

Rent Policy

Document Owner - CEO

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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. This policy applies to both residential rental agreements (rental agreements) and rooming house agreements. Unless stated otherwise, references to “renters”, “tenancies” and “rental agreements” also applies to rooming house residents.

3. PRINCIPLES

- To clearly convey our rent setting processes with adequate information required to ensure our rent setting processes can be easily understood and explained.
- To provide a clear and simple process for rent setting as possible.
- To be transparent, fair and equitable in our processes and decision-making procedures.
- SPCHG recognises the difficulty of rising rents and aims to provide and sustain affordable rent to all renters to enable long term successful tenancies.
- SPCHG recognises the importance of publicly available documentation for all stakeholders to engage with our policy.

4. OBJECTIVES

- To ensure that SPCHG renters are able to afford SPCHG housing over the length of their tenancies
- 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

To continue to provide renters on the JobSeeker payment with a discount whilst the rate of JobSeeker remains close to the Henderson after rent poverty line.



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 renters 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.

5.1. Approaches to Rent Setting.

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.

5.2. Current SPCHG Rent Model.

SPCHG calculates rents using the following method:

Step 1. Determining Assessable Income.

SPCHG determines the Assessable Gross Household Income of each renter household in accordance with published Department of Families, Fairness and Housing Assessable Income Guidelines. Gross Assessable Income amounts are assessed per the applicable rates which change every six months in March and September.

Step 2. Determining a percentage of Assessable Income.

SPCHG determines the appropriate percentage to apply to various parts of the Assessable Income Level in accordance with Homes Victoria rent setting policy for community housing. For the majority of SPCHG renters this figure is up to 25% of the Gross Assessable Income. For renters on JobSeeker, a discount is applied, recognising the payment is not an adequate living amount. This excludes any eligible Commonwealth Rent Assistance (CRA).

Step 3. Determining the amount of Commonwealth Rent Assistance the renter is eligible to receive.

SPCHG then determines the appropriate amount of CRA the renter will be eligible for based on Services Australia determination. The amount of CRA each renter will receive varies with the following factors.

- Income type.
- Household type.
- Weekly Rent figure.

The majority of SPCHG renters will be eligible to receive the maximum amount of CRA but some renters on lower income types, such as Youth Allowance, will receive less than the maximum amount. SPCHG then includes 100% of the CRA as a third component of the rent.

Step 4. Determining the Additional Property Cost provided at a property.

The majority of SPCHG properties provide a range of additional services that are normally not provided in rental properties based on particular property attributes. These include the supply of:

- Electricity
- gas
- water
- laundry facilities and equipment

To determine the cost of providing shared utilities to each property, if applicable, SPCHG examines the actual costs based on bills for usage over the past 12 months, divided by the rooms within that property.

Step 5. Determining a Weekly Income Based Rent Figure.

SPCHG then determines a weekly rent figure for each renter using the following formula.

Weekly Rent = (% of Assessable Weekly Income) + (100% of CRA) + (Cost of providing additional facilities).

Step 6. Determining a benchmark for Maximum Rent.

The Maximum Rent is the lower of the following two figures:

1. A recent “market” rent valuation for the property (within 12 months) based on Homes Victoria advice.
2. 74.9 % of the ATO “market rent” figure.

Step 7. Determining a Final Weekly Rent.

The Final Weekly Rent is always the lower of:

1. The Income Based Weekly Rent
2. The Maximum Rent.

5.3. Provision of information about household income.

Renters 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 an annual rent review.

SPCHG may increase rent to Maximum Rent 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 will only take effect on and from the date the renter 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.

5.4. Reviews of calculation of rent.

SPCHG will provide renters with a clear and transparent explanation as to how their rent has been calculated. All renters have the right to ask SPCHG to review the way that SPCHG has determined their rent and to provide a further explanation.

5.5. Response to changes in household circumstances

SPCHG reserves the right to establish a minimum rent to ensure fairness and sustainability of our services. The minimum rent will be based on the typical rent of a household receiving the JobSeeker payment.

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

Generally, such changes will only take effect on and from the date the renter 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 renter 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 renter;
- any material change 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.

6. ANNUAL RENT REVIEW

Rents are reviewed by the Board in March/April every year in conjunction with the annual budget and the Business Plan. Any agreed increase to take effect 90 days after formal notice is provided.

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

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

- Limits on rents set by Homes Victoria in property leases
- Rent based on fair and consistent percentage of income.

Fairness and affordability of rents when compared with:

- The rents of other community housing agencies managing similar accommodation
- Henderson Poverty Line- after rent income
- Median Rents per room for a 3-bedroom house in cheaper suburbs of Melbourne (compare with Sunshine, St Albans).

As required under Section 44 of the Residential Tenancies Act 1997, renters will be given a minimum of 90 days written notice of a proposed rent increase and rents will not be increased more frequently than every 12 months. This applies to renters commencing a new tenancy agreement, however does not apply to renters who are approved for an internal transfer unless the transfer necessitates a new lease agreement. Notices regarding rent increases will, in accordance with the Act, include a statement informing the resident of their 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 Board decision and outlining factors that have contributed to the need for the rent increase.

6.1. 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 renters and households.

7. PROCEDURES

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

- to set and review rent for affordability;
- on communication with applicants and renters about how SPCHG has determined their rent;
- to identify the rental approach that applies to a particular vacancy, property or tenancy; and how renters may ask for a determination of rent to be reviewed.

8. RELEVANT POLICIES

- SPCHG Tenancy Management Framework
 - o Rent Payment Policy
 - o Evictions Policy
 - o Inspection Policy
 - o Allocations Policy
 - o Renter Transfer
 - o Service Charter
 - o Code of Conduct
 - o Complaints Policy
 - o Maintenance Policy
 - o Hoarding Policy
- Relevant legislation and regulatory guidance:
 - o Residential Tenancies Act 1997 (Vic)
 - o Housing Act 1983 (Vic)
 - o Homes Victoria Rent Setting Policy for Community Housing
 - o Department of Families, Fairness and Housing Assessable Income Guidelines
 - o Housing Registrar Performance Standards
 - o Services Australia Commonwealth Rent Assistance Guidelines

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