

# Responding to coronavirus (COVID-19): rent relief guidance

*We're here for small business*

## REACHING COMMERCIAL RENT RELIEF AGREEMENTS AFTER 28 MARCH 2021

The Victorian Small Business Commission (VSBC) is here to provide [support to commercial tenants and landlords](#) who are experiencing financial hardship as a result of coronavirus (COVID-19).

**Although the Victorian Government's Commercial Tenancy Relief Scheme (the Scheme) has ended, we're still providing free and impartial mediation to help resolve commercial rent relief disputes in response to the pandemic.**

We're providing guidance in negotiating rent relief in good faith and reaching a fair agreement after 28 March 2021. Where an agreement can't be reached, tenants and landlords can apply for mediation to help resolve their dispute.

Tenants and landlords can also apply for mediation to help resolve a rent relief dispute from before 28 March 2021.

Applications can be made via our [application forms web page](#).



## TENANTS WHO ARE HAVING TROUBLE PAYING MONTHLY AND/OR DEFERRED RENT

1. **Review your finances and keep paying what rent you can afford.**
2. **Contact an accountant or a business advisor or mentor for advice as soon as you can** – the Small Business Mentoring Service provides [access to experienced mentors](#), Partners in Wellbeing provides [access to free qualified financial counsellors](#) who can help in negotiating affordable repayment plans and CPA Australia offers a [helpful tool for finding a certified practicing accountant in Victoria](#).
3. **Try to negotiate a new agreement on rent with your landlord by:**
  - talking with them about your situation, what rent you can afford and the rent relief you're requesting (how much and for how long)
  - considering providing documents showing your fall in turnover for the leased premises (e.g. extracts from your accounting records) to support your request.
4. **Look after yourself** – if you are feeling stressed or overwhelmed, call the [Partners in Wellbeing helpline](#) on 1300 375 330 (9am – 10pm weekdays, 9am – 5pm weekends) for free mental health and financial counselling.

## Negotiating in good faith and documenting the agreement

Where a tenant is having difficulty paying rent, we encourage the landlord and tenant to negotiate in good faith. This means communicating with each other openly and being transparent, having discussions honestly and fairly with the genuine aim of reaching an agreement and providing sufficient and accurate information within the context of negotiations.

If an agreement is reached, it's important to document what is agreed to in writing.

## Landlords and tenants who can't reach an agreement

**If a landlord or tenant can't reach an agreement or get a response from the other party, they can [apply for free mediation](#) to help resolve the matter.**

### SCENARIO: CAFÉ IN MELBOURNE'S CBD

Before the pandemic, Jacqueline's café had been doing really well and was growing a strong customer base. After restrictions to trade were introduced to slow the spread of coronavirus, the café's turnover plummeted to the point where Jacqueline couldn't keep paying the full rent and other expenses under her lease. She negotiated rent relief with her landlord Danh under the Commercial Tenancy Relief Scheme (which ended on 28 March 2021).

With restrictions easing and workers gradually returning to the CBD, Jacqueline had seen an increase in turnover during March, though knew she would still struggle to pay her deferred rent and resume her monthly rent payments in April.

Jacqueline reviewed her finances and sought advice from a business advisor. She contacted Danh to explain her situation and request 35 per cent rent relief for the April to

June 2021 quarter, supplying extracts from her accounting records to show the café's fall in turnover.

Danh's response was that he was also struggling and needed Jacqueline's rent payments to resume so he could pay the mortgage on the property and meet his other financial obligations. Communication broke down between Jacqueline and Danh.

### Applying for help

Jacqueline applied for free mediation with the VSBC to help resolve the matter. The VSBC helped early on, quickly getting in touch with Danh to try to re-open communication and facilitate a discussion. Jacqueline and Danh started communicating again about their position and concerns, though couldn't reach an agreement.

The VSBC promptly progressed the matter to mediation, where an impartial mediator helped them to negotiate in good faith and explore creative options for resolving their dispute.

### Reaching an agreement

Through mediation, Jacqueline and Danh reached an agreement:

**Monthly rent:** \$8,000

**Rent relief:** 25 per cent (\$2,000, part of which won't be repaid and part of which will be repaid at a later date, over 12 months) from 1 April 2021 until 31 June 2021, taking into account the financial position of both parties and the reduction of outgoings Danh had already provided Jacqueline

## MORE INFORMATION

- [Responses to frequently asked questions](#)
- [Process we recommend tenants and landlords follow](#)