



Government of **Western Australia**
Department of **Communities**
Housing

**GOVERNMENT REGIONAL OFFICERS'
HOUSING**

**Leasing Policy:
Policy and Guidelines**

January 2018

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GROH Leasing: Policy and Practice Guide

Overview

GROH acquires residential dwellings from the private sector to satisfy Client Agencies' demands. The authority to lease residential dwellings is given to GROH under section 16 and section 19 of the *Government Employees' Housing Act 1964*.

Although leases are exempt from the State Supply Commission (SSC) policies and guidelines for buying wisely, GROH recognises they are acknowledged to define Government's best practice. GROH bases its approval to lease on these guidelines, having regard for open and effective competition, value for money and risk management.

SSC policies and guidelines for buying wisely can be found on the State Supply Commission Internet site at www.ssc.wa.gov.au .

Purpose

The GROH Leasing Policy and guidelines (Policy) have been written with the aim of providing clear policies and procedures for Department of Communities Housing Division (Housing) officers to ensure effective management and consistent implementation of the Leasing Policy in accordance with the *Government Employees' Housing Act 1964*.

Legislation and References

- *Government Employees' Housing Act 1964*
- *Residential Tenancies Act 1987*
- State Supply Commission - Policies and guidelines for buying wisely
- Code of Ethics for the Western Australian Public Sector
- Department of Communities Code of Conduct
- *Public Sector Management Act 1994*
- *Freedom of Information Act 1992*

Delegation

This Guide is for use by Housing employees and GROH clients and applies to all GROH dwellings.

Housing's Director Housing Programs has the discretion in exceptional circumstances to vary or waive any provision of this Guide.

Definitions

Client Agency means either:

- an Employing Agency, which is a Department under the administration of a Minister of the Crown in the Government of the State, or any Crown instrumentality, hospital, board, body corporate or other body of whatever description, proclaimed as a Department under s.7 of the Government Employees' Housing Act 1964; or
- a Responsible Agency, which is the agency responsible for arranging the salary and other entitlements (including accommodation) of the tenant when this tenant is not an employee of an Agency.

Commitment means an Agency has accepted that Housing will earmark to it a particular GROH dwelling that has been leased or spot purchased or will be constructed by Housing. In addition, a commitment may also refer to an Agency accepting an existing GROH dwelling which has been refurbished. The Agency has also signed Housing's GROH Commitment Form indicating acceptance of the terms and conditions associated with renting the GROH dwelling.

Cost recovery rent means the weekly rent charged to a Client Agency for a Housing-owned dwelling in a cost town. It is calculated using the cost of constructing the dwelling and the annual costs of maintenance, improvements, refurbishments, rates and other general rental expenses.

EOI means an Expression of Interest to carry out a specific program or works.

GROH means the Government Regional Officers' Housing program administered by the Department of Communities Housing Division.

GROH client means either:

- a Client Agency; or
- any other client serviced by GROH (**other GROH client**).

GROH dwelling means a house as defined in s.5 of the *Government Employees' Housing Act 1964*, which is owned, leased or constructed by Housing and allocated for use by GROH.

Head Lease means the lease by which Housing leases a GROH dwelling to a GROH client. The lease outlines both parties' obligations and responsibilities.

Housing means the Housing Authority, referred to in the *Housing Act 1980*, and operating within the Department of Communities.

Lease Agreement means an agreement between the lessor (private investor) and the lessee (Housing Authority) to rent the property.

Leased Dwelling means a dwelling leased from a private investor to be used for the GROH program.

LGA means a Local Government Authority.

Long-term Lease means lease agreements taken out for a period of than 12 months.

Officer means an employee of the Department of Communities Housing Division.

RTA means the *Residential Tenancies Act 1987 (WA)*.

Short-term Lease means lease agreements taken out for a period of up to twelve months.

Policy Statements

1. Provision of a lease

1.1. Policy

- 1.1.1. A lease may be acquired to satisfy Client Agency demands that cannot be fulfilled by existing GROH stock.
- 1.1.2. As stated in the GROH Allocations and Returns policy 1.1.2 - if Housing owns suitable GROH dwellings in its portfolio it will allocate these dwellings to the Client Agencies making the requests.
- 1.1.3. Otherwise, Housing will seek to satisfy Client Agencies' demand by leasing dwelling(s) from private owners;

1.2. Guidelines

- 1.2.1. Leasing of dwellings from a third party will be undertaken when:
 - a) There are no suitable GROH or leased dwellings available for reallocation.
 - b) The Client Agency:
 - i. Confirms in writing that they require the dwelling and that they will pay the rent for the term of the lease.
 - ii. Signs a commitment form.
 - iii. Signs a Head Lease Agreement between itself and Housing.
 - c) The lease has been formally executed.

2. Open and Effective Competition

2.1. Policy

- 2.1.1. Housing will actively encourage and promote competition and will:
- 2.1.2. Consult the market by seeking Expressions of Interest (EOI) to construct accommodation, where and when required.

2.2. Guidelines

- 2.2.1. Housing will invite interested Local Government Authorities, property owners, investors and real estate agents to submit EOIs to supply housing.
- 2.2.2. Providing Short-Term Accommodation Requirements (Existing dwellings)

Many of the GROH program leases are acquired to satisfy Client Agencies' day-to-day requests that often arise at short notice. These leases typically have a term from 3 months to 5 years, in accord with the instructions from Client Agencies.

- 2.2.3. Providing Long-Term Accommodation Requirements (New construction)

Client Agencies also require long-term accommodation, sometimes up to ten years.

- 2.2.4. Renewing Leases

An existing lease will be renewed in consultation with the Client Agency and in negotiation with the real estate agent or owner.

3. Value for Money

3.1. Policy

- 3.1.1. Housing will achieve the best possible outcome for the money spent by Government.

3.2. Guidelines

- 3.2.1. Housing Sets the Standard for Leased Accommodation

(a) Subject to availability Housing will endeavour to lease dwellings that satisfies the requirements outlined in design briefs for dwellings North and South of the 26th parallel. These design briefs are available on Housing's Internet site and form part of all EOIs, requests for proposals, tenders and other documentation.

(b) All dwellings will be inspected to ensure they are as presented by the potential lessor.

- (c) Where the available dwelling does not meet the design brief requirements, the dwelling will only be leased if the Client Agency provides written approval.
- (d) The lessor agrees to make changes to the dwelling to ensure compliance with GROH program standards within a given timeframe. This will form part of the lease.

3.2.2. Standards for Leasing

- a) For leased dwellings to be constructed, Housing will review the technical drawings prior to signing any proposal to lease.
- b) All completed dwellings will be inspected and a Property Condition Report (PCR) and checklist will be completed.
- c) When Housing is satisfied with the dwelling and agreement has been reached with the owner, a Proposal to Lease form will be completed.
- d) The lease agreement will be signed once the dwelling is ready to be occupied.

3.2.3. Leases will be acquired for Fair Market Rents

Housing negotiates the rents charged by the lessor from acquisition through to rent reviews and renewals. These rents will be negotiated in accord with the rents established by an independent licensed valuer.

3.2.4. Cost Rents will apply in Remote Locations

Housing receives proposals from property developers and investors interested in constructing and leasing dwellings above market rates. In addition to the usual criteria, Housing will consider these proposals only if:

- a) The dwelling will be located in a cost rent location as defined in the GROH Cost Rent Policy.
- b) The rent is acceptable to Client Agencies and they are prepared to sign a commitment form and head lease for the term of the lease.
- c) The rent is lower than the amount Housing would charge Client Agencies on a cost recovery basis.

4. Lease Maintenance

4.1. Policy

4.1.1. Lease Agreements will specify Housing's expectations for maintenance.

4.2. Guidelines

4.2.1. Where the attachments form part of the lease agreement, unsatisfactory performance can be remedied by recourse to Contract Law. This process is escalated after:

- a) Making direct contact to the real estate agent or owner and negotiating an acceptable outcome.
- b) The negotiations may continue if required by sending correspondence drafted by Housing's lawyer requesting the contract be dissolved if agreement cannot be resolved.

4.2.2. Where a Lack of Maintenance Creates Inconvenience or Threatens Health and Safety

If the owner or agent refuses to perform the required maintenance, Housing will pay for the work to be completed. Housing will then recover the costs of these works from the owner.

4.2.3. Lease Renewals

Housing will provide notice to Client Agencies four months ahead of the expiry date to allow them sufficient time to determine their requirements and to instruct Housing accordingly.

5. Lease Inspections

5.1. Policy

5.1.1. Leased dwellings will be inspected regularly to ensure that they are being maintained in good condition.

5.2. Guidelines

5.2.1. Real estate agents or owners will conduct minimum half yearly inspections of leased dwellings.

5.2.2. Real estate agents or owners are required to provide written notice to Housing of any damage to the dwelling which has occurred since the date of the last inspection.

5.2.3. As leased dwellings are inspected by the real estate agents or owners, Housing will not carry out an annual inspection.

5.2.4. Housing will complete vacated inspections of leased dwellings at the end of tenancies.

5.2.5. When requested by tenants, Housing will complete pre-vacation inspections of leased dwellings.

5.2.6. Housing will complete property inspections for lease renewals.

Document History

ISSUE	DATE	REASON	POLICY AUTHOR	OFFICERS TITLE	DATE LOADED ON Internet
1	June 2002	First edition	Lisbet Schäfers	Policy and Projects Officer	
2	August 2006	Policy amended to reflect the change to the Government Employees' Housing Authority by the Machinery of Government (Miscellaneous Amendments) Act 2006	Lisbet Schäfers	Projects and Policy Officer	
3	October 2009	Policy Reformatted	Danielle Faulkner	Coordinator Policy and Projects	October 2009
4	January 2018	Policy amended to reflect current practices, agency name change and formatting guidelines	Brett Hockley	A/Senior Policy and Practice Officer	January 2018

Authorisation

Version	Authorised by	Approval Date	Effective Date	Sections modified (if applicable)
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Associated Documents	<ul style="list-style-type: none">• <i>Government Employees' Housing Act 1964</i>• <i>Residential Tenancies Act 1987</i>