**POH1804**

**RENT SETTING AND REBATE POLICY**

1. **INTRODUCTION**

This policy establishes the approach of Women’s Property Initiatives (WPI) to setting rent in its rental housing programs.

1. **POLICY SCOPE**

This policy applies to all long-term rental properties owned or managed by WPI, except for properties managed by WPI on behalf of other property owners where the owner retains responsibility for determining rent.

1. **PURPOSE**

This policy outlines WPI’s guiding principles to rent setting and rental rebates for its rental housing programs identified within the scope of this policy.

1. **POLICY STATEMENT**

## Approach to rental affordability – guiding principles

WPI will:

* Set rent in accordance with established affordability benchmarks;
* Communicate clearly, in a variety of formats, to applicants and renters as to how WPI sets rent, assesses affordability, and reviews rents;
* Respond appropriately to changes in household circumstances to prevent undue hardship; and
* Comply with its contractual, legal, regulatory and policy obligations relating to rent affordability.
  1. **Market rent**

CAV market rent is determined every two years by:

* Comparison to rents charged by local real estate agents for a property of similar type, age, size and location;
* Formal valuation by a qualified independent valuer; or
* Use of DFFH property rent as valued by DFFH. One of the other two methods should also be used if there are doubts about accuracy.

Any rents charged for any property must not be above the market rent.

If the market rent changes, WPI will give renters at least 60 days written notice as required by the Residential Tenancies Act 1997 (RTA). If the market rent increases this notice will also include:

* the amount of increase;
* the method adopted to calculate the rent increase; and
* a statement informing the renter of their right to apply, within 30 days of notice of the increase to the director of Consumer Affairs Victoria to investigate and report on the proposed market rent.

If the market rent decreases, WPI will also re-assess the rental rebate and advise the renter of any change to the weekly rent payment amount.

* 1. **Discounted market rent**

WPI will charge up to a maximum of 74.99% of market rent, to ensure we stay within our contractual and legal obligations to provide homes at affordable rents.

* 1. **Rebated Rent**

The rental rebate is the difference in the amount of rent paid by the renter and the market rent value of the property. This is the amount per week that WPI subsides rent and is based on the total household income.

The weekly rent payable is calculated using the below base calculation:

* 30% of assessable household income; and
* 15% family tax benefit and child support (if applicable); and
* 100% Commonwealth Rent Assistance (if applicable); and
* Service charges (if applicable).
  1. **Managed Properties**

Where WPI manages properties on behalf of other entities, rent is charged in line with the respective management agreements WPI has entered into with the relevant entity.

WPI caps the weekly rent payable at 74.99% of market rent, for an example of a rent calculation see Appendix A.

* 1. **Renter and Applicant Information**

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

* Before being offered a tenancy with WPI;
* When WPI carries out their annual rent review; and
* When a renter requests a rent review due to a change of income/ household composition.

A renter can ask WPI to review their rent at any time. Renters must provide proof of income for all members of the household 18 years of age and over.

* 1. **Weekly Rent Calculation**

The weekly rent payment calculation is based on total household assessable income received by the household, and the income that all household members are entitled to receive from Centrelink or other statutory authority, regardless as to whether they claim receipt of the income or not. This includes Commonwealth Rent Assistance (CRA), Family Tax Benefits and part primary pension and benefits. An exception applies where a renter can provide evidence that they are not entitled to such a payment.

If a Centrelink income has been reduced or cancelled by a Centrelink penalty, WPI will continue to base the calculation on 100% of the Centrelink entitlement.

The weekly rent payable is calculated using the below base calculation:

* 30% of assessable household income; and
* 15% family tax benefit and child support (if applicable); and
* 100% Commonwealth Rent Assistance (if applicable); and
* Service charges (if applicable).
  1. **Service charges**

Service charges may apply to a household where water, heating, or other utility services or facilities are made available as part of the rent amount payable. The service charges are included in the weekly rent payment. In accordance with the RTA, service charges must not exceed the cost of providing the service or facility to the household. WPI reviews service charges as part of the rent review and gives written notice to renters of any variation.

* 1. **Changes to Household Income**

Renters must inform WPI if their household income or family circumstances change by completing a  
Rent Review form and supply evidence of the change within 21 days of the change occurring. Changes to a household include:

* An increase or decrease in the income of any member of the household;
* A household member turning 18 years of age; and/or
* A person joining or leaving the household.

WPI will use the information provided to reassess the household’s weekly rent payment.

1. **RELEVANT DOCUMENTATION**

PPH1841 Rent Setting and Rebate Procedures

POH1917 Financial Hardship and Temporary Absence Policy

1. **RELEVANT LEGISLATION, GUIDELINES AND STANDARDS**

This policy implements the obligations of WPI under:

* Housing Act 1983 (Vic)
* [Guidelines for Registered Housing Agencies published by DFFH](http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/policies,-guidelines-and-legislation/guidelines-for-registered-housing-agencies) Guidelines for Registered Housing Agencies published by the Department of Families, Fairness and Housing (DFFH) <https://providers.dffh.vic.gov.au/guidelines-registered-housing-agencies>
* Performance Standards for Registered Housing Agencies established under Section 93 of the Housing Act 1983 (Vic)
* Residential Tenancies Act 1997 (Vic)

1. **TRANSPARENCY AND ACCESSIBILITY**

This policy is available on the WPI website [www.wpi.org.au](http://www.wpi.org.au).

1. **DEFINITIONS**

In this policy the following terms have the following meanings:

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| --- | --- |
| **Applicant:** | means an applicant for housing provided by Women’s Property Initiatives (WPI). |
| **CAV:** | means Consumer Affairs Victoria. |
| **CAV market rent:** | means the maximum rent amount determined by CAV if requested to investigate and report under s102 or 102A of the RTA. |
| **DFFH:** | Department of Families, Fairness and Housing |
| **DFFH Income Assessment Guidelines:** | Guidelines published by the DFFH from time to time that specify income assessment criteria. |
| **Gross household income:** | Total household income assessed in accordance with the DFFH Income Assessment Guidelines. |
| **Maximum CRA:** | means the maximum amount of Commonwealth Rent Assistance to which the household is entitled. |
| **RTA:** | means the Residential Tenancies Act 1997 (Vic) as amended from time to time. |
| **Market rent:** | means an estimate of the rent which a property would rent for in the private market and can be determined by:   1. a comparison of rents charged by local real estate agents for a property of similar type, age, size, and location; 2. formal valuation; or 3. adopting the DFFH Rent. |

1. **POLICY REVIEW AND VERSION CONTROL**

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| --- | --- | --- | --- |
| Policy number | POH1804 | Version | 0.5 |
| Approved by the Board on | 26/07/22 | Board Minute ref. no. | 2.3 |
| Responsible Person | CEO | Person responsible for review | Operations Manager |
| Reviewed on | 18/07/22 | Schedule review date | 25/07/25 |

**Appendix A Example Rent Calculation**

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| --- | --- | --- | --- |
| # | Category | Explanation | Amount per week\* |
| A | Market rent | The amount of rent charged per week if the property was rented in the private rental market. | $400 |
| B | Market rent cap | WPI caps the weekly rent at 74.99% of market rent (excluding service charges). | $299.96 |
| C | Accessible household income | 30% of assessable household income is calculated as part of the weekly rent payment.  In this example the total household income is $430.30 (DSP for a single person) | $129.09 |
| D | Plus, Commonwealth Rent Assistance (CRA) | WPI will assess the amount of CRA that the renter is eligible to receive.  100% CRA is included in the weekly rent payment. | $69.80  *Based on CRA for a single person as at Jan ‘21* |
| E | Rebated rent calculation (C+D) | Note that if (C + D) is more than B, we will only charge B | $198.89 |
| F | Rental rebate (A-E) | A rental rebate is the discount between the market rent for the property and the assessed rent based on the household income. | $201.11 |
| G | Service charges (if applicable) | A service charge includes services that cannot be individually metered.  In this example it is $10. | $10.00 |
| H | Weekly rent payment (E + G) | This is the total rent amount that a renter will pay to WPI each week. | $208.89 |

**\****amounts / $ values used are for demonstration purposes only, and not accurate figures. Each category will be assessed on your individual circumstances.*