Rent Setting Policy

Policy Description

This policy establishes the approach of SouthEast Housing Co-operative 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”.

Scope

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

Definitions

Applicant	An applicant for housing to SouthEast Housing Co-operative
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
DFFH	Department of Families, Fairness and Housing
Gross Household Income	The total household income assessed in accordance with the DFFH Assessable Income guidelines
Market Rent	The maximum rental amount payable for a property determined in accordance with this policy
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
RTA	Residential Tenancies Act 1997
SEHC	SouthEast Housing Co-operative

Relevant policy statements and/or principles

Approach to rental affordability – guiding principles

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

Accordingly, SouthEast Housing Co-operative will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and renters as to how SouthEast Housing Co-operative 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 Co-operative sets rent as follows:

The lower of:

- Household income-based Rent;
- Market Rent

Household-income - based rent

This is determined as:

- 25% of Gross Household Income, plus
- 15% of Family Payments plus
- 15% of Child Support Payments plus
- 100% of Maximum CRA

Gross Household Income is determined in accordance with the DFFH Assessable Income guidelines.

Market Rent

- 'Market Rent' is what the property could rent for in the private market.
- Market Rent values are determined through the ATO detailed benchmark market value rates for long-term accommodation that are published each financial year.
- To ensure that SEHC maintains its charitable status and its GST concession status under the ATO, Market Rents must be less than 75% of the ATO benchmark values.

Market-Based Rent

- 'Market-Based Rent' is the maximum/default rent that will be charged for a home.
- The initial Market-Based Rent of the property is shown in the residential rental agreement.
- Market-Based Rent is reviewed once every 12 months.
- If the Market-Based Rent for the property changes because of a review, SEHC will advise the renter by sending a notice of rent increase.
- The Market-Based Rent can change without impacting the Income-Based Rent payable. If any change does impact the rent payable, SEHC will outline it clearly in communications with the renter.

Provision of information about household income

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

- before being offered a tenancy with SouthEast Housing Co-operative; and

- when SouthEast Housing Co-operative carries out a rent review or determines rents.

SouthEast Housing Co-operative may increase a renter's rent to Market Rent (or if relevant, refuse to provide a rental subsidy) if the renter does not provide the information within the timeframe required.

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

Rent reviews

SouthEast Housing Co-operative will conduct a review of the renter's household income and rent at least once per year to ensure the renter 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 renter's request, when someone moves into or out of the property or at the discretion of the Tenancy Officer.

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

Notice of changes to rent

If a renter 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 renter 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 renter will be given at least 2 weeks notice to allow for changes to Centrepay deductions and direct debits to take effect.

If a renter is paying Market Rent, at least 90 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 Co-operative 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 Co-operative will comply with legal and contractual obligations that may apply to a property.

SouthEast Housing Co-operative 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 Co-operative will provide renters with a clear and transparent explanation as to how their rent has been calculated.

All renters have the right to ask SouthEast Housing Co-operative to review the way that SouthEast Housing Co-operative has determined their rent and to provide a further explanation.

Response to changes in household circumstances

If a renter contacts SouthEast Housing Co-operative and is facing hardship with paying rent, SouthEast Housing Co-operative may determine:

- to re-assess the renter'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 renter in accordance with this policy.

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

SouthEast Housing Co-operative determines hardship by looking at the overall circumstances of the household, including:

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

Communication

SouthEast Housing Co-operative will provide clear information to renters on how their rent has been determined and inform renters of their right to have their rental calculation reviewed.

How the policy can be changed

SouthEast Housing Co-operative 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 Co-operative will implement strategies to mitigate the effect of any changes of this policy on renters and households.

Procedures

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

- to set and review the affordable rent;

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

Related Legislation, SEHC Documents and Other Documents

Legislation / Standards:	• Housing Act 1983 (Vic) • Performance Standards for Registered Housing Agencies • Residential Tenancies Act 1997 and Amendments Act 2018

Policy Management

Policy owner (role title):	Board
Role responsible for implementing:	Board and CEO
Review arrangements:	Every 3 years via internal review
Next Review Date:	October 2029

Document History

Date	Approved by	Comment
24 June 2022	Board	Board approved version migrated for display on SEHC website
28 Sept 2022	Board	Updated to include rent reviews and notice periods for rent changes
25 June 2024	Board	Board review
31 October 2026	Board	Updated to reflect change in Market Rent determination