

***SUNSHINE/ST. ALBANS RENTAL
HOUSING CO-OPERATIVE LTD***

RENT SETTING POLICY (VHR)

Purpose

This policy establishes the approach of Sunshine/St. Albans Rental Housing Co-operative Ltd (SUNRHC) to setting rent in its long-term rental housing program.

Scope

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

Policy statement

Approach to rental affordability – guiding principles

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

Accordingly, SUNRHC will:

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

SUNRHC sets rent as follows:

The lower of:

- Household income based rent;
- Maximum rent (also known as market rent as determined by the Department of Health and Human Services DHHS on an annual basis).

Household-income based rent

This is determined as:

- 25% of GROSS Household Income (wages, pensions, benefits, bank interest and other income streams); plus
- 14% Family Payments and Child Support; plus
- Applicable CRA (Commonwealth Rent Assistance)

Gross Household Income is determined in accordance with the DHHS Assessable Income Guidelines

Maximum Rent

This is determined annually by DHHS (but cannot be more than 75% of the ATO Benchmark)

Provision of information about household income

Where there is a Household-income based rent and applicants are obliged to provide to SUNRHC evidence that establishes their total household income when requested by SUNRHC:

- before being offered a tenancy with SUNRHC; and
- when SUNRHC carries out a rent review

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

If a tenant subsequently provides information about household information after a rent review, changes will take effect on and from the date the tenant contacted SUNRHC and provided evidence of the household income.

Determining the approaches to affordable rent

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

Determining the property rent that applies to a property

To determine the Property Rent that applies to a property, SUNRHC will rely on the annual rent valuations provided by DHHS.

Reviews of calculation of rent

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

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

Response to changes in household circumstances

If a tenant contacts SUNRHC to notify of a major change to household income or household composition:

SUNRHC may determine:

- to re-assess the tenants rent based on this policy

Communication

SUNRHC will provide clear information to tenants on how rent has been determined and inform tenants of their right to have their rent calculation reviewed.

How the policy can be changed

SUNRHC 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.

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

Procedures

Procedures established by SUNRHC 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 SUNRHC 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.

Definitions

In this policy:

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| Applicant | means an applicant for housing to SUNRHC |
| ATO Benchmark Office Rent | 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> |
| Gross Household Income | means the total household income assessed in accordance with the [Income Assessment Guidelines] |
| Maximum CRA | the maximum amount of Commonwealth Rental Assistance which the household is entitled |
| Maximum Rent | means the maximum rent payable for a property determined for a property in accordance with this policy |
| Property Rent | means the open market rent for a property determined by SUNRHC in accordance with this policy |

Related policies

- Allocations Policy (VHR)

Legislation and standards

This policy implements the obligations of SUNRHC under:

- Housing Act 1983 (Vic)
- Guidelines for Registered Housing Agencies published by DHHS
- Performance Standards for Registered Housing Agencies