

Policy Name: Arrears Management and Hardship

Approved by: Chief Executive Officer

Date effective: May 2019

Due to be reviewed: May 2022

Section 1 – Introduction

Purpose

VincentCare Community Housing (VCCH) is committed to ensuring that it fulfils its duties as a landlord and upholds the rights of its tenants under the Residential Tenancies Act 1997, specific to non-payment of rent and rental arrears. It establishes the approach of VCCH in setting rent and determining rental subsidies for its long term rental housing as well consideration of hardship circumstances.

This policy and procedure also ensures that tenants facing identifiable and significant financial difficulties are afforded the opportunity to seek financial relief for rental arrears. It articulates the processes through which tenants may apply for financial support and or hardship relief where genuine hardship circumstances exist.

For the purpose of this policy the term 'Hardship' is defined as:

Hardship is where unforeseen events occur that fundamentally place a tenants tenancy at risk due to an unavoidable change in a tenants financial position and an inability to pay agreed rents.

This policy and procedure also satisfies a compliance requirement with the Housing registrar's performance standards whereby VCCH is required to have policies and strategies to deal with tenants in financial difficulties and with arrears of rent.

VCCH operates a diverse range of accommodation and support services for people experiencing disadvantage, and is committed to applying an appropriate duty of care to all people in contact with VCCH services. This includes protecting people's personal and cultural safety regardless of ability, cultural background, ethnicity, gender identity, sexual orientation or religion.

Scope

This policy and procedure applies to all long-term rental properties owned or managed by VCCH and occupied by tenants. It also applies to all VCCH staff involved with rental monitoring, administration and management.

This policy and procedure does not apply to the following VCCH programs:

- Transitional housing properties managed by VCCH



- Temporary or crisis accommodation managed by VCCH.

For the purpose of this policy, the term 'tenant' is inclusive of the term 'resident'.

Review cycle

This policy will be reviewed every three years. It will be modified or replaced whenever VCCH becomes aware that this policy no longer complies with the requirements of the organisation or relevant Legislation and Regulation.

Section 2 – Policy Statement

VCCH sets rent/provides subsidised rent to fulfil its organisational mission of the provision of social housing that is affordable for people experiencing homelessness or disadvantage.

Accordingly, VCCH will:

- set rent / determine rental subsidies in accordance with established affordability benchmarks;
- rent will be charged on the day that a tenant lease agreement commences;
- communicate clearly to applicants and tenants as to how VCCH sets and reviews rent/determines rental subsidies;
- respond appropriately to changes in household circumstances to prevent undue hardship;
- comply with its contractual, legal and regulatory obligations relating to affordability of rent;
- where legitimate hardship exists will provide for consideration of hardship circumstances and where tenants facing identifiable and significant financial difficulties will afford them the opportunity to seek financial relief for rental arrears.
- Rent payments are managed effectively to minimise the incidence of rent arrears.

Guiding principles approach to rental affordability

VCCH sets rent / provides subsidised rent to fulfil its organisational mission of the provision of social housing that is affordable for people experiencing homelessness or disadvantage. Fair and affordable rent setting is an important element of minimising the potential for rent arrears.

Approaches to affordable rents

Consistent rent setting underpinned by transparent and fair rent calculation methodology is fundamental to minimising the chances of tenants falling into arrears.

VCCH applies different approaches to setting rent / determining rental subsidies in its housing programs.

These are outlined below and further detail is provided in VCCH's Rent Setting Policy:

General social housing	<ul style="list-style-type: none"> • The lower of: <ul style="list-style-type: none"> ○ Household income based Rent; ○ Maximum Rent
Affordable housing program (Head Leasing)	<ul style="list-style-type: none"> • Discount to market-based rent for 9 months

Provision of information about household income

Where there is a household-income based rent / rent subsidy, tenants and applicants are obliged to provide reasonable evidence to VCCH that establishes their total household income when requested:

- before being offered a tenancy with VCCH; and
- when VCCH carries out a rent review / determines rental subsidies.

Determining the approaches to affordable rent

- VCCH will determine the approach to rent / rental subsidy that applies to the property or tenancy prior to an offer of housing being made.
- In determining the approach that applies to a property or tenancy, VCCH will comply with legal and contractual obligations that may apply to a particular property.
- VCCH will not offer a tenancy to an applicant for housing unless satisfied that the rent is appropriate and sustainable for that household.

Reviews of calculation of rent / rental subsidy

- VCCH will provide tenants with a clear and transparent explanation as to how their rent / rental subsidy has been calculated.
- All tenants have the right to ask VCCH to review the way that VCCH has determined their rent / rental subsidy and to provide a further explanation.

Determining the property rent that applies to a property

- To determine the Property Rent that applies to a property, VCCH will generally carry out an independent open market rent valuation of all properties every three years.
- VCCH may also from time to time adjust Property Rents based on a review of publicly available data on market rents for comparable properties.

Response to changes in household circumstances

If a tenant contacts VCCH and is facing hardship with paying rent, VCCH may determine:

- to re-assess the tenant's rent / rental subsidy based on this policy;
- to determine that a different approach to rent / rental subsidy should apply to that tenancy; or
- to back-date an adjustment to the rent payable by the tenant / rental subsidy to which the tenant is entitled in accordance with this policy.

Generally, such changes will only take effect on and from the date the tenant contacted VCCH and provided reasonable details of the change in the household circumstances. VCCH may agree to back-date changes in rent payable in circumstances where VCCH determines that the tenant ought to be granted relief from hardship.

Hardship

VCCH determines hardship by looking at the overall circumstances of the household, including:

- any unforeseen change to household composition beyond the control of the tenant;
- any material change in the health (physical or mental) of the tenant or members of their household;
- any disability of the tenant or members of their household;
- the impact of family violence on the tenant or members of the household; and

- cultural considerations, including Aboriginal or Torres Strait Islander cultural considerations.

This policy promotes adherence with the following key principles for determining hardship circumstances and allowances:

- Early identification of a client's hardship circumstances and prompt client engagement and communication;
- Accessibility to information about this hardship policy and opportunities for financial relief and assistance;
- The form of hardship assistance provided will match the level of financial difficulty;
- VCCH will provide simple application forms and processes for assessing hardship eligibility;
- VCCH will encourage clients to utilise financial counselling, legal and other supports where available;
- Forms of hardship assistance such as payment plans, rent reductions, and payment deferrals will require the applicant to establish they are experiencing longer term financial hardship by providing relevant financial details (including income, expenditure, assets and liabilities etc.);
- Rental relief as a result of hardship is not intended to be long term but rather temporary financial relief until a client's financial circumstances change favourably;
- Payment plans shall be the first option for hardship issues;
- Where payment plans are introduced for clients as a result of hardship assessments they will be structured to provide for full payment of arrears within twelve months except in exceptional circumstances;
- Rental deferrals due to hardship will only be provided where it is demonstrably proven that a client has no capacity to conform with a payment plan in the short to medium term;
- Rental waivers will only be provided where it is demonstrably proven that a client has no capacity to conform with a payment plan in the long term;
- Legal action to recover rental debts will be a last resort.

Arrears Management

VCCH will set fair and appropriate rents and monitor and manage rental payments to ensure that rent arrears are kept to a minimum. Arrears management will involve the following key considerations and processes:

- Rent payments will be monitored effectively and proactively to minimise the potential for tenants to fall into arrears.
- Rental ledgers will be actively monitored and reported on a weekly basis to protect the interests of VCCH and tenants through helping to prevent tenants from falling into arrears.
- VCCH aims to assist tenants who are in rental arrears due to financial difficulty through:
 - Sharing rental arrears information with the tenant's support worker to enable referral to financial counselling services;
 - Negotiating arrears repayment plans that do not inflict further financial hardship on the tenant; and,
 - Keeping the tenant and support worker informed of their options for sustaining a tenancy throughout arrears and eviction proceedings.
- Where required, VCCH housing staff will negotiate with the tenant to create a repayment plan for recouping rental arrears over time.

- Arrears repayment plans will be a minimum of \$5 per week and are based on the tenant's Centrelink payment type and total rent charged.
- Arrears repayment plans will allow for the full amount to be repaid within six months.
- Arrears repayments must be made in addition to regular fortnightly rental payments.
- Isolated incidents of falling into rental arrears are not cause for eviction.
- A consistent pattern of rental arrears during a tenancy may prompt eviction proceedings to begin.
- In cases where the tenant has not responded to persistent attempts to recoup rental arrears, or an arrears repayment plan has been broken, the TPM shall gain the relevant approval before proceeding with legal action through Victorian Civil Administration Tribunal (VCAT).
- VCCH is also responsible for monitoring rental payments and any arrears for independent living units.

Communication

VCCH will provide clear information to tenants on this policy and procedure. In addition VCCH will ensure that all new transitional housing tenants receive a copy of the Transitional Housing welcome pack which elaborates more fully on many of the matters contained in this policy.

How the policy can be changed

VCCH may from time to time implement changes to this policy. The revised policy will apply to all tenancies on and from the date of the change.

VCCH will implement strategies to mitigate the effect of any changes of this policy on tenants and households.

Section 3 – Procedures

Procedures established by VCCH will include processes to ensure compliance with this policy, including:

- to set and review the affordable rent / rental subsidy;
- communication with applicants and tenants about how VCCH has determined their rent;
- to identify the rental approach that applies to a particular vacancy or tenancy;
- to monitor Centrelink daily notifications and reconcile to rental payment amounts;
- to ensure early intervention where arrears arise through immediate contact with the tenant/s;
- Staff responsible for rent monitoring and identification of arrears should issue a 'Rental Arrears Urgent Reminder Letter' after a tenant accrues 7 days arrears and then a '2nd Rental Arrears Reminder Letter' after 14 days of arrears, before any consideration or initiation of hardship considerations occur;
- Staff should make every effort to assist tenants to pay their rental arrears through realistic payment plans;
- Staff should facilitate the tenant's access to hardship processes and advocacy in the spirit of maintaining successful tenancies and in accordance with the provisions articulated in this and related VCCH policies

- Where deemed appropriate staff may refer tenants in arrears to community based financial counselling and assistance services;
- Where hardship circumstances are demonstrably evident tenants must initially lodge a hardship application form;
- VCCH staff may assist tenants in completing the hardship application form;
- Hardship applications should be assessed by the relevant Manager and if considered genuine should then be referred to the CEO Chief Financial Officer for final approval;
- Tenants who lodge financial hardship applications should be notified of a decision within ten working days of lodgement

Section 4 – References

Definitions

Word/Term	Definition
Applicant	Means an applicant for housing to VincentCare Community Housing
ATO Benchmark Rent	Means the amount set by the Australian Taxation Office under the GST and non-commercial rules - benchmark market values for Long-term accommodation (link below)
CHINTARO	Means Property Administration Management System
DHHS	Department of Health and Human Services
Gross Household Income	Means the total household income assessed in accordance with the DHHS's Income Assessment Guidelines (link below)
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Maximum Rent	Means the maximum rental amount payable for a property determined for a property in accordance with this policy
OoH	Office of Housing
Property Rent	Means the open market rent for a property determined by VincentCare Community Housing in accordance with this policy
RTA	Residential Tenancies Act
THM	Transitional Housing Management

Related External References

Name	Link
Housing and Support Partnership Agreement	http://www.nwhn.net.au/admin/file/content2/c7/NWMR%20Housing%20and%20Support%20Partnership%20Agreement%20Nov%2011.pdf
Housing Registrar Performance Standards	http://www.housingregistrar.vic.gov.au/files/fd21dff6-b002-4666-bcca-9f5f00d083a9/Performance-Standards.pdf
National Community Housing Standards	http://chfa.com.au/sites/default/files/node/185/doc_nc_hs_manual_may2010.pdf

Residential Tenancies Act 1997	http://www.austlii.edu.au/au/legis/vic/consol_act/rta1997207/
DHHS Allocations Manual	http://www.dhs.vic.gov.au/_data/assets/pdf_file/0007/560572/Homelessness-Assistance-Program-Guidelines-06-09-revised.pdf
Guidelines for Registered Housing Agencies published by Department of Health and Human Services DHHS	https://providers.dhhs.vic.gov.au/rent-setting-registered-housing-agencies
DHHS Income Assessment Guidelines	https://providers.dhhs.vic.gov.au/sites/dhhsproviders/files/2019-02/Rent%20setting%20and%20rebate%20operational%20guidelines%20assessable%20income-20190207.docx
ATO Benchmark Rent	https://www.ato.gov.au/business/bus/gst-and-supplies-by-charities-for-nominal-consideration---benchmark-market-values/?anchor=Referencetables&anchor=Table5#Table5

Related policies

Policy name	Description
VCCH THM Property Allocation Policy	http://vincentcare.org.au
VCCH Maintenance and Repairs Policy	http://vincentcare.org.au
VCCH Complaints and Appeals Policy	http://vincentcare.org.au
VCCH Evictions Policy	http://vincentcare.org.au
VCCH Tenant transfer and Succession Policy	http://vincentcare.org.au
VCCH Client Handbook	http://vincentcare.org.au
VCCH Rent Setting Policy	http://vincentcare.org.au
VCCH Rent Monitoring and Arrears Policy	http://vincentcare.org.au

Legislation and standards

This policy implements the obligations of VincentCare Community Housing under:

- Residential Tenancies Act 1997
- Housing Act 1983 (Vic)
- Performance Standards for Registered Housing Agencies
- Guidelines for Registered Housing Agencies published by Department of Health and Human Services DHHS

Section 5 – Governance

Transparency and accessibility

This policy will be available on the VincentCare Community Housing website

<https://vincentcare.org.au>

Responsibility

Process Owner	General Manager Housing
Content Holder/s	Housing Program Managers
Recommending body	Quality Committee
Endorsed by	Chief Executive Officer

Change history

Version	Effective Date	Author	Change
1	May 2019	General Manager Housing	<ul style="list-style-type: none">• This is a new policy for publication VincentCare's website• This policy is a compliance requirement for participation in the Victorian Housing Register (VHR) as a registered agency