

Rent Setting Policy

Policy Description:

This policy establishes the approach of SouthEast Housing Cooperative to setting rent in its long-term rental housing programs.

Some housing agencies express the rent payable as the affordable rent. Others describe it as a subsidised rent, that is, a subsidy from a maximum or market rent. Both are valid ways of articulating rental affordability. This policy therefore refers to both “rent” and “rent subsidy”.

Applies to:

All long-term rental properties owned or managed by SouthEast Housing Cooperative under all relevant programs.

Definitions:

Applicant	An applicant for housing to SouthEast Housing Cooperative
ATO Benchmark Rent	The amount set by the Australian Taxation Office under the GST and non-commercial rules - benchmark market values for Long-term accommodation
Gross Household Income	The total household income assessed in accordance with the DFFH Assessable Income guidelines
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Maximum Rent	The maximum rental amount payable for a property determined for a property in accordance with this policy
Property Rent	The open market rent for a property determined by SouthEast Housing Cooperative in accordance with this policy
Transitional Housing	The Victorian Government program to provide housing on a short-term basis to people at risk of homelessness seeking long term housing options
VHR	The Victorian Housing Register, the Statewide common application for people seeking public housing and community housing.

Relevant policy statements and/or principles:

Approach to rental affordability – guiding principles.

SouthEast Housing Cooperative sets rent to fulfill its social mission and to ensure that its housing relieves households from rental stress.

Accordingly, SouthEast Housing Cooperative will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants as to how SouthEast Housing Cooperative sets and reviews rent;
- respond appropriately to changes in household circumstances to prevent undue hardship; and
- comply with its contractual, legal, and regulatory obligations relating to affordability of rent.

Approaches to affordable rent

SouthEast Housing Cooperative sets rent as follows:

The lower of:

- Household income-based Rent;
- Maximum Rent

Household-income based rent

This is determined as:

- 25% of Gross Household Income, plus
- 15% Family Payments plus
- 15% Child Support Payments plus
- Maximum CRA

Gross Household Income is determined in accordance with the [DFFH Assessable Income guidelines](#).

Maximum Rent

This is determined as the lesser of:

- 100% of the market rent set by DFFH; or
- 75% of the ATO Benchmark Rent, but no more than the Property Rent.

Provision of information about household income

Where there is a household-income base, tenants and applicants are obliged to provide to SouthEast Housing Cooperative reasonable evidence that establishes their total household income when requested by SouthEast Housing Cooperative:

- before being offered a tenancy with SouthEast Housing Cooperative; and
- when SouthEast Housing Cooperative carries out a rent review or determines rents.

SouthEast Housing Cooperative may increase a tenant's rent to Maximum Rent (or if relevant, refuse to provide a rental subsidy) if the tenant does not provide the information within the timeframe required.

If a tenant subsequently provides information about household information after a rent review, changes take effect from the date of the change where the tenant has provided reasonable details of the household income. SouthEast Housing Cooperative may agree to back-date changes in rent in circumstances where SouthEast Housing Cooperative determines that the hardship provision of this policy applies.

Rent reviews

SouthEast Housing Co-operative will conduct a review of the tenant's household income and rent at least once per year to ensure the tenant is paying the correct amount of rent according to their income.

A review will also be conducted at any time during the year upon the tenant's request, when someone moves into or out of the property or at the discretion of the Tenancy Officer.

Tenants are required to advise SouthEast Housing Co-operative within 14 days of changes to their household income.

Notice of changes to rent

If a tenant paying an income-based rent advises that their household income has decreased and provides documentary evidence at the time of the decrease, the weekly rent will be reassessed from the Sunday prior to the change in circumstances. If the documentary evidence is not provided at the time of the decrease in income, the weekly rent will be reassessed from the Sunday prior to the date the evidence is provided.

If a tenant paying an income-based rent has an increase to their household income, the rent can be reassessed from the Sunday following the change in circumstances. However, in practice the tenant will be given at least 2 weeks notice to allow for changes to Centrepay deductions and direct debits to take effect.

If a tenant is paying Market Rent, at least 60 days notice will be provided when there is an increase to the Market Rent in accordance with the Residential Tenancies Act 1997.

Determining the approaches to affordable rent

SouthEast Housing Cooperative 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, SouthEast Housing Cooperative will comply with legal and contractual obligations that may apply to a property.

SouthEast Housing Cooperative will not offer a tenancy to an applicant for housing unless it is satisfied that the approach to the affordability of rent is appropriate and sustainable for that household.

Reviews of calculation of rent

SouthEast Housing Cooperative will provide tenants with a clear and transparent explanation as to how their rent has been calculated.

All tenants have the right to ask SouthEast Housing Cooperative to review the way that SouthEast Housing Cooperative has determined their rent and to provide a further explanation.

Determining the Market Rent that applies properties

To determine the Market Rent that applies to managed properties, SouthEast Housing Cooperative will apply the Market Rents provided annually by DTTF, which are based on valuations by the Valuer General Victoria, and ensure they are less than 75% of the ATO Benchmark Rent.

To determine the Market Rent that applies to owned properties, SouthEast Housing Cooperative may carry out independent open market rent valuations every three years. SouthEast Housing Cooperative may also from time to time adjust Market Rents based on a review of publicly available data on market rents for comparable properties.

Response to changes in household circumstances

If a tenant contacts SouthEast Housing Cooperative and is facing hardship with paying rent, SouthEast Housing Cooperative may determine:

- to re-assess the tenant's rent based on this policy;
- to determine that a different approach to rent should apply to that tenancy; or
- to back-date an adjustment to the rent payable by the tenant in accordance with this policy.

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

SouthEast Housing Cooperative determines hardship by looking at the overall circumstances of the household, including:

- any unforeseen change to household composition beyond the control of the tenant;
- any material changes in the health (physical or mental) of the tenant or members of their household;
- any disability of the tenant or members of their household;
- the impact of family violence on the tenant or members of the household; and
- cultural considerations, including Aboriginal cultural considerations.

Communication

SouthEast Housing Cooperative will provide clear information to tenants on how their rent has been determined and inform tenants of their right to have their rental calculation reviewed.

How the policy can be changed

SouthEast Housing Cooperative may from time to time implement changes to this policy. The revised policy will apply to all tenancies on and from the date of the change.

SouthEast Housing Cooperative will implement strategies to mitigate the effect of any changes of this policy on tenants and households.

Procedures

Procedures established by SouthEast Housing Cooperative will include processes to ensure compliance with this policy, including:

- to set and review the affordable rent;
- to communicate with applicants and tenants about how SouthEast Housing Cooperative has determined their rent;
- to identify the rental approach that applies to a vacancy, property, or tenancy; and
- how tenants may ask for a determination of rent to be reviewed.

Related Legislation, SEHC Documents and Other Documents:

Legislation / Standards:	<ul style="list-style-type: none">• Housing Act 1983 (Vic)• Performance Standards for Registered Housing Agencies• DFFH Victorian Housing Register Operational Guidelines• Residential Tenancies Act 1997 and Amendments Act 2018
Organisational Documents:	<ul style="list-style-type: none">• Transfers ex Governance Manual
VHR Documents/ Guidelines:	<ul style="list-style-type: none">• VHR and DFFH eligibility guidelines

Policy Management:

Policy owner (role title):	Board
Role responsible for implementing:	Board and CEO
Review arrangements:	Every 24 months via internal review
Next Review Date:	June 2024

Document History:

Date:	Controlled Version Number:	Author:	Approved by:	Comment:
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24 June 2022	1.0	S. Morrissey (CEO)	Board	Board approved version migrated for display on SEHC website
28 Sept 2022	1.1	Sue Fettes	Board	Updated to include rent reviews and notice periods for rent changes