

Rent Setting Policy

Purpose

Salvation Army Housing Victoria (SAHV) is a not-for-profit registered housing provider that provides housing to people from low to moderate income who are disadvantaged by the private rental market and / or unable to secure long term housing.

This policy establishes rent setting approaches that are applied by SAHV.

Scope

This policy applies to all housing programs properties owned or managed by SAHV.

This policy does not apply to properties managed by SAHV on behalf of other property owners where the owner retains responsibility for determining rent.

All staff are required to adhere to this policy.

Policy Statement

Guiding Principles

1. SAHV sets rent to fulfill its social mission and to ensure that its housing relieves households from rental stress.
1. SAHV will:
 - set rent in accordance with established affordability benchmarks;
 - communicate clearly, in a variety of formats, to applicants and tenants as to how SAHV sets rent, assesses affordability and reviews rent;
 - respond appropriately to changes in household circumstances to prevent undue hardship; and
 - comply with its contractual, legal, regulatory and policy obligations relating to affordability of rent.

The Importance of Information and Communication

1. The setting of rents and other charges can be complicated. At each stage in the process it is important that tenants are supported and given the information that they need to understand what is happening, and why it is happening.
2. SAHV 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:
 - at the start of the tenancy;
 - at regular intervals during the tenancy; and / or
 - on request.

Approaches to Affordable Rent

1. Most SAHV's programs set rent to the lower of:
 - market rent
 - Household income-based rent
 - DHHS property rent (if applicable)
 - 75% of ATO benchmark rent
2. SAHV will determine the approach to the affordable rent that applies to the property or

tenancy prior to an offer of a tenancy being made.

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

Market Rent

1. Market rent, the amount that tenants would pay for the property in the private marketplace, is central to the rent setting process. Market rent sets the maximum rent that tenants can be charged and provides the base for the calculation of affordable rents.
2. Market rent can be estimated by:
3. Comparison to rents charged by local real estate agents for a property of similar type, age, size, and location;
 - Formal valuation; or
 - Use of DFFH property rent, that has been valued by DFFH.
4. Market rent can be applied as a rent charge for the tenancy, where the Household income-based rent is higher than the market rent.
5. Some programs apply a percentage of the market rent as a rent charge. For the Transitional Housing program, 100% of the market rent is applied. For the DFFH owed properties and SAHV's long-term housing programs, 74.99% of market rent is applied.

Household Income-based Rent

1. Household Income Assessment
2. The rent payable is based on the gross household assessable income:

25 or 30% of Gross Household Income
+ 15% Family Payments
+ Maximum CRA payable based on income-based rent
= Total income-based rent payable

3. The assessment is dependent on the property program:
 - For more information on Assessable Income, please refer to the DFFH Income Assessment Guidelines.
 - 25% of the gross household income is applied in Transitional Housing and for DFFH owned properties.
 - 25 to 30% of the gross income is applied in the long-term housing program.
 - Maximum CRA only applies to DFFH owned properties and SAHV's long-term housing properties.

Household Income Information Provision

1. Tenants and applicants are obliged to provide to reasonable evidence that establishes their total household income to SAHV:
 - before being offered a tenancy; and
 - when SAHV carries out the annual rent reviews.
2. SAHV may refuse to provide a rental subsidy if the tenant does not provide the information within the timeframe required.

Changes in Household Circumstances

1. If a tenant's household income or family circumstances change at any time, the tenant must advise SAHV and provide evidence of this change.
 2. If a tenant's household income increases or decreases, the household income will be re-assessed, and the rent subsidy will be recalculated and made effective from the date the tenant advised SAHV of the change to income occurred based on the documents provided.
 3. If a tenant advised SAHV of a change in household circumstance, SAHV may:
 - re-assess the tenant's rent charges on this policy;
 - determine that a different approach to rent charge should apply to that tenancy; or
 - back-date an adjustment to the rent payable by the tenant to which the tenant is entitled in accordance with this policy.
1. If a tenant subsequently provides information about reduced household income after a rent review, changes will only take effect on and from the date the tenant contacted SAHV and provided reasonable details of the household income. SAHV may agree to back-date changes in rental subsidies in circumstances where SAHV determines that the hardship provision of this policy applies. Please refer to the Rent Arrears and Hardship Policy.

Additional Property Costs for Some Properties

1. Some SAHV properties provide facilities and utilities to tenants that would normally be paid for by tenants in addition to rent.
2. Examples of these additional services include:
 - electricity
 - gas
 - water
 - central heating
 - laundry
 - other services or facilities made available to the resident or tenant
3. A charge in addition to rent is applicable where a property is either co-tenanted or is not separately metered. It may be referred to as a 'service charge' in the Agreement.

Additional Property Costs for Some Properties

1. SAHV will provide tenants with a clear and transparent explanation as to how their rent has been calculated.
2. All tenants have the right to ask SAHV to review the way that SAHV has determined their rent and to provide a further explanation. For more information, please refer to the Complaints and Appeals Policy.

Definitions

DFFH	The Department of Families, Fairness and Housing (DFFH)
DFFH Property rent	The property rent determined by DFFH and notified SAHV on a regular basis.
Gross household income	Means the total household income assessed in accordance with the Income Assessment Guidelines
Assessable Income	Income which is included in assessments undertaken by SAHV in order to determine a suitable amount of rent for a tenant and, where applicable, their household. Assessable income includes earned income and some government payments.
Market Rent	Market rent can be estimated by: Comparison to rents charged by local real estate agents for a property of similar type, age, size, and location Formal valuation Use of DFFH property rent – this has been valued by DFFH. One of the other two methods should also be used if there are doubts about accuracy.
Tenant	The Residential Tenancies Act (RTA) refers to the individual/s as 'tenant', 'resident', 'occupant' or 'renter' that is dependent on the type of legal agreement in place between the individual, SAHV and the type of premises. For the purpose of this policy all individuals are referred to as a tenant.
Commonwealth Rent Assistance (CRA)	An Australian Government subsidy paid to those in receipt of some form of Commonwealth benefit, to assist them to rent in the private marketplace. Community housing is classified as private housing for the purposes of CRA payments.
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Transitional Housing	The State Government program to provide housing on a short-term basis to people at risk of homelessness seeking long term housing options.
Social Housing	Short- and long-term rental housing for those on low incomes who need housing, especially those who have recently experienced homelessness, family violence or have other special needs.
Long Term Housing	Housing programs that are not time limited.
Crisis Housing	Short term supported accommodation (funded for an average stay of six weeks) for people in immediate crisis who require intensive support to stabilise their situation in order to determine further options
The Agreement	The Residential Tenancies Act (RTA) defines different types of agreements that is dependent on the type of premises and legal arrangement, such as residential agreement, rooming house agreement, lease agreement, or rental agreement. For the purpose of this policy, all agreements will be referred to as 'the Agreement'.

Related Documents

Procedure:	Rent: Arrears Management Procedure Rent: Collection Procedure Rent: Market Rent Valuation Procedure Rent: Refunds Procedure Rent: Reviews Procedure Rent: Setting Procedure Rent: Temporary Rent Suspension/Reduction (THM only) Procedure
Policy:	Complaints and Appeals Policy

Document Control

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