

# Rent Setting and Review Policy

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## Document Information

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23/04/2019	2	This policy has been developed as an external facing document.
28/05/2021	3	Updated to reflect RTA changes

## Contents

<b>Document Information</b> .....	<b>1</b>
<b>1. Purpose</b> .....	<b>3</b>
<b>2. Statement of Commitment</b> .....	<b>3</b>
<b>3. Scope</b> .....	<b>3</b>
<b>4. Policy</b> .....	<b>3</b>
4.1 Rent Calculation & Affordability .....	3
4.2 Commonwealth Rent Assistance .....	4
4.3 Bonds .....	4
4.4 Additional Property Costs for Some Properties .....	5
4.5 Reviews of rent calculation .....	5
4.6 Response to changes in household circumstances including hardship .....	5
4.7 Rent Reviews .....	5
4.8 Fixed Rental Tenure .....	6
4.9 Market Rent .....	6
4.10 Rental Increases .....	6
4.11 Notification of Rent Increases .....	7
<b>5. Procedures</b> .....	<b>7</b>
<b>6. Definitions</b> .....	<b>7</b>
<b>7. Reviewing</b> .....	<b>9</b>
<b>8. Related Policies and Documents</b> .....	<b>9</b>
<b>9. Relevant Legislation</b> .....	<b>10</b>

## 1. Purpose

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

With increasing growth and diversity in the portfolio, rent setting can become more complex as different programs and service agreements may require variable approaches.

## 2. Statement of Commitment

WHL is committed to:

- Setting rents that balance affordability for renters and financial viability for WHL
- Fairness and transparency in rent setting and rent reviews
- Provision of clear and accessible information to renters about rent setting and rent reviews
- Assisting and supporting renters experiencing financial or other hardship

All WHL staff will consider 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)*

WHL will ensure the rights of renters and their household members are protected within all decision making. This means that any decision made or actions taken that do limit human rights must be lawful, necessary, logical, reasonable and proportionate.

Action taken will choose the least restrictive measure reasonably available.

In assessing a renter's weekly payment amount, WHL will ensure accuracy in assessments and decision making. This will ensure that any subsequent actions that engage human rights (such as issuing a notice to vacate) are based on sound information.

## 3. Scope

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

## 4. Policy

Ideally rent setting balances affordability for renters and financial viability for WHL. The rent paid by renters enables the agency to meet the costs of owning, maintaining and managing its rental housing portfolio.

As a rule, renters pay rent calculated as a percentage of their gross household income, or 75 % of the market rent of the property, whichever is less.

### 4.1 Rent Calculation & Affordability

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

WHL will determine the approach to rent that applies to the property or tenancy prior to an offer of a tenancy being made.

In determining the approach that applies to a property or tenancy, WHL will comply with legal and contractual obligations that may apply to a particular property.

WHL will not offer a tenancy to an applicant for housing unless it is satisfied that rent is affordable and sustainable for that household.

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	Public housing rent: Rent is 25% of assessable income and 15% of family tax benefits capped at the discounted market rent. Income definitions and discounted market rents are determined by DFFH or Director of Housing (DoH)
Director of Housing (DoH) 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	Rent is similar to public housing but also includes a renter's entitlement to Commonwealth Rental Assistance (CRA). Rent is capped at 75 % of market rent as set by DoH
WHL owned Community Housing	Long-term Housing owned by WHL and either purchased with financial assistance from DoH or transferred to WHL	DFFH Guidelines require that for low-income households, that the net rent (i.e. total rent less the CRA) is no more than 30% of household income. The definition of a low-income household varies over time and is determined by DFFH

#### 4.2 Commonwealth Rent Assistance

Commonwealth Rent Assistance is a rent subsidy from Centrelink that is available to some renters. Based on information provided by an applicant, WHL will determine whether the applicant is eligible and the amount of CRA payable. This will be added to the rental payable by the renter. WHL will advise renters about how to access their CRA entitlements.

#### 4.3 Bonds

WHL does not require a bond for its transitional properties or rooming house properties. However, a bond is required for all Community Housing properties. WHL must be in receipt of the bond prior to renters signing lease. A prospective renter will be allowed 5 days to source 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). At point of offer:

- WHL will request two weeks rent in advance and a bond.
- The bond will not be more than one month's rent.

At sign up:

- The renter will be required to sign RTBA lodgement form
- The bond cheque will be made out to RTBA
- The renter will be provided with a copy of the RTBA form
- WHL will lodge cheque and form within 48 hours
- CHINTARO (Bond Transactions) will be updated, and a note added

The bond may cover the cost of:

- Damaged or repair items.
- Accidentally disappearing items or deliberate removal of property.
- Outstanding debts attached to the property.
- Failure by the renter to carry out obligations as set out in the tenancy agreement
- Non-payment of rent.

#### **4.4 Additional Property Costs for Some Properties**

Some WHL properties provide facilities and utilities to residents or tenants that would normally be paid for by residents or tenants in addition to rent. Examples of these additional services include:

- electricity
- gas
- water
- central heating
- laundry
- other services or facilities made available to the resident or tenant

WHL will charge 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. The total of rent and service charges will not be greater than the rent 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.

If the rental provider imposes or varies a service charge, they must give the renter written notice of the imposition or variation in the amount of the charge, including particulars of the cost of providing the services or facilities.

WHL will have processes in place to track how their service charges are calculated and apportioned to their renters, and for notifying renters of any imposition or change to a service charge. Service charges will be reviewed at least annually, based on fluctuations in the cost of services. WHL will be proactive in communicating with their renters about service charges.

#### **4.5 Reviews of rent calculation**

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.

#### **4.6 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.

#### **4.7 Rent Reviews**

Rent reviews are only applicable to renters residing in Rooming Houses and Community Housing.

At the commencement of a lease, the renter will be informed that WHL will conduct annual rental reviews and that the renter will be required to provide up-to date evidence of income for the purpose of these reviews.

The purpose of rent reviews is to ensure that renters are being charged the correct rental, in accordance with their current income. Renters are also informed that they may be eligible for a rent reduction in the event of a decrease in their income.

If a renter subsequently provides information about reduced household income after a rent review, changes will only take effect on and from the date the renter contacted WHL and provided reasonable details of the household income. WHL may agree to back-date changes in rent in circumstances WHL on the basis of hardship. See WHL Hardship Policy.

If a renter has signed a consent form to disclose information to another support agency, then copies of correspondence relating to rent reviews should be forwarded to the appropriate support worker within that agency at each stage.

Renters will be sent a letter outlining the process. A new income statement or evidence of income is required. If this is not provided within two weeks, a reminder will be sent out requesting a current income statement and advising that unless this is received WHL will commence to charge market rent. This letter is sent out by registered post.

(If a renter does not provide the required statements, their rent will increase to market rent. This will be reversed when WHL is provided with current proof of income.)

Clients who participate in the Income Confirmation Service will not need to provide evidence of their Centrelink Income, as this information is directly received from Centrelink.

When the income statement is received, the Tenancy Officer will ensure that it is accurate and correct, and the rent will be re-calculated in accord with the formula applicable to the property. In any event rental shall not exceed 75% of the market rental value of the property.

A formal notice with a covering letter outlining any change in rental requirements will be sent to the renter. The change will be effective in 60 days from when the notice is sent.

This notice will also advise that, under the *Residential Tenancies Act 1997*, the renter is entitled to apply to the Director, Consumer Affairs Victoria for an investigation and report on a proposed rent increase within 30 days of the notice of the increase.

WHL will respond openly and informatively to any renter concerns about a proposed increase. Details of how the new rental was calculated will be provided, reviewed and discussed. If necessary, the WHL Complaints process will be employed to handle the matter.

#### **4.8 Fixed Rental Tenure**

Some of WHL's community housing properties have a fixed rental model. These properties may not be assessed annually however renters can apply for assistance under the WHL Hardship Policy should the rental become unaffordable.

#### **4.9 Market Rent**

Market rent is used to determine the maximum rent you can pay and is based on the rent charges for a similar property in the private rental market. Market rents for THM and General Lease properties are reviewed regularly by the DFFH. WHL conducts its own reviews of Community Housing.

When a market rent changes, this figure will be applied to the property 60 days after notifying the renter of the change.

#### **4.10 Rental Increases**

A rental increase can result from two causes:

- An increase in the market rent of the dwelling, in which case the 75 % discounted rent figure also increases; and/or

- An increase in the household’s income, in which case the proportional amount applicable to rent will also increase.

Under s44(4A) of the RTA, WHL as a rental provider must not increase the rent payable under a rental agreement at intervals of less than 12 months, if the increase is due to an increase in the market rent value of the property

However, this is not the case if the amount payable by renters is due to an adjustment to the discounted rental because of a change in household income.

#### 4.11 Notification of Rent Increases

Under s44(3) of the RTA, a notice of proposed rent increase must now include:

- the amount of the rent increase,
- the method by which the rent increase was calculated, and
- a statement informing the renter of their right to apply, within 30 days, to the Director of Consumer Affairs Victoria to investigate and report on the proposed rent.

A prescribed form for notifying renters of rent increases is provided in the regulations (Form 5) and the process and calculations used to reach the new rent amount must be included in part B of that form when increasing the rent.

This form is only required when increasing market rent and is not needed when adjusting rebates.

## 5. Procedures

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

- how to set and review the affordable rent;
- communication with applicants and tenants about how [CHO] has determined their rent;
- identification of the rental approach that applies to a particular vacancy, property or tenancy; and
- how tenants may ask for a determination of rent to be reviewed.

## 6. Definitions

Term	Definition
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



Term	Definition
	Department of Families, Fairness and Housing (DFFH)
Discounted Market Rent	The discounted market rent (DMR) is 75% of the 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.
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.
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 the property could rent for in the private market.
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 special needs.

Term	Definition
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	Rent reviews are held annually and are an opportunity to review rental paid by renters. This reviews income that members of the household receive.
Residential Rental 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 Rental 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.

## 7. Reviewing

Every two years following formal approval or earlier when required by changes in the policy or legislative environment

## 8. Related Policies and Documents

- WHL Privacy Policy
- WHL Conflict of Interest
- WHL Renter Sign Up Package

- WHL Complaints Policy
- Renter Rights & Participation Policy
- 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

## **9. Relevant Legislation**

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