

# Leasing your Rectory to Others - becoming a landlord.

*‘A good name is to be chosen rather than great riches, and favour is better than silver or gold.’ Proverbs 21.1*

If the Parish is considering leasing their rectory or other residential properties the Diocesan preference is that you do so through a Real Estate agent. An agent will have the systems and processes in place to ensure the landlords legal obligations are met. They will also attend to such things as open for inspections, sourcing and running background checks on potential tenants, dealing with bonds, collecting rent and organising repairs and maintenance.

Diocesan Executive Committee approval is required before **Residential Tenancy Agreements** can be entered into. All legal contracts and documents relating to property need to be signed by a Trustee of the Bendigo Diocesan Trusts Corporation (eg the Registrar, Bishop or Chancellor). These documents include at least the: (i) contract with the Real Estate Agent for them to manage the property; (ii) Residential Tenancy Agreements, (iii) Bond Lodgement Forms and (iv) Bond Return Forms<sup>1</sup>.

LEASING VIA A REAL ESTATE AGENT	PARISH LEASE DIRECTLY TO TENANT	COMMON TO BOTH
<p>The Parish should seek quotations for property management services from multiple real estate agents. Each agent should provide a report explaining: Market rent value (per week or month); any minor (eg installation of smoke alarms) or major maintenance work (eg replacing carpet or hot water service) that is required; suggested advertising methods and costs; their set up and ongoing management fees; length of Residential Tenancy Agreement that is appropriate for the property (eg 1 year or more). A report then needs to be prepared for and submitted to the Diocesan Executive Committee for approval, as per the FAQ below.</p>	<p>The Parish needs to provide a report to the Executive Committee prior to entering into any Residential Tenancy Agreements. The report needs to include the information listed in the FAQ section below.</p> <p>Once this report has been received and approved by the Executive Committee the parish can undertake the preparatory tasks required to offer and accept a lease with a tenant.</p> <p>This webpage has many helpful links for the Parish before, during and at the end of leases: <a href="https://www.consumer.vic.gov.au/housing/renting">https://www.consumer.vic.gov.au/housing/renting</a></p>	<p>Either way the Parish Council will need to record an official minute from a Parish Council meeting and provide a report for consideration to the Diocesan Executive Committee (see FAQ below for report requirements).</p>

<sup>1</sup> There may well be other contracts and legal forms that are not listed here (please check with the General Manager/Registrar).

LEASING VIA A REAL ESTATE AGENT	PARISH LEASE DIRECTLY TO TENANT	COMMON TO BOTH
	<p>In 2018 there was a major review of the <i>Residential Tenancies Act</i>, 115 changes were decided upon and will be implemented over the next few years. Parishes undertaking their own property management will need to keep abreast of these changes as they are progressively introduced.</p>	
	<p>Bonds must be lodged with the Residential Tenancies Bond Authority – These forms too must be signed by the Diocese prior to lodging.  <a href="https://rentalbonds.vic.gov.au">https://rentalbonds.vic.gov.au</a>            The Trusts Act does not allow the Trustees to delegate these responsibilities.</p>	
	<p>Smoke alarms must be checked by a professional every year.            Gas appliances must be checked and certified safe every two years.</p>	
<p>Income is accounted for in Parish Budget and Annual Return</p>	<p>Income is accounted for in Parish Budget and Annual Return</p>	<p>Once the report is considered and accepted by the Executive, the General Manager / Registrar will be able to sign all contractual paperwork on behalf of the Bendigo Diocesan Trusts Corporation.</p>

# FAQ

## When does the Diocesan Executive Committee meet?

The Executive Committee meets the first Monday of most months and reports from parishes need to be provided to the General Manager/Registrar no later than the last Monday of each month in order to be included on the next Executive Committee meeting agenda.

## What information does the Diocesan Executive Committee require to make a decision?

### 1) Where a real estate agent is involved:

- a) The Parish Council should consider the quotations and provide a report stating their preferred agent and summarising the information provided by the agent. All quotations received should be put in the appendix to the report.
- b) Include any minor or major maintenance works and how they are going to be funded
- c) Parish Council minute recording the parish preferred agent.

### 2) Where there is no real estate agent involved:

- a) The Parish Council should provide a report stating
  - i) the expected market rent (& how this figure has been assessed);
  - ii) any minor or major works that the property requires and how that is to be funded;
  - iii) the anticipated length of the lease;
  - iv) who in the parish (usually the warden/s) is going to take responsibility to:
    - become familiar with the *Residential Tenancies Amendment Act 2018*
    - become familiar with the 115 changes brought in by the above legislation
    - become familiar with the information provided on <https://www.consumer.vic.gov.au/housing/renting/types-of-rental-agreements>
    - source and show prospective tenants through the property
    - complete background checks and decide on a suitable tenant/s, keep this information securely in line with the Diocesan Privacy Policy
    - complete the initial inspection and condition reports
    - get the bond from the tenant and liaise with the Registry who will, when provided with the funds and the filled in paperwork, lodge the bond with the *Residential Tenancies Bond Authority*
    - undertake 6 monthly inspections (abiding by legislated timeframes for notice to tenants before entering the property)
    - be the main contact for the tenant should issues arise, including 24 / 7 coverage for urgent repairs
    - provide invoices and/or receipts to the tenants
    - liaise with the Diocese to
      - get the requisite paperwork signed by the General Manager/Registrar
      - attend any insurance or building issues that may arise
    - keep safe custody of a set of spare keys ~ in case the tenant loses their set.

**A template is provided at the end of this document to assist the parish to answer and document the requirements in (iv). Please include the completed template as part of your report to the Diocesan Executive Committee.**

## What about Municipal Rates?

When a Rectory is leased it no longer qualifies for as a “non-rateable” property under the *Local Government Act 1989 (Vic) Section 154*. **Parishes must notify their local council that the Rectory is no longer being used as a residence of a practicing minister and is now ‘rateable’.**

**Does the parish need to take out extra insurance?**

No, insurance is covered via the Diocesan insurance policy.

**Does the Diocese require copies of the Entry Condition report, the Routine inspections and Exit Condition reports?**

Yes, copies of these forms need to be forwarded to the General Manager/Registrar to keep on file.

**What needs to happen when renewing a lease and reviewing rent?**

Include: taking advice from real estate agent or determining rent via a, a further report to the Executive Committee (to enable the General Manager/Registrar) to sign off on the new/updated agreement.

**What should the Parish take into consideration when thinking through major maintenance work and upgrades?**

Include: keeping good tenants, Return on Investment (how long will the property need to be rented at an increased amount before the investment becomes cash positive? Eg, replacing carpet at \$12,000 to see an increase of \$10 a week rent will take 23 years to pay for itself. NB: The carpet might really need replacing, so consider carefully whether improvements are a 'must have' or a 'nice to have'.)

**What about pets?**

Include: Landlords must say yes to pets. You have to go through VCAT to disallow pets. Pet agreements template are available and should be signed by tenants prior to their introducing pets to the premises. The government is looking at legislating pet bonds.

Signature of Person Responsible:

Signature of Back up Person:

<b>Leasing Properties (including Rectories) to others</b>		
<b>Anglican parish of:</b>		
<b>Property / Properties street address:</b>		
<b>Activity</b>	<b>Person Responsible</b>	<b>Back up Person</b>
i) become familiar with the Residential Tenancies Amendment Act 2018		
ii) become familiar with the 115 changes brought in by the above legislation		
iii) become familiar with the information provided on <a href="https://www.consumer.vic.gov.au/housing/renting/types-of-rental-agreements">https://www.consumer.vic.gov.au/housing/renting/types-of-rental-agreements</a>		
iv) source and show prospective tenants through the property		
v) complete background checks and decide on a suitable tenant/s, keep this information securely in line with the Diocesan Privacy Policy		
vi) complete the initial inspection and condition reports		
vii) get the bond from the tenant and liaise with the Registry who will, when provided with the funds and the filled in paperwork, lodge the bond with the Residential Tenancies Bond Authority		
viii) undertake 6 monthly inspections (abiding by legislated timeframes for notice to tenants before entering the property)		
ix) be the main contact for the tenant should issues arise, including 24 / 7 coverage for urgent repairs		
x) provide invoices and/or receipts to the tenants		
xi) liaise with the Diocese to <ul style="list-style-type: none"> <li>• get the requisite paperwork signed by the General Manager/Registrar</li> <li>• attend any insurance or building issues that may arise</li> </ul>		
xii) keep safe custody of a set of spare keys ~ in case the tenant loses their set.		
<b>Other tasks as identified by the parish:</b>		
eg project manage planned and emergency maintenance and upgrades		
eg chase up tenants in arears		
eg lodge paperwork and attend VCAT hearings where required		
eg mobile phone number of emergency contact (will parish purchase a separate phone?)		

Date of Parish Council meeting where adopted: