



RENT SETTING POLICY

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1. PURPOSE

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

2. SCOPE

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

3. PRINCIPLES

- To clearly convey our rent setting processes with minimum information required
- To provide a clear and simple process for rent setting
- To be transparent, fair and equitable in our processes and decision making procedures
- SPCHG recognizes the difficulty of rising rents and aims to provide affordable rent to all tenants to enable long term successful tenancies.
- SPCHG recognizes the important of publically available documentation in order for all stakeholders to engage with our policy

4. OBJECTIVES

- To ensure that SPCHG tenants are able to afford SPCHG housing over the length of tenancy
- To ensure that rent is not a barrier to housing
- To allow SPCHG to continue to allocate housing to those single people with the highest levels of need and least access to other housing options.
- To provide a simple and transparent process
- House single people who have experienced homelessness who have a link to the Port Melbourne and South Melbourne Area

5. RENT SETTING

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

Accordingly, SPCHG will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants as to how SPCHG 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.



RENT SETTING POLICY

5.1. APPROACHES TO RENT & UTILITY SETTING

SPCHG sets rent & utility charges as follows:

The lower of:

- Household income based rent;
- Family Benefits Household Income based rent
- Maximum Rent

Gross Household Income is determined in accordance with the DHHS Income Assessment Guidelines.

Housing-income based rent is determined as:

- 25% of Gross Household Income plus
- Maximum Commonwealth Rent Assistance plus
- Cost of additional services (See below)

Family Benefits Household Income based rent

- 30% of Gross Household Income plus
- 15% Family Payments plus
- Maximum CRA

Maximum rent is determined as:

- 75% of the Property Rent for tenants in General Lease Prosperities, determined by the DHHS
- 75% of the ATO Benchmark Rent for SPCHG owned properties

5.1.1. Provision of information about household income

Tenants and applicants are obliged to provide to SPCHG reasonable evidence that establishes their total household income when requested by SPCHG:

- before being offered a tenancy with SPCHG; and
- when SPCHG carries out a rent review / determines rental subsidies.

SPCHG may increase a tenant's rent to Maximum Rent if the tenant does not provide the information within the timeframe required.

If a tenant subsequently provides information about household information after a rent / rental subsidy review, changes will only take effect on and from the date the tenant contacted SPCHG and provided reasonable details of the household income. SPCHG may agree to back-date changes in rent in circumstances where SPCHG determines that the hardship provision of this policy applies.

5.1.2. Determining the approaches to affordable rent

SPCHG 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, SPCHG will comply with legal and contractual obligations that may apply to a particular property.



RENT SETTING POLICY

SPCHG 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.

5.1.3. Reviews of calculation of rent / rent

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

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

5.1.4. Response to changes in household circumstances

If a tenant contacts SPCHG and is facing hardship with paying rent, SPCHG 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 consider a payment plan that the tenant can manage

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

SPCHG 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 change 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.

5.1.5. COST OF ADDITIONAL SERVICES

Rent is inclusive of amount paid by a resident to occupy a room **including** of services and utilities.

This includes:

- Gas
- Water
- Electricity
- Laundry Facilities
- Furniture provided to tenants, including a fridge

This rent component applies to all tenancies managed that are not separately metered, and will be calculated by dividing the budgeted actual cost of providing services by the number of tenants

6. RENT REVIEW & INCREASES

Rents are reviewed by the Committee of Management in April/May every year in conjunction with the annual budget and the Business Plan. Any agreed increase to take effect in August of the same



RENT SETTING POLICY

year. Recommendations are prepared by the CEO and Finance Co-ordinator in conjunction with the Finance Sub-Committee.

Rent levels will not be adjusted unless by resolution of the Committee of Management.

Decisions about rent levels will be based on the following factors:

1. Limits on rents set by DHHS in property leases
2. Maintaining a scale of rents according to differing levels of amenity in different types of accommodation offered
3. Rent based on fair and consistent percentage of income while allowing for Factor 2.
4. Fairness and affordability of rents when compared with:
 - a. The rents of other community housing agencies managing similar accommodation
 - b. Henderson Poverty Line- after rent income
 - c. Median Rents per room for a 3-bedroom house in cheaper suburbs of Melbourne (compare with Sunshine, St Albans)
5. SPCHG annual Business Plan and plans for expansion of housing stock.

As required by the Residential Tenancies Act 1997, tenants will be given a minimum of 60 days written notice of a proposed rent increase and rents will not be increased more frequently than every 6 months. Notices regarding rent increases will, in accordance with the Act, include a statement informing the resident of his/her right to apply for an investigation and report on the proposed rent.

Rent increase notices will be accompanied by a letter from the CEO giving the date of the Committee of Management decision and outlining factors that have contributed to the need for the rent increase.

7. HOW THE POLICY CAN BE CHANGED

SPCHG 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.

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

8. PROCEDURES

Procedures established by SPCHG 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 SPCHG has determined their rent;
- to identify 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

9. RELEVANT POLICIES

- Tenancy Management Framework
 - Rent Payment Policy
 - Evictions Policy
 - Inspection Policy
 - Allocations Policy
 - Allocations Procedure
 - Tenant Transfer



RENT SETTING POLICY

- Service Charter
- Code of Conduct
- Complaints Policy
- Maintenance Policy
- Hoarding Policy