

## Purpose

MCM Housing (MCMH) is a not-for-profit registered housing provider that provides housing to people from low to moderate income who are disadvantaged by the private rental market and/or unable to secure long-term housing.

This policy establishes rent arrears and hardship approaches that are applied by MCMH.

The Residential Tenancies Act 1997 guides landlords to issue a notice to vacate a rented premise if the:

- Tenant (occupant in a residential house) owes at least 14 days of rent; or
- Resident (occupant in rooming house) owes at least 7 days of rent

## Scope

This policy applies to all housing programs properties owned or managed by MCMH.

This policy does not apply to the following properties managed by MCMH:

- Properties managed by MCMH on behalf of other property owners where the owner retains responsibility for determining rent; and
- Temporary or crisis accommodation

## Policy

MCMH works together to support the delivery of programs and services in predictable, transparent, and healing oriented ways. Our guidelines uphold the dignity, wellbeing, connectedness and self-determination of people and communities.

MCMH is a Child Safe organisation and child safety is at the forefront of our program delivery. Our guidelines ensure that Child Safety is a primary part of everyday thinking and practice. All employees and volunteers have an obligation to ensure we keep children safe from harm and abuse.

## Rental Charges and Payments Flexibility

MCMH calculates rent on a weekly basis and allows payment of rent to occur on a weekly or fortnightly basis. For tenant/s/residents who receive income monthly, rent collection is adjusted in line with their payment ability.

A more frequent rent charge and collection enables early intervention, in instances where rent payments are unable to be made.

## Early Intervention

To sustain tenancies within its housing programs, MCMH will take prompt and preventative action to ensure that incurred rent arrears are prevented, minimized, or do not escalate.

MCMH will endeavour to identify challenges that impact rental payments in a timely manner and provide tailored alternatives where possible.

For example, if a tenant/resident is receiving Centrelink Benefits, MCMH offers to deduct the rent payment from their income benefits using Centrepay. This provides a seamless mechanism for rent payment.

## Financial Hardship

Financial hardship can occur when a household can't pay rent and still afford the things they need to live. This can be due to:

- Loss of or reduction in income
- Household changes
- Unexpected expenses, such as medical bills

## Temporary Absence

Temporary absence is when a tenant/resident needs to be absent from their property for a period. MCM Housing views a temporary absence as being absent from the property for a period of 4 weeks up to 3 months.

If a tenant/resident must pay for temporary accommodation, such as respite or rehabilitation, or will not have access to their regular statutory income (such as Centrelink) due to being in an institution (hospital or prison), they can apply to MCM Housing for a reduction in their rent payment.

For any other reason, such as a holiday, the rent must still be paid at the agreed amount.

If a tenant/resident is away from the property for longer than 3 months, then MCM Housing may take action to regain possession of the property.

## Applying for a Rent Reduction

Where a tenant/resident can provide evidence they are experiencing financial hardship, MCM Housing will consider a reduction in rent.

This includes:

- Evidence of the loss or significant reduction of primary income that impacts on their ability to pay rent (i.e. separation certificate from employment)
- The date the tenant/resident:
  - Entered temporary accommodation
  - The length of stay
  - Estimated date they could return to the property
  - Confirmation they are required to pay for that accommodation
  - Or will not have access to their regular statutory income.

MCM Housing will consider any application based on the above information being provided and inform the tenant/resident of the outcome in writing within 10 business days of the information being received.

If the application is approved, MCM Housing will temporarily reduce the rent payable to 25% of the weekly rent payment. The new rent payable will be backdated to the date the supporting information was provided to MCM Housing in line with the Rent Setting Policy.

This will apply until either:

- The tenant/resident returns to the property
- The tenant/resident is no longer in financial hardship
- The maximum period of temporary absence from the property has passed (i.e. maximum 3 months)

If the tenant/resident is still in financial hardship after 3 months, the application for rent reduction will be reviewed and further evidence requested.

Approval to grant a rent reduction will be decided on a case by case basis by the MCM Housing Operations Manager.

## **Communication of Rent Arrears and Hardship Assessment**

MCMH will contact the tenant/resident as soon as any rent arrears have been incurred. MCMH will work with the tenant/resident to determine the rental payment challenges and potential support to address these identified challenges.

To help with this process, MCMH will review the:

- Payment history
- Level of engagement with MCMH and/or support services
- Rental debt amount; and/or
- Rent deduction method

MCMH will review if rent deductions methods, cycles or processes need to be amended to enable the tenant/resident to make timely rental payments.

If the tenant/resident has a Support Worker, MCMH will liaise with them to ensure relevant referrals and/or support is assigned to support the tenant/resident with the identified challenge.

In instances where the tenant/resident does not have any support worker, MCMH will identify and make appropriate referrals to support agencies.

MCMH will clearly outline the legal processes concerning rent arrears, that allow the tenant/resident to make an informed decision on how to proceed with the rental debt.

## **Rent Arrears Recovery: Early Method - Agreement**

After the assessment, MCMH will try to offer alternatives to ensure the rent arrears debt is contained and to prevent Victorian Civil and Administrative Tribunal (VCAT) proceedings, that could lead to eviction.

Alternative approaches include:

- Re-payment agreement plan; or
- Agreement of a lump sum payment.

If circumstances have changed, MCMH will seek evidence of household income to be able to adjust rent in line with received income (refer to MCMH's Rent Setting Policy).

This will allow the tenant/resident to remedy the rent arrears debt and come to an agreement with MCMH to assist with repayment.

## **Rent Arrears Recovery: Pursuit of Legal Action**

If the tenant/resident complies with the re-payment agreement, then MCMH will not pursue legal action due to rent arrears.

Further legal action may be pursued in instances where the tenant/resident does not comply with the re-payment agreement and/or does not engage with MCMH to address the rent arrears debt.

## **Rent Arrears Recovery: Notice to Vacate**

If the tenant/resident does not make an agreement with MCMH or make a payment of the outstanding rent payment within 14 days in residential properties or 7 days in rooming house occupancies, then MCMH may send a letter and a Notice to Vacate.

The tenant/resident can contact MCMH to negotiate a review and assessment of rent arrears debt.

## **Rent Arrears Legal Process**

Reasonable steps to enable the tenant/resident to address rent arrears will be taken before the MCMH applies for a Notice to Vacate and/or seeks an order of possession or proceeds with eviction processes.

A Notice to Vacate in line with Residential Tenancies Act, s.91ZM will be issued to tenants/residents who have breached the section by having rent in arrears of more than 14 days for residential properties and 7 days for rooming house properties in line with s.142ZF.

If they remain in arrears (14 or 7 days as applicable) at the expiry date of the notice, then an application to Victorian Residential Tenancies Tribunal (VCAT) will be made by MCMH.

At the VCAT hearing, it will be determined whether a formal repayment agreement or an Order of Possession is granted.

If sufficient rental payments are made prior to the expiry date of the notice, and the rent in arrears is less than 14 or 7 days (as applicable), the Notice to Vacate is of no effect.

However, if more than 4 Notices to Vacate are issued in a calendar year, then MCMH retains grounds to apply to VCAT for an Order of Possession due to recurring rental arrears.

# MCM Housing Rent Arrears and Hardship Policy



If an Order of Possession is granted, MCMH will have 6 months to either obtain a Warrant of Possession (which may lead to eviction) or let the Order lapse if sufficient rental payments are made.

## Ceasing a tenancy (eviction)

Any decision to cease a tenancy, by seeking to carry out an eviction for rent arrears, will be made in accordance with MCMH's Evictions Policy.

<b>Accountability</b>
All MCMH staff are accountable to this policy.
<b>Legislative context</b>
Housing Act 1983 (Vic) Residential Tenancies Act 1997 Victorian Charter of Human Rights and Responsibilities Act 2006

## Supporting Material

<b>Document title</b>
Rent Setting Policy
Rent Arrears Management Procedure
Ending a Tenancy Policy
Evictions Policy
Eviction Approval Procedure
Notice to Vacate Procedure
Tenant Exit Procedure
Human Rights Procedure

## Development and Review

Owner: MCMH Executive Officer  
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