

FAQs for Residential Landlords during the coronavirus health crisis

(Current as at 16/04/2020)

The purpose of this document is to provide residential landlords in Victoria with answers to their questions and with updates on the developing response to coronavirus as it impacts housing security.

Both tenants and landlords must comply with the Residential Tenancies Act 1997.

If you have any questions that aren't answered below, please email them to Samantha Stephenson, Department Manager-Property Management, on samantha@mcewingpartners.com note, however, that you should seek independent legal and financial advice.

Also, we have identified ambiguities with the Government announcement made on 15 April, 2020, so a final interpretation will be determined once the legislation has passed.

Am I eligible for land tax relief?

As we understand the announcement Daniel Andrews made on 15 April, 2020, if you have negotiated a rent reduction with your tenant, and the agreement is registered with Consumer Affairs, you will be entitled to a 25% land tax discount, and a deferment of any outstanding land tax, until March, 2021.

At the time of writing, it is unclear whether the rent needs to be reduced by a specific amount in order for the landlord to be eligible. We will know more, and update this section accordingly, once the legislation has passed through parliament.

Can I increase my tenant's rent at this time?

No, the Government has placed a six-month ban on residential rent increases, from 29 March, 2020, until late September/early October, 2020.

What happens if my tenant cannot pay rent, as agreed, at this time?

Firstly, the tenant is asked to provide McEwing & Partners some supporting documentation with their request for rent relief. We do explain in advance that many landlords have been impacted by this pandemic and that there is no guarantee that relief can be granted, but that we will communicate their request.

We will then discuss the matter with the landlord to try to work out a mutually acceptable proposal.

What types of rent relief are being requested?

We are finding that there are three types of rent relief being requested: (1) rent reductions, (2) rent deferrals and (3) rent waivers. Good communication between you and McEwing & Partners and your tenant and McEwing & Partners is critical.

Reductions are a set amount that the rent will be reduced for a set period. Rent payments at the reduced amount reflect that full rent has been paid during this period and your statement will reflect this. This is not recoverable at a later date; it is a complete waiver of the amount agreed.

Deferrals are agreements not to pursue the tenant for rent arrears, however the rent does accrue, and your statement will show it as a short payment of rent for the period.

This negotiated amount is not recoverable under any landlord insurance policy as the correct procedures of issuing a notice to vacate must be adhered to in order to claim the rent under a default. It is possible to issue the notice to vacate and follow the statutory requirements, however, this entitles the tenant to vacate and effectively ends the tenancy whether it is a fixed-term agreement or not, so this option will not suit all landlords.

There is also a risk that accrued debts may overwhelm tenants who, although the intention is to pay, end up unable to should their financial circumstances not improve. Naturally, we will keep a close eye on any payment arrangements and monitor payments.

Waiver is effectively a rent-free period. Your statement will show that the tenant is paid up to the end of the period for which rent is waived.

What happens if my tenant defaults on rent during this time?

As of Sunday 29 March 2020, the National Cabinet agreed to a moratorium on evictions over the next six months (29 March 2020 – late September/early October) for residential tenancies in financial distress who are unable to meet their commitments due to the impact of coronavirus.

It was acknowledged, however, that work on this has begun, but there is more to do, especially for residential tenancies. More details expected soon.

If a tenant is unable to pay rent due to coronavirus-related financial hardship, please contact your property manager to discuss your situation immediately.

A mutually acceptable arrangement for the landlord and the tenant may be possible.

Will my tenant be liable to pay rent in arrears at the conclusion of the moratorium?

Yes, your tenant will be legally required to pay the rent, as agreed, in arrears at the conclusion of the moratorium. Payment could be made in one lump sum or your tenant could be placed on a mutually acceptable payment plan.

If, after 14 days, your tenant does not pay rent, the standard procedures will apply.

For more information, please see <https://www.consumer.vic.gov.au/housing/renting/during-a-lease-or-residency/rent-and-other-payments/rent-arrears>

Will my landlord's rental protection insurance apply at this time?

After having had discussions with landlord protection insurers, it is unclear how, or if, they will apply the exemptions for pandemic events in their policies.

Currently, some insurers are covering a six-week period where tenants default, provided that the Residential Tenancies Act is followed, that the policy pre-existed the arrears event, and, in some cases, that your property is managed by an agent who is an authorised partner of the insurer.

As you would expect, if a landlord waives their right to rent by providing voluntary relief, this loss cannot be recovered under a regular Landlord Insurance Policy.

It is best to discuss your options your property manager should you be approached for rent relief.

What other information are you providing for tenants?

Where a tenant requests rent relief, we are providing additional information and links to websites where other relief may be available.

We will continue to update this information for all tenants and we are speaking with landlords and tenants to explore the best options available to minimise impacts on our clients.

Can open-for-inspections continue at this time?

No, the National Cabinet has prohibited auctions and open-for-inspections from midnight 30 March 2020 to midnight 13 April 2020.

Instead of open homes, we are providing video footage of the rental property to prospective tenants and pre-qualifying them before showing them through on a private inspection basis, safely and singly.

Where do I go for financial help?

The banks are offering coronavirus-relief packages as outlined below.

Adelaide Bank - [COVID-19 assistance](#)

AMP - [COVID-19 assistance](#)

ANZ Bank - [COVID-19 assistance](#)

Bank of Melbourne - [COVID-19 assistance](#)

Bank of Queensland - [COVID-19 assistance](#)

BankWest - [COVID-19 assistance](#)

Bendigo Bank - [COVID-19 assistance](#)

CBA - [COVID-19 assistance](#)

Citi Bank - [COVID-19 assistance](#)

ING Direct - [COVID-19 assistance](#)

Judo - [COVID-19 assistance](#)

LaTrobe Financial - [COVID-19 assistance](#)

Macquarie - COVID-19 assistance
NAB - COVID-19 assistance
Pepper Money - COVID-19 assistance
RAMS - COVID -19 assistance
Resimac - COVID-19 assistance
Westpac - COVID-19 assistance

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