

Rent Setting Policy

REVISION NO. 1.0

ISSUED XX/XX/2023

Our vision is that **Aboriginal Victorians secure appropriate, affordable housing as a pathway to better lives and stronger communities**. We believe that achievement of our vision is through the provision of housing services which enhance the dignity of our clients and renters and which respects and celebrates their cultural beliefs, values and practices.

Our policies and procedures are designed so that our practice and service delivery is in accord with this cultural statement.

1 Policy Objectives

Aboriginal Housing Victoria (AHV) seeks to apply a fair, consistent approach to rent setting for AHV renters, considering individual circumstances as appropriate.

AHV's rent setting policy supports housing affordability for AHV renters through the application of reduced or subsidised rents.

AHV generally follows Homes Victoria rent setting policy.

2 Scope

This policy applies to all social housing properties owned or managed by AHV.

3 Rent Setting

AHV is required to set rents which are affordable for renters, while maintaining financial viability for the agency. Rent setting will also provide hardship provisions in place for those instances where renter's income reduces significantly.

3.1 Eligibility

AHV renters are eligible for subsidised rent where they meet the VHR eligibility criteria at www.housing.vic.gov.au/social-housing-eligibility#eligibility-criteria. Should a household exceed the eligibility limits for social housing they will be charged the maximum rent possible.

3.1.1 Assessable household income

AHV adopts the Department of Families, Fairness and Housing (DFFH) policy when defining assessable and non-assessable income. The assessable income of all household members is included.

Assessable incomes include general income support payments such as wages, Centrelink pensions and benefits, parenting payments, child support payments (maintenance), Department of Veterans' Affairs income support payments, investments, income from self-employment and Commonwealth Rent Assistance (CRA).

Non-assessable incomes are generally payments provided for a specific purpose other than housing support, such as a pharmaceutical allowance or large family supplement.

3.1.2 Supporting evidence of household income

Renters and household members are required to provide evidence of total assessable household income to support their application for subsidised rent. They can do this by:

- authorising AHV to access their relevant income and household composition from Centrelink (for household members in receipt of a Centrelink payment), or
- by providing the information directly to AHV for example, through a Centrelink income statement, 13 weeks or equivalent of payslips or other statements from their employer.

AHV will use the information held by Centrelink to support the calculation of rents including current or historical details of payments received, the number of dependents and percentage of care (access), Centrelink deductions, income, assets, confirmation of the current address and confirmation of marital status.

3.1.3 Application for subsidised rent

Renters may apply for a subsidised rent at any time. This includes AHV renters who are currently on market or maximum rents.

3.1.4 Obligation to notify a change of circumstance

Renters and household members must notify AHV of a change in circumstances that could affect their eligibility for or amount of rent subsidy. This includes but is not limited to:

- A change to Centrelink payments
- A change to assessable income

- Additional household members (and their assessable income)
- A household member leaves and is removed from the tenancy

3.2 Subsidised rent

Subsidised rents for eligible households are calculated at:

- 25 percent of household income; plus
- 15 percent of family-related payments (Centrelink family payments and child support maintenance); plus
- 100 percent of CRA

In calculating the subsidised rent for a household, AHV includes or imputes income entitlements even if these are not claimed. For example, if a household member does not claim a full/part Centrelink pension or benefit to which they are entitled, AHV will include this income entitlement when calculating the household rent.

The gap between the maximum rent and the actual rent charged is the rental subsidy. The actual rent charged is a subsidised rent.

AHV will support renters to be informed regarding their access to CRA at each stage and to complete the relevant forms.

3.3 Market and maximum rent

Market rent is identified by a review of available information on rents charged in the private rental market for properties of similar size, in the same location.

The maximum rent for all AHV properties is either the market rent or 75% of the published Australian Tax Office (ATO benchmark), whichever is lower. This enables AHV to comply with the requirements to maintain a charitable status.

Renters whose income exceeds the eligibility for rent subsidy will be charged the maximum rent (being the 75% of ATO benchmark or market rent figure as per above) from the next annual rent review.

3.4 Rent fixed for 12 months

Rents are fixed for a 12-month period however an exception is made where a rental household has a reduction in total assessable household income (see below).

An increase in household income during the fixed rent period will not result in a reassessment of the rent until the annual review.

Where a joint renter vacates and ends their tenancy agreement, a new rental assessment will be made based on the income of the remaining renter(s) and household members.

3.4.1 Reduction to subsidised rent in the fixed period

Where there has been a reduction in total assessable housing income in a subsidised rent household, the rent will be reassessed and set to reflect the new household income. The new rent will apply until the next annual rent review.

AHV will backdate the change to the rent to the date of the change in circumstances, provided that the renter submits all required documentation within 28 days of the change of circumstances. Any extension to this period needs approval from the Manager Community Housing or Director Aboriginal Housing Services in accordance with their delegation.

3.5 Annual rent review

AHV undertakes an annual rent review to ensure that rents are set at an appropriate level for each household. AHV provides Notice of Rent Increase to all renters of changes to the market rent and the subsequent change to the maximum rent. It is important to note that a change to the market rent may or may not result in a change to the maximum rent or subsidised for an individual household.

If renters/households fail to respond to the annual rent review letters by the due date, the maximum rent is charged. This includes:

- renters/households who have not provided online access for all household members over 18 years of age; and
- renters/households who have not submitted required documentation to confirm their eligibility for a subsidised rent.

All renters are given a minimum of 60 days' notice of increase of rent (market rent).

3.5.1 Rent review for subsidised rental households

Prior to the expiry date of the fixed rent period, AHV will request current household information to assess eligibility for a rent for a further 12-month fixed period.

Where renter and household members have previously authorised AHV to access their relevant income and household composition from Centrelink (for household members in receipt of a Centrelink payment), they do not need to provide an annual authorisation.

If a household does not respond to a request for updated household details, AHV is unable to assess the household's eligibility for a rental subsidy and the maximum rent is charged.

3.5.2 Rent review of market and maximum rental households

Market rent is identified by a review of available information on rents charged in the private rental market for properties of similar size, in the same location. AHV will provide the method

of Market Rent assessment to renters as part of their 60-day notice of rent increase.

Where the rent review results in a significant increase or decrease in rent, AHV may undertake an independent valuation before deciding on the new rent to be charged.

3.5.3 Renter right to investigate and appeal

Under s45 of the Residential Tenancies Act 1997 (RTA), renters may apply to the Director of Consumer Affairs (DCA) to seek an investigation, if they consider that the current or proposed market rent for a property is excessive.

If the investigation recommends that the rent is excessive, AHV may support the recommendation and review the rent accordingly. If AHV does not agree with the recommendation, the renter may make application to Victorian Civil and Administrative Tribunal (VCAT).

3.6 Exceptional circumstances and temporary absence.

3.6.1 Exceptional circumstances

In exceptional circumstances, AHV may negotiate a reduced rate of rent with a renter who is experiencing a short-term crisis situation that directly impacts on the renter's ability to meet normal rental payment commitments. The reduced rent applies for a maximum of twelve weeks and is subject to the approval of the CEO or delegate being the Director of Aboriginal Housing Services. For renters in rental arrears and on a VCAT order, the agreed payments must be maintained during the reduced rent period.

Where more than one renter is temporarily absent and there are no remaining household members, (for example a couple enter drug rehabilitation together), the minimum rent charge of \$15 per week may be applied for each absent renter.

3.6.2 Temporary Absence

In special circumstances that necessitate the temporary absence of a renter, AHV will not seek to terminate the tenancy and may approve the charging of a minimum rent of \$15 per week for up to 12 weeks. These special circumstances apply when the sole renter:

- is temporarily residing in a nursing home and is required to pay accommodation costs, or
- is required to undergo drug or alcohol rehabilitation treatment that necessitates living away from home for a period and is required to pay accommodation costs, or
- has entered respite care and is required to pay accommodation costs, or
- is serving a prison sentence, including renters on remand.

For further information on how to apply temporary absence, refer to the Absence from Property Policy.

4 Relevant Documents

4.1 Policies and procedures

Related policies, procedures

Arrears Policy

Absence from Property Policy

4.2 Legislation

Legislation, standards, guidelines

Charter of Human Rights and Responsibilities 2006

DFFH Victorian Housing Register Operational Guidelines

Family Violence Protection Act 2008

Housing Act 1983 (Victoria)

Performance Standards for Registered Housing Agencies 2015 (Housing Registrar)

Residential Tenancies Act 1997

Victorian Civil and Administrative Tribunal Act 1998 (Victoria)

Document control

Revision	Date
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Adoption Authorised	
Supersedes:	
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Document history

Revision	Approval date	Approved by	Changes	Review date
1	2008			
2	July 2013	AHV Board		July 2014
3			New policy format	June 2015
4	24 Sept 2015	AHV Board	Consolidation and re-formatting of Tenancy Services manual	2016
5	29 January 2016		Minor edits	2018
6	4 December 2018	AHV Board	Transition to VHR	2020
	2008			
5			Housing Policy Refresh	XX