

# Rent Setting and Review Policy



<b>Owner:</b>	Kate Ogilvie
<b>Version:</b>	5
<b>Endorsed by:</b>	Operational Management Group
<b>Issue date:</b>	3 February 2025
<b>Review date:</b>	3 February 2027

## 1. Introduction

Womens Housing Ltd (WHL) asserts that safe and secure housing is a right afforded to all women.

WHL delivers services [that are]:

- culturally appropriate
- accessible to all women,
- uphold the principles of self-determination,
- underpinned by respect and dignity.

In order to achieve these aims, WHL sets rents that balance affordability for renters and financial viability for WHL.

## 2. Purpose

The purpose of this policy is to provide guidance to Women's Housing Ltd Management and Staff about the processes for determining, setting and reviewing rents within its property portfolio.

## 3. Statement of commitment

WHL is committed to:

- fairness and transparency in rent setting and rent reviews
- provision of clear and accessible information to renters
- ensuring the accuracy of assessments
- assisting and supporting renters experiencing financial or other hardship
- ensuring the rights of renters and their household members are protected
- considering the potential impact of any proposed action on the renter's (and their household's) rights under the *Charter of Human Rights and Responsibilities (2006)*
- choosing the least restrictive measure available when taking action

## 4. Scope

This policy applies to all WHL housing programs and to all employees whose work and duties relate to rent setting and reviews.

## 5. Policy

In social housing, renters pay rent calculated as a percentage of their assessable household income, or less than 75 % (74.99%) of the market rent of the property, whichever is the lower. In Affordable Housing renters pay a percentage of the market rent, usually 74.99% of the market rent.

### 5.1 Rent calculation & affordability

Specific rent calculation methods are set out in the funding agreements with the Department of Families, Fairness and Housing (DFFH) and Homes Victoria. These methods can vary depending on the funding sources and agreements.

Applicants will be told what rent applies to an available property.

WHL will comply with all legal, contractual, and regulatory requirements when assessing eligibility and setting rent.

WHL will not offer a tenancy to an applicant for housing unless it is satisfied that rent is affordable and sustainable. A general measure of housing affordability is that the total cost of accommodation does not exceed 30% of the household income.

The following table sets out the requirements for specific programs:

Program	Description	Rent setting parameters
Transitional Housing	Supported short term accommodation with access to support services	<ul style="list-style-type: none"> <li>• 25% of assessable income</li> <li>• 15% of family tax benefits</li> <li>• capped at HV determined property market rent</li> <li>• No Commonwealth Rent Assistance</li> <li>• service charges may be added to the rent payable</li> </ul>
Homes Victoria (HV) owned and leased to WHL	Housing including rooming houses owned by the DoH and leased to WHL to provide and manage long term community housing under a General Lease	<ul style="list-style-type: none"> <li>• 25% of assessable income</li> <li>• 15% of family tax benefits</li> <li>• capped at HV determined property market rent</li> <li>• 100% of eligible Commonwealth Rent Assistance</li> <li>• Service Charges may be added to the rent payable</li> </ul>
WHL owned Community Housing	Long-term Housing owned by WHL and either purchased with financial assistance from DoH or transferred to WHL	<ul style="list-style-type: none"> <li>• 29% of household assessable income</li> <li>• 15% of family tax benefits</li> <li>• capped at &lt; 75% of the Market Rent</li> <li>• 100% of eligible Commonwealth Rent</li> </ul>

		<p>Assistance</p> <ul style="list-style-type: none"> <li>• service charges may be added to the rent payable</li> </ul>
Affordable Housing	Long term housing for people on more moderate incomes, not eligible for public housing.	<ul style="list-style-type: none"> <li>• &lt; 75% of Market Rent</li> <li>• ≤ 30% of gross household income used to determine affordability.</li> <li>• 100% of eligible Commonwealth Rent Assistance</li> <li>• service charges may be added to the rent payable</li> </ul>

## 5.2 Commonwealth Rent Assistance (CRA)

Rent Assistance is a regular entitlement paid to people who get certain payments from Services Australia.

Rent calculators used by WHL must maximise the available CRA.

WHL will determine the eligibility and the amount of CRA for each applicant. The CRA is included in the rent payable for the renter. WHL will advise renters about how to access their CRA entitlements.

It is the responsibility of the renter to claim their CRA entitlement.

## 5.3 Bonds

WHL does not require a bond for its transitional properties. A bond is required for all Community Housing and General Lease / Managed Service Agreement properties. WHL must be in receipt of the bond prior to renters signing a residential rental agreement. A prospective renter will be allowed 5 days to source a bond. Failure to do so may result in the forfeit of the housing offer.

WHL will manage Bonds in accordance with the Residential Tenancies Bond Authority (RTBA).

## 5.4 Rebated rent

A rental rebate is defined under s3 of the RTA.

The 'rebate' is the difference between the rent payable and the Discounted Market Rent (or DFFH Property Market Rent for General Lease properties) listed in the rental agreement.

A rebated rent is an income-based rent, usually determined by the following formula:

25% or 29% of income + 15% of Family Tax Benefits A&B, + 100% of the eligible Commonwealth Rent Assistance and less than 75% of the Market rent.

The rebated rent can be adjusted within the 12-month period provided it does not exceed the discounted market rent set out on the rental agreement, nor on the most recently served 60-day notice of a discounted market rent increase.

## **5.5 Service charges**

Some WHL properties provide facilities and utilities to the renter that are not separately metered.

Examples of these additional services include:

- electricity
- gas
- water
- central heating
- laundry
- other services or facilities made available to the resident or renter, such as the costs associated with maintaining common areas, cleaning, and gardening.

In these circumstances WHL will levy a service charge separately from the rent and the charge may be varied from time to time. This charge will reflect the actual costs to WHL of providing these facilities and utilities. A service charge is added to the rent payable, and the rent payable plus the service charge can exceed the discounted market rent or DFFH rent cap. The total of rent and service charges will not be greater than the rent, inclusive of service charges for a similar room or apartment in a similar building in a similar location in the private rental market that provides the same facilities and utilities.

## **5.6 Rent reviews**

WHL will conduct annual reviews of the market rent of each property. Market Rent Valuations will be in line with the ATO Market Value Guidelines.

WHL will adjust the rebated rent for social housing as household income changes. Renters will be required to provide up-to date evidence of income for the purpose of these reviews.

WHL will explain the process of rent reviews to renters.

WHL will make the distinction between Market Rent and Rebated rent clear to renters and explain how they are applied.

WHL will provide renters with a clear and transparent explanation as to how their rent has been calculated.

All renters have the right to ask WHL to review the way that WHL has determined their rent and to provide a further explanation.

WHL will comply with the provision in the Residential Tenancies Act that relate to rent reviews and rent increase and notices

## **5.7 Response to changes in household circumstances including hardship**

If a renter contacts WHL and is facing hardship with paying rent, WHL will review the rent in accord with the WHL Hardship Policy

Generally, rental changes will only take effect on and from the date the renter contacted WHL and provided reasonable details of the change in the household circumstances. WHL may agree to back-date changes in rent payable in circumstances where WHL determines that the renter ought to be granted relief from hardship.

## **5.8 Affordable housing**

Affordable Housing rents are set at 74.99% of the Market Rent (Discounted Market Rent) An affordability test will be applied to determine if the household pays more than 30% of gross income in rent.

100% of the eligible Commonwealth Rent Assistance will be included in the rent payable.

Affordable Housing Rents will be reviewed once every 12 months.

## **5.9 Market rent**

Market rent is the value of the rent for a property when compared with similar properties in the same or similar location.

WHL will provide a GST free supply of accommodation. This is achieved by ensuring the rent is less than 75% of the GST-inclusive market value of the supply.

The ATO Market Value Guidelines outline methodologies which allow charities to determine a market value that is acceptable to the ATO, when applying the non-commercial supply rules.

In line with these rules, WHL may:

- Use the detailed benchmark market values provided by the ATO; or
- Obtain an independent market valuation from a qualified valuer; or
- Use a Desktop method and undertake a market valuation procedure based on the ATO market value guidelines.

WHL will not charge more than 74.99% of the Market Rent Valuation. This amount (referred to here as the Discounted Market Rent) should be listed as 'rent' on all rental agreements. A separate document attached to the rental agreement will outline the rebated rent assessment and list this plus any service charges as the 'rent payable'.

THM and General Lease properties have their rent capped at the Property Market Rent advised by the DFFH annually. The Rent on these properties will not exceed the Property Market Rent advised by the Department.

## **6. Procedures**

Procedures established by WHL will include processes to ensure compliance with this policy, including:

- how to set and review the rent
- the procedure for rent reviews
- communication with applicants and renters about how [CHO] has determined their rent
- ending tenancies
- how renters may ask for a determination of rent to be reviewed
- how to apply the hardship policy

## **7. Responsibilities**

### **7.1 Board**

- To be aware of this policy

## 7.2 Chief Executive Officer

- To be aware of this policy

## 7.3 Operations Manager

- To ensure that this policy is implemented correctly
- To be responsible for overall handling of complaints
- To maintain knowledge of change in policy or legislation relating to rent setting
- To ensure that procedures are modified when required

## 7.4 Housing Services Manager

- To ensure that tenancy workers apply rent setting and rent review procedures correctly and consistently
- To facilitate appropriate staff training
- To maintain knowledge of change in policy or legislation relating to rent setting
- To ensure that procedures are modified when required
- To update rent setting/review resources

## 7.5 Tenancy Staff

- To be aware of this policy
- To apply this policy diligently and fairly
- To maintain records

## 8. Definitions

### 9.

Term	Definition
Assessable Income	Income used to determine the level of rent payable in social housing. See appendix to Rent Reivew Procedure.
Community housing	Rental housing managed by not-for-profit organisations for people on low to moderate incomes. Housing managed by community housing organisations may be owned by the organisation, owned by the Department of Families, Fairness and Housing (DFFH) or rented from private rental providers with government funding.
Dependant	A person under 18 years of age, not receiving an independent income and who is living in an applicant's household in the care of the renter, spouse or renter.
Director of Housing	A statutory entity existing under the <i>Housing Act 1983</i> responsible for all public, community and home finance programs funded by the Department of Families, Fairness and Housing (DFFH)
Discounted Market Rent	The discounted market rent (DMR) is 74.99% of the

Term	Definition
	market rent.
Family violence	Family Violence is defined in <i>the Family Violence and Protection Act 2008</i> as violent, threatening or other behaviour by a person that coerces or controls a member of the person's family (the family member) or causes the family member to be fearful.
General Lease / Managed Service Agreement	Properties owned by Homes Victoria, leased to Community Housing Organisation and managed under the terms of that lease.
Household members	People who are included in the application as people who will reside in the household if allocated to social housing but are not the primary applicant.
Household Income	The combined income of a households.
Housing type	The bedroom size, construction type and whether the property is a stand-alone house, a townhouse or located in medium or high-density estate.
Independent income	<p>An income paid directly to the person for their use, and which is not subject to a parental income or parental assets test.</p> <p>Where an applicant subject to the Centrelink two year waiting period is receiving income from wages, self-employment or child related payments, they are not considered to be in receipt of an independent income for social housing eligibility purposes.</p>
Market Rent	The market rent of a property is what a similar property could rent for in the private market in the same or similar location
Outstanding charges	Costs that have been charged against a tenancy that have not yet been paid but are past their due date.
Primary applicant	The person who applies for transitional housing and whose name is provided under the Declaration at the end of the form. The other parties on the application are called household members.
Property	A dwelling such as a house, unit or apartment
Public housing	Long-term rental housing managed by Department of Families, Fairness and Housing (DFFH) . It is for people on low incomes that are most in need, especially those who have recently experienced homelessness or have other

Term	Definition
	special needs.
Registered Housing Agency	<p>Not-for-profit organisations that own, manage and develop affordable rental housing for people with low and moderate incomes or special needs.</p> <p>These community housing organisations are registered housing agencies as either housing associations or housing providers. They are regulated by the Registrar of Housing Agencies to ensure they provide a quality service, keep housing in good condition and are accountable for the public funding they receive.</p>
Rent Reviews	Market Rent reviews are held annually. A rebated rent can be adjusted at any time, usually 6 monthly or as incomes change.
Residential Tenancy Agreement	A Residential Rental Agreement under the Residential Tenancies Act 1997 which the rental provider and the renter(s) sign, setting out the rights and responsibilities of the rental provider and those of the renter.
Sign up	Process where applicant(s) sign a Residential Tenancy Agreement upon entering a tenancy. Following the sign-up, the applicant/s is referred to as the renter.
Support provider	A support provider is a service that delivers support services for people. Services provided range from housing and homelessness services, aged care services, mental health services, drug and alcohol abuse services, health services, maternal and child health services and other services.
Transitional Housing (THM)	The broad purpose of the THM program is to assist people in housing crisis to make the transition to longer term, secure and sustainable housing. This program provides short to medium term accommodation together with information and referral services and individual support where required.

## 10. Reviewing

Every two years following formal approval or earlier when required by changes in policy, regulation or law.

## 11. Related Policies and Documents

- WHL Privacy Policy
- WHL Conflict of Interest



- WHL Renter Sign Up Package
- WHL Complaints Policy
- WHL Hardship policy
- Renter Rights & Participation Policy
- Rent Review Procedure
- Rent related resources on GEMBA
- DFFH Services Guidelines and Conditions of Funding
- DFFH Rent setting and rebate operational guidelines
- Victorian Housing Register – Eligibility Criteria Operational Guidelines
- Performance Standards for Registered Housing Organisations

## **12. Relevant Legislation**

- The Charter of Human Rights and Responsibilities Act 2006 (Vic)
- Residential Tenancies Act 1997 (Vic)
- Housing Act 1983 (Vic)
- Information Privacy Act 2000 (Vic)
- Privacy Act 1988 (Cth)