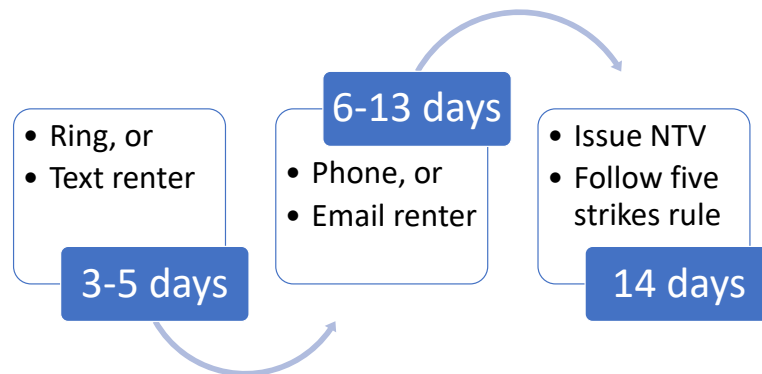
Where WPI has been unable to make contact with the renter or the renter refuses to either repay the debt or to enter into a repayment plan, WPI will issue the renter a Notice to Vacate under the following five strikes rule:

- In each 12-month period, a renter can receive up to four notices to vacate for late payment of rent, if they pay back the overdue rent owed within the 14-day notice period. The notices act as 'strikes' against the renter but are otherwise of no effect.
- If a renter does not receive any more notices to vacate for unpaid rent in the relevant 12-month period, the strikes will be cleared at the start of the next 12-month period.
- If the renter receives a fifth strike (notice to vacate for unpaid rent) in a 12-month period, the notice to vacate is valid regardless of whether the renter pays back the rent owed within the 14-day notice period. If the renter does not vacate within the 14-day notice period, the rental provider can apply to VCAT for a possession order, meaning the renter can be evicted. VCAT cannot dismiss the application on grounds that the renter can pay off the rent on a payment plan. VCAT must still consider whether eviction would be reasonable and proportionate.
- When deciding whether to make a possession order, VCAT will assess whether to place the renter on a payment plan to repay the overdue rent. If a renter is placed on a payment plan and makes the payments, VCAT will not make the possession order. VCAT can make the possession order if a payment plan is not feasible, or if the renter is placed on a payment plan but doesn't make the payments.

The following process is to be followed when a renter falls into arrears and there is no communication despite numerous attempts to contact renter and no payments are received:

Arrears Flow Chart

To be followed if no return contact made and no payments received



5.5 Assisting Renters to Meet their Financial Responsibilities

WPI will keep renters informed and up to date about their rent account by:

- Promptly notifying renters when their accounts go into arrears.
- Sending reminders that rent is due.
- Sending out regular rent statements.
- Providing rent statements when requested by a renter.
- Undertaking rent reviews.

WPI promotes a positive payment culture in a range of ways:

- Renters are reminded at Rental Agreement sign-up and at other key renter contact points regarding the importance of meeting their responsibility for paying rent in full.
- Providing a range of simple and efficient payment options (e.g. Centrepay, direct debit, bank transfer, etc.).
- Repayment Agreement is to be no more than an additional 10% of income to ensure renter does not spiral into further financial distress.
- Regular and timely rent reviews.
- Providing renters with their Tenancy and Property Managers' contact details to enable them to discuss their rent or other tenancy charges.
- Where appropriate, referring renters to community support agencies that provide a range of financial support and services.

5.6 Debt Owed at the End of a WPI Tenancy

When a renter moves out of a WPI property and the tenancy ends, all payments and charges relating to the property will be calculated and a final account produced. If there is an outstanding debt at the end of the tenancy, WPI will, with a VCAT order where applicable (i.e. renter disputes the use of bond), use any credit balance on a renter's account or the bond to pay the outstanding debt.

5.7 Debt Owed at the End of a WPI Tenancy Where the Renter Continues to be Housed by WPI



If a renter continues to be housed by WPI, (for example they have been transferred to a different WPI property) any outstanding debts owed on the former tenancy will be linked to the new tenancy. Where there are outstanding debts from a former tenancy and the renter fails to repay or continue a repayment agreement, WPI will follow procedures as per 5.4 above.

5.8 Complaints and Appeals

The application of these procedures are appealable. If a renter is not satisfied with a service provided by WPI or does not agree with a decision it has made, they can make a complaint as per WPI's Complaints and Appeals Policy.

6. RESPONSIBILITIES

These Procedures apply to all current and past WPI housing renters.

7. RELEVANT DOCUMENTATION

POH1917 Financial Hardship and Temporary Absence Policy

POH1804 Rent Setting and Rebate Policy

POF2101 Arrears and Bad Debts Policy

8. RELEVANT LEGISLATION

Residential Tenancies Act 1997 (Vic)

9. POLICY REVIEW AND VERSION CONTROL

Policy number	POH1805	Version	0.6
Approved by Board on	9 December 2021	Circular Resolution Number	12/21 1.4.9
Responsible Person	CEO	Person responsible for review	Operations Manager
Reviewed on	10 Mar 2021	Schedule review date	8 December 2023