



Rent Arrears policy

Policy:

McCormack Housing Tenancy Officers will act in pro-active and responsive ways to minimise rental arrears in tenancies and ensure ongoing sustainable tenancies.

Objective:

McCormack Housing is reliant on the cash flow created by the rental income from affordable housing properties. Failure to recover rent impacts on its ability to meet its financial commitments and consequently its ability to preserve, maintain and expand the supply of affordable housing to low income tenants. As such, it endeavours to effectively recoup outstanding rental arrears and to rectify unsustainable tenancy arrangements.

Process

1. Upon sign-up the tenant will be:
 - required to pay 2 weeks rent in advance
 - made aware of their responsibility to pay rent in a timely manner. The Tenancy officer will inform the prospective tenants that, where required, McCormack Housing will Act within the Residential Tenancies Act 1997 to recoup rental arrears
 - encouraged to contact McCormack Housing immediately if they are aware of a default on rental payment during the tenancy.

All tenants will be required to pay rent either via bank deposit, through electronic transfer, or by direct deposit into the account. For those eligible, Centrepay or Salary Packaging/Payroll Deduction can be utilised.

Payment of Arrears

To avoid breakdown of the tenancy and possible VCAT action, wherever possible McCormack Housing will negotiate an agreement with the tenant to repay rental arrears.

Early Intervention

1. Tenancy Officers and ACSO Staff will be proactive and will intervene at the first signs of rental arrears to avoid irrevocable rental debt positions that threaten the sustainability of the tenancy. Early intervention in the forms of formal communication, supported with personal contact, is the operational context.
2. Support and advice offered to tenants 'at risk' of accumulating rental arrears will assist them to develop strategies to reduce rental arrears. These may include:
 - Maximising the tenant's income by providing them with information about their eligibility for benefits



- Referral to organisations who can assist with budgeting
 - Linking the tenant to employment training programs.
3. McCormack Housing will maintain accurate, up to date rental systems that enable prompt detection of rental payment defaults.

When a tenancy officer becomes aware that a tenant has failed to pay rent, courteous contact will be made within the next 5 working days to invite the tenant to make corrective arrangements. The contact can be by phone, email, or letter. The tenant will be requested to make contact with the tenancy officer within a further 48 hours to make an arrangement to repay the arrears. If the tenant fails to make, contact within 7 days a notice in writing will be made sent to the tenant to advise of the arrears amount and make payment arrangements. If the tenant does not respond and make payment arrangements with McCormack Housing, McCormack Housing will serve a notice to vacate the property due to rental arrears and the tenant will need to vacate the property by the required date

Notice to Vacate

1. If contact is not made within 48 hours a second contact is made with the tenant to advise that McCormack Housing will be required to serve the tenant with a Notice to Vacate if arrangements are not made within a further 48 hours to rectify the arrears.
2. During the third week, if attempts to rectify arrears are still unresolved, a Notice to Vacate will be issued. The aim of the Notice is to encourage negotiation enabling the tenant to remain in secure housing. However, if the issue cannot be resolved, action in accordance with the Residential Tenancy Act should be pursued.

VCAT Action

1. VCAT action taken will be the subject of correspondence that must be sent to the tenant on the day the Notice to Vacate is issued.
2. A Possession Order or Warrant of Possession is applied for unless the arrears are paid, an agreement is reached for repayment, or a Discretionary Arrears Write-Off is agreed to by the Operations Manager due to extraordinary circumstances.
3. If arrears exist upon conclusion of the tenancy, in accordance with the Residential Tenancies Act, McCormack Housing will seek to claim compensation for arrears from bond money held within the Residential Bond Authority or will seek an Order for Compensation via VCAT.

Possession Order

If a "Possession Order" is granted, the tenant is to enter into an agreement to repay the rental arrears owing to McCormack Housing The Property Manager is to advise the tenant that McCormack Housing will convert the 'Possession Order' into a 'Warrant of Possession' if the tenant fails to comply with repayment agreement.

Warrant of Possession

The "Warrant of Possession" will be applied for within 30 days of the issue of the "Possession Order" only upon approval of the Operations Manager. As the "Warrant of Possession" can be executed up to 6 months of the date on



which the “Possession Order” was issued, McCormack Housing will give further opportunity for the tenant to resolve the arrears. The timing and resolution proposal will be agreed to with the CEO.

Residential Tenancies Act 1997 (Vic), The Housing Act 1983,

Arrears Process

Category	Time elapsed	Reminder notice
Category 1	arrears 1 to 3 days in arrears	Text message, email and phone call
Category 2	arrears 4 to 7 days in arrears	Phone call and or SMS/Email reminder
Category 3	arrears day 8 in arrears	Notice to Remedy (or Notice to Vacate if 2 Notice to Remedy on file)
Category 4	arrears day 16 in arrears	Possible Notice to vacate issued failing compliance with category 3

Nb If tenant makes and meets acceptable payment arrangements at category 1, 2 and 3 the process will end. If the tenant enters arrears 3 or more times or breaks payment arrangements 3 or more times, Notice to vacate process can commence.

There is no deviation from this schedule and it is the strict policy of this office that all staff adhere to it.

Version	Date	Author	Reason	Sections
1.1	26/11/2015	HDM	Draft Implementation	All
1.2	November 2017	CEO	Review of all HR policies	All

