

## POLICY

# PREVENTING DEBT AND RECOVERING RENT ARREARS

### RECORD DETAILS

<b>Policy</b>	Tenancy and Property Management
<b>Date authorised by Executive</b>	February 2019
<b>Review responsibility</b>	Executive General Managers Operations (North/South), GM Mallee, Finance Manager
<b>Date last reviewed</b>	October 2020
<b>Next review date</b>	October 2021
<b>Version</b>	V2

### PURPOSE

To outline the policy Haven; Home, Safe (HHS) has in place to prevent rent arrears and recover rent debt, in accordance with the relevant legislation of the Residential Tenancies Act (RTA) (1997).

### BACKGROUND INFORMATION

HHS Affordable Housing Association (AHA) is reliant on the cash flow created by rental income from Affordable Housing properties. Failure to recover rent impacts on our ability to meet our financial commitments and consequently our ability to preserve, maintain and expand the supply of affordable housing to low-income Victorians.

### POLICY

HHS aims to support renters to meet their rent payment obligations in a way that minimises rent debt, sustains tenancies, and avoids eviction.

In accordance with our Rent First Strategy, HHS will develop a rent payment culture, tackle poverty issues at an early stage and provide staff with the tools to work with renters to ensure that they can meet their rent payment obligations.

HHS will make every effort to prevent rent debt from occurring, effectively recoup outstanding rent arrears and rectify unsustainable tenancy arrangements in accordance with the RTA 1997.

2.1. The key objectives of this policy are:

- Rental income is maximised.
- A range of rent payment options with an emphasis on direct debit and Centrepay deductions as the preferred options, is provided
- We clearly document and explain to renters the way their rent has been calculated, the timing of, and procedures relating to rent reviews. We communicate to renters our procedures for collecting rent arrears and strategies for avoiding and/or dealing with potential rent arrears.
- We promptly identify and take appropriate action in accordance with this Policy and the associated arrears policies within Kypera when renters fall behind with their rent.
- Repayment agreements are negotiated early for renters to repay debts, minimise arrears and any further or increased financial hardship.
- Incorporate affordability checking, referral for money advice/debt counselling into our allocations and arrears recovery processes

- Refer renters for money advice and debt counselling where affordability is an issue.
  - Provide renters with information on their rent accounts.
  - Undertake an additional review under an application for Hardship, in the event the renter has notified HHS they are experiencing financial hardship through a sudden or unexpected change in financial circumstances.
- Wherever possible HHS will negotiate an agreement with the renter to repay rental arrears. HHS will continue to maximise contact with renters by keeping them fully informed of their rights and obligations including escalating rental arrears actions.
- 2.2. Where arrears exceed 14 days a NTV will be served, and a request made to VCAT for an Order of Possession. The request for a possession order may be changed to a formal repayment agreement at VCAT to repay the arrears if all parties agree.
  - 2.3. We will maintain accurate, up-to-date systems of rent receivable and rent received. Systems will enable prompt detection of accounts accruing rent arrears.
  - 2.4. We will maintain accurate and up to date tenancy records documenting phone calls, SMS, and written correspondence between HHS (Housing) staff and renters.
  - 2.5. If arrears exist upon conclusion of the tenancy, HHS will seek to claim compensation for arrears from bond money held by the Residential Tenancies Authority and/or an Order for Compensation via VCAT. HHS will consider further recovery through engagement of a debt collection agency to enforce the order for compensation when the amount left owing is more than \$250.00
  - 2.6. Each month, HHS will write off uncollectable bad debts and review the provision for doubtful debts in accordance with the SOP.
  - 2.7. Prospective former renters with an existing debt with HHS, may be refused an offer of housing unless the debt is either repaid in full or substantially repaid with a repayment agreement in place to repay the remaining balance.

### 3. **Hardship Applications**

- In cases of financial hardship where a renter's income has suddenly or unexpectedly reduced and the weekly rent charge is no longer affordable, renters may apply for a temporary reduction in rent. (For THM renters, please refer to the Temporary Absence and Rent Waiver form to be completed by support staff)

A request for a temporary reduction may be considered if there is:

- A change in income type or household income
- A change in household composition
- Loss of employment
- Temporary or permanent disability

If, through HHS's arrears management policy, or through direct notification from the renter, HHS becomes aware of the potential hardship, HHS (housing) staff will generate a Hardship application, from Kypera and provide it to the renter to complete.

Renters must return their application, including requested supporting documentation. This may include a signed letter from their employer, a statutory declaration, or a Centrelink separation certificate, including any updated income.

Once returned, a further rental calculation will be completed to determine affordability and if rent is to be reduced.

The final approval including the 'capped' period timeline (3, 6 or 12 months) will be provided by the Program Coordinator Housing, in consultation with the Executive GM.

If the application is approved, a letter will be sent to the renter confirming the new amount, the date the new rent is effective as well as the date in which rent will revert to the normal rent charge.

In the event the renter requires an extension of the review, it is the responsibility of the renter to notify their Tenancy & Property Manager.

Kypera Housing has been configured to assist with the management and monitoring of Hardship Applications to ensure that timely reviews are undertaken and that the reporting of hardship applications, is captured accordingly.

It is the responsibility of the Tenancy and Property Manager to monitor the review date and provide a reminder notification to the renter. This process should be monitored through the

Kypera Hardship Application grid.