



# RENT SETTING POLICY

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## Purpose

This policy establishes the approach of SouthEast 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

This policy applies to all long-term rental properties owned or managed by SouthEast under all relevant programs.

## Policy statement

### **Approach to rental affordability – guiding principles.**

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

Accordingly, SouthEast will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants as to how SouthEast 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 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
- Maximum CRA

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

### Maximum Rent

This is determined as the greater of:

- 75% of the Property Rent; and
  - 75% of the ATO Benchmark Rent,
- but no more than the Property Rent.

### Discount to market-based rent

This is determined as: 75% of 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 reasonable evidence that establishes their total household income when requested by SouthEast:

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

SouthEast 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 may agree to back-date changes in rent in circumstances where SouthEast determines that the hardship provision of this policy applies.

## **Determining the approaches to affordable rent**

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

SouthEast 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 / rent**

SouthEast 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 to review the way that SouthEast has determined their rent and to provide a further explanation.

## **Determining the Property Rent that applies to a property**

To determine the Property Rent that applies to a property, SouthEast may generally carry out an independent open market rent valuation of all properties every three years.

SouthEast may also from time to time adjust Property 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 and is facing hardship with paying rent, SouthEast 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 and provided reasonable details of the change in the household circumstances. SouthEast may agree to back-date changes in rent payable in circumstances where SouthEast determines that the tenant ought to be granted relief from hardship.

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

## Procedures

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

- to set and review the affordable rent;
- on communication with applicants and tenants about how SouthEast 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.

## Definitions

In this policy:

<b>Applicant</b>	Means an applicant for housing to SouthEast
<b>ATO Benchmark Rent</b>	Means the amount set by the Australian Taxation Office under the <u>GST and non-commercial rules - benchmark market values for Long-term accommodation</u>
<b>Gross Household Income</b>	Means the total household income assessed in accordance with the <a href="#">DHHS Assessable Income guidelines</a>
<b>Maximum CRA</b>	The maximum amount of Commonwealth Rental Assistance to which the household is entitled

<b>Maximum Rent</b>	Means the maximum rental amount payable for a property determined for a property in accordance with this policy
<b>Property Rent</b>	Means the open market rent for a property determined by SouthEast in accordance with this policy
<b>Transitional Housing</b>	means the Victorian Government program to provide housing on a short-term basis to people at risk of homelessness seeking long term housing options
<b>VHR</b>	The Victorian Housing Register, the Statewide common application for people seeking public housing and community housing

## Related policies

VHR and DHHS eligibility documents

VHR [eligibility guidelines](#)

Transfers ex Governance Manual

CHFV Definitions

## Legislation and standards

This policy implements SouthEast's obligations under:

- Housing Act 1983 (Vic)
- Performance Standards for Registered Housing Agencies
- DHHS Victorian Housing Register Operational Guidelines

[Refer to the DHHS policy and Operational Guidelines](#)

## Transparency and accessibility

This policy will be available on the SouthEast website [www.sehc.org.au](http://www.sehc.org.au)