

Arrears and Debt Management Policy (Victoria)

1. Purpose

To define HOME in PLACE Victoria (HOME in PLACE VIC) approach to the management of debt incurred by renters and former renters.

2. Scope

This policy applies to all tenancies and former tenancies managed by HOME in PLACE VIC.

3. Policy Statement

HOME in PLACE VIC is committed to providing social and affordable housing and sustaining tenancies. HOME in PLACE VIC is able to apply and recover tenancy related charges in accordance with the provisions of the *Residential Tenancies Act 1997* and the *Housing Act 1983 (Vic)*. HOME in PLACE VIC understand there are competing demands upon families to meet their commitments, however, the payment of rent and non-rent charges should be considered a priority. HOME in PLACE VIC will manage the recovery of rent and non-rent arrears with privacy and sensitivity.

By implementing this policy HOME in PLACE VIC is able to:

- Have an effective arrears and debt management process;
- Minimise the risk to terminations of tenancies resulting from arrears and debts;
- Providing renters with the opportunity to negotiate payment plans;
- Taking steps that enable renters to address rent and other arrears;
- Assist renter to sustain their tenancy and prevent homelessness;

Guiding Principles

HOME in PLACE VIC will:

- Adopt an early intervention approach to mitigate the risks of arrears and debt;
- Inform renters of their legal obligations to pay rent, rent arrears and debt;
- Make appropriate referrals to support services to assist renters who are experiencing financial difficulties;
- Comply with the guidelines as set out in the Victorian State Government 'Rental Arrears Operational Guidelines'
- Comply with the requirements of the Residential Tenancies Act 1997 (Vic).
- Use possession orders as a point of last resort, only when all other avenues of resolution have been exhausted.

Managing arrears & debt

Renters have a legal obligation to pay their tenancy charges. Former renters have an obligation to pay all debt outstanding at the end of their tenancy.

Advising current renters of arrears on their tenancy accounts

HOME in PLACE VIC may contact renters in writing, by phone, SMS or by visiting them at their property if their accounts fall into arrears. HOME in PLACE VIC will respond quickly to inform renters of arrears to prevent debt from escalating.

Managing current accounts in arrears

HOME in PLACE VIC expects all outstanding debts to be repaid and will, in the first instance, ask that all outstanding monies be paid in full.

If a renter is experiencing difficulties that affects their ability to pay in full, HOME in PLACE VIC may accept a repayment arrangement by entering into a payment plan with the renter, renters will be asked to provide information on their financial situation prior to entering into a repayment plan. The total weekly repayment amount should not be less than 3% or exceed 5% of the household's assessable income. However, an Executive Manager Operations has the discretion to approve repayment amounts of:

- Less than 3% where the renter has arrears under 14 days, or if the payment of a higher amount would cause financial hardship
- More than 5% (but no more than 10%) if the renter's financial counsellor agrees that it is financially sustainable.

Where the renter has provided consent, HOME in PLACE VIC may also refer a renter to financial or other support services that can assist them to manage their arrears.

If a reasonable repayment arrangement cannot be negotiated, or a renter fails to meet the agreement, HOME in PLACE VIC may take action in the Victorian Civil & Administrative Tribunal (VACT) and seek orders for the repayment of the debt.

'Strike' System for rent arrears of 14 days or more

A renter can be issued a Notice to Vacate any time the account is 14 days or more in arrears, but a 'strike' system has now been applied. Each Notice to Vacate issued is counted as a 'strike'.

Strikes are counted in a 12 months period (counted on the anniversary of the rental agreement). For the first four (4) Notices issued within a twelve month period, the renter can pay all unpaid rent before the termination date on the notice and it will become invalid, and an application to VCAT for a possession order cannot be made.

If a fifth notice is issued within the same 12-month period, HOME in PLACE may continue to apply to VCAT for a possession order even if the renter pays the unpaid rent on or before the notice termination date on the basis that a fifth strike demonstrates a poor payment history.

Managing arrears and debt of former renters

When a renter vacates a HOME in PLACE VIC property, the rent and non-rent accounts will be reconciled, and renters will be advised of any credits or debits on their accounts. To ensure renters receive any credits, it is important renters provide a forwarding address and contact details to HOME in PLACE VIC.

Renters are expected to pay all outstanding debts, HOME in PLACE VIC will work with renters to ensure that debts are repaid. If debts remain unpaid HOME in PLACE VIC reserves its right to make application to the VCAT for orders for the repayment of the debt. Renters will be made aware that a debt with a social housing provider can impact on any future applications for housing assistance.

Disputes relating to rental arrears

If a renter disputes the balance of their account, HOME in PLACE Vic will:

Provide a full statement of charges and receipts for the period in question

Provide an explanation for the balance shown on the statement

If a renter continues to dispute the balance of their account and HOME in PLACE Vic are satisfied that all the rental transactions are correct, HOME in PLACE may initiate legal action at VCAT if the account is 14 days or more in arrears.

Review of decisions

If a renter disputes the arrears or debt, they should first discuss this with a Tenancy Relations Officer. If a renter is still dissatisfied, they may seek a review of the amount claimed. The VCAT also hears matters relating to arrears and debt. Renters will be provided with contact details of services that provided independent tenancy advice.

4. Definitions and Acronyms Glossary

For clarification of any definitions or acronyms contained within this document, please click on the [Glossary](#) for information.

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