

Process for residential tenancies

TENANT QUESTION

What should I do if I can't afford to pay my rent after 29 March 2020?

LANDLORD QUESTION:

What should I do if my tenant has stopped paying rent or indicated they can't pay the whole amount after 29 March 2020?

Eligible tenants will need to be able to demonstrate financial difficulties due to the coronavirus pandemic.

Step 1:

- Don't ignore the problem – not paying rent is a breach of your tenancy agreement. Visit the Consumer Affairs Victoria website for information and advice on your rights and obligations
- Contact your landlord or property manager to advise of your situation and risk of not being able to meet future rental payments
- Work out your estimated income and plan how much you can afford to pay in rent – taking account of other financial supports you may have access to, including Commonwealth income support payments (and also see step 10)
- Check your eligibility for government support, including the DHHS rent relief scheme (see step 9)

Step 2:

- Request to negotiate a rental reduction with your landlord (directly or via the property manager)

Step 3:

- Try to reach agreement about a reduced rent amount for a period of time, and a payment plan for any outstanding rent

Step 4:

- Contact Consumer Affairs Victoria (CAV) with the result of the agreement or to ask for help if you are having trouble

What happens when I contact CAV?

Step 5:

- CAV will record the agreement you have already reached, or try to help you reach agreement
- If you still can't agree, you will be referred to Dispute Settlement Centre of Victoria (DSCV) for a free mediation service

What happens at DSCV?

Step 6:

- An accredited mediator will work with you to find mutual agreement

Step 7:

- A record of agreement or binding order will be made at the end of the process

Step 8:

- Disputed outcomes are subject to final arbitration at VCAT or the Courts only after the mediation process is fully exhausted

Step 1:

- Visit the Consumers Affairs Victoria website for information on your rights and obligations.
- Work out what rent reduction is possible in your financial position
- Take account of other supports you might have access to – eg. mortgage relief from your bank (see step 10)
- Check the details of your insurance policy
- Note that other state government schemes may be available if you agree to a reduced rent amount (see step 9)

Step 2:

- Contact your tenant (directly or via the property manager) to find out more about your tenant's circumstances.

Dispute resolution considerations

- Allow parties to find a mutually acceptable, tailored outcome
- Parties negotiate in good faith
- Shared burden between landlord & tenant
- Time-limited rent reduction to sustain the tenancy
- Agreement tailored to the individual financial and personal circumstances of each landlord and tenant

Additional steps for tenants

Step 9: I am still paying more than 30% of my income in rent, what do I do?

- If you are paying more than 30% of your income in rent after reaching a mutual agreement with your landlord, you may be able to access a Victorian Government grant for rental relief. If you meet an income and assets test, you can receive up to \$2,000 in a rental relief payment. This payment is in addition to the rental reduction negotiated between you and your landlord and will be paid by DHHS to your landlord as a credit towards your rental payments.

Step 10: I am not eligible for a rental relief grant. What other support is there?

- DHHS provides a range of information and services to support people in private rental – please visit <https://www.housing.vic.gov.au/help-renting>. You may also be eligible for Commonwealth Rent Assistance.

Additional steps for landlords

Step 9: Am I entitled to a land tax reduction?

- Yes, landlords that have provided rental relief to a tenant can apply to the State Revenue Office for a land tax discount of 25 per cent (equivalent to three months) and ability to defer remainder of their land tax liability until 31 March 2021.

Step 10: Should I contact my bank if I have a mortgage?

- Yes, landlords that have provided rental relief to tenants should approach their lender about mortgage payment deferral. Landlords can cite their documented agreement on rent reduction with the tenant, noting that the outcome of this action will be dependent on the decisions of the relevant financial institution.

Can I end the tenancy early?

- In limited circumstances a landlord or tenant may apply to end the tenancy. These include financial hardship, where the property is not fit for habitation, the landlord has sold the property or needs to move in, or either party puts the safety of others at risk or there is malicious damage to the property. Special circumstances will apply for situations of family violence.