

RENT SETTING POLICY – DIRECT RENTAL HOUSING

1. PURPOSE

Common Equity Housing Limited (CEHL) provides appropriate, secure, and affordable rental housing.

CEHL housing includes:

- **Co-operative housing**, where a renter is a member of a co-operative. This includes Common Equity Housing Co-operatives (CERC) and Community Managed Co-operatives (CMC), and
- **Rental housing**, where a renter does not have a co-operative membership, and CEHL is the residential rental provider.

Rental housing can either be:

- **CEHL Direct Rental** – Rent for these tenancies is calculated at 30% of a household's gross income + 15% of Family Payments (Maintenance Payments AND Family Tax Benefits A & B) + 100% Commonwealth Rent Assistance (CRA), to a maximum of market rent.
- **CEHL VicWide Rental** – These tenancies were established before 31 October 2024, with income-based rent calculated at 25% of a household's gross income (including maintenance payments) + 15% of Family Tax Benefit A & B + 100% Commonwealth Rent Assistance (CRA), to a maximum of market rent.
- **CEHL Affordable Housing Rental** – Rent for these tenancies is calculated as a fixed 74.9% percentage of market rent and on a fixed-term lease.

The purpose of this policy is to outline how rents are set for **CEHL Direct Rental Housing** tenancies.

Rent setting for CEHL VicWide Rental tenancies are outlined in the *Rent Setting Policy – VicWide Rental Housing*.

Rent setting for CEHL Co-operative Housing is defined in *CEHL Program Policy: Household Rent*.

Rent setting for CEHL Affordable Housing tenancies are outlined in the *Rent Setting Policy – Affordable Housing Rental*.

2. SCOPE

This policy applies to **CEHL Direct Rental**.

This policy does not apply to:

- Tenancies of CEHL VicWide Housing,
- Tenancies of CEHL Affordable Housing,
- Members of a rental housing co-operative (including CERC and CMC),
- Private rental or National Rental Affordability Scheme (NRAS) properties,
- Properties in the Head Leasing program, and
- Any other excluded special housing programs or individual property arrangements.

From November 1, 2024, if a renter in a co-op ceases to be a co-op member, they will transition to a direct rental arrangement with CEHL and will be subject to this policy.

3. DEFINITIONS

Renter	Refers to a person/s renting a property. Renter is the term that applies to residents under the Residential Tenancies Act (Act). Tenant is the term used under the Housing Act. The term Renters is used in CEHL Leases and other forms as required by the Act.
Rental Agreement	The <i>Residential Tenancies Act 1997</i> (RTA) defines different types of agreements that are dependent on the type of premises and legal arrangement. For the purpose of this policy, all agreements will be referred to as 'Rental Agreements'.
Rent	
Market Rent	This is the maximum rent that will be charged for a home and is the same as if the property was in the private rental market. To set the market rent, CEHL use an independent market valuation approach, conducted by a qualified independent valuer.
Minimum Rent	Minimum rent is the lowest rent that will be charged, unless an exemption is granted as defined in the <i>CEHL Financial Hardship Policy</i> . Minimum rent is based on the Centrelink payments a household is entitled to, whether the household is claiming the entitlements or not.
Rent Payable	The amount the renter is required to pay for their home.
Rent Review	An assessment of household income and/or composition, conducted during a tenancy, to align the rent payable by the renter with their current circumstances.
Income-Based Rent	For CEHL tenancies with rent set as a percentage of household income, CEHL applies a rental rebate. We refer to the calculation of rebated rent as Income-Based Rent. <ul style="list-style-type: none"> • Where income-based rent is higher than market rent, market rent will be the rent payable. • Where income-based rent is lower than the minimum rent, minimum rent will be the rent payable unless an exemption is sought.
Rental Rebate	Is the dollar amount of rebate, or discount to rent, that CEHL applies to Income-based rent setting and assessed via the Household Information Form (HIF) and income evidence. This assists us to ensure that our housing is affordable to people on low to moderate incomes.
Income	
Gross Household Income	Gross Household Income is all household income before income tax has been deducted, apart from Family Tax Benefits, Maintenance payments (Child Support) and non-assessable income. Income that is assessable for rent calculation purposes is outlined in schedule A of this policy and the <u>CEHL Household Rent Guide</u> , updated annually. CEHL considers the income and assets of the Renter/s and their household members aged 18 and over. Renters provide this information by completing the Household Information Form with income evidence requirements.
Commonwealth Rent Assistance (CRA)	Commonwealth Rental Assistance (CRA) is a non-taxable Australian Government subsidy, paid to eligible recipients of Commonwealth benefits to help contribute to the cost of renting. The Victorian Community Housing sector rent setting is based on a percentage of gross income + 100% of the 'maximum CRA'.

	'Maximum CRA' is the amount that the renter is eligible for based on the rent calculation, not the amount they may receive.
Family Payments	Family Payments are payments provided for the care of dependents, including Child Support Payments and Family Tax Benefit A and B.

4. POLICY PRINCIPLES

The following principles guide the CEHL rent-setting practice:

- CEHL sets rent to fulfil its organisational purpose
- CEHL will determine the approach to rent that applies to a property based on:
 - relevant funding agreements related to the property
 - State and Federal government requirements
 - CEHL's constitution
 - CEHL policies and strategic plan

CEHL will ensure:

- communication to applicants and renters on how rent is set and reviewed is clear
- consistent, fair, and accountable processes are followed, and renters are provided with information about processes that impact their tenancy
- where tenancies are at risk, support is provided as early as possible to attempt to rectify any issues
- flexibility is allowed to respond to individual hardship and change of circumstance.

5. CEHL DIRECT RENTAL HOUSING TENANCIES

CEHL Direct Rental tenancies include:

- When a co-op member ceases to be a co-op member
- Tenancies of properties with a Director of Housing Interest on the title and that are not in a co-op
- Tenancies where a social housing rent must be offered because of a legal determination.

The calculation for rent setting for CEHL Direct Rental tenancies is:

Rent amount payable = 30% of Gross Household Income* + 15% of Family Payments (Maintenance Payments AND Family Tax Benefits A & B) + 100% of Commonwealth Rent Assistance (CRA) to a maximum of market rent

Rental Agreements for CEHL Direct Rental tenancies can be set for fixed-term agreements or periodic agreements, where there is no set end date.

The Rental Agreement will show the Market Rent amount for the property. The Income-based Rent and the Rental Rebate will be provided in a separate document when the tenancy is established.

*For full details assessable and non-assessable household income please see Schedule A: Assessable and Non-Assessable Income in this policy.

6. PROCESS FOR RENT SETTING FOR CEHL RENTAL HOUSING

a. Market Rent Assessment

Market rent is the amount a similar property in the same suburb would rent for in the private market.

The initial market rent of the property is shown on the residential rental agreement. Market rent is reviewed once every 12 months.

CEHL contracts a third-party market valuation company to undertake the market rent assessments, either via a desktop or physical property inspection.

b. Disputing Market Rent

If a household believes that the proposed market rent is too high, they can contact Consumer Affairs Victoria (CAV) within 30 days of receiving a Notice of Proposed Rent Increase from CEHL to request a market rent review.

CAV will complete an independent valuation of the property and if it differs from the CEHL Notice of Proposed Rent Increase, CEHL will accept the CAV's valuation.

If more than 30 days have passed since receiving the Notice of Proposed Rent Increase from CEHL, a renter can request CEHL review the market rent.

c. Minimum rent

Minimum rent is the lowest rent that will be charged for a tenancy based on the household composition, unless an exemption is granted as defined in the *CEHL Financial Hardship Policy*.

Minimum rent is based on the Centrelink payments a household is entitled to, whether the household is claiming the entitlements or not.

d. Rent setting for individual tenancies

Rent is calculated at the time of an offer of housing, reviewed on an annual basis and when the household composition or income changes. CEHL will provide clear information to renters on how their rent has been determined and inform renters of their right to have their rent calculation reviewed:

- At the start of the tenancy.
- At regular intervals during the tenancy.
- Upon request.

e. Renter rights and responsibilities in relation to rent

The agreement between the renter and CEHL is outlined in the Rental Agreement, and under the Residential Tenancies Act 1997.

Renters must pay rent on time, or they will breach their rental agreement. Repeated breaches could put the tenancy at risk (see *CEHL Rent Arrears Policy*).

f. Rent in advance and Bonds

Renters are required to pay rent up to 2 weeks in advance at the commencement of their rental agreement and maintain their rent in accordance with their rental agreement.

Bond is charged for CEHL Rental Housing tenancies, except for circumstances as defined in the *Financial Hardship Policy*.

7. PROVIDING INFORMATION ABOUT HOUSEHOLD INCOME

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

- Before being offered a tenancy with CEHL; and
- When CEHL carries out the annual rent review / determines rental subsidies; and
- If the renter's household composition changes at any time.

The information that renters need to provide is outlined in the CEHL Household Rent Guide, updated annually.

a. Annual rent review

Every year, CEHL conducts a market rent assessment and a household rent review.

If the annual market rent assessment is that the market rent will change (increase or decrease), CEHL will give the renter a notice of proposed rent change at least 60 days in advance.

During a rent review, all households with income-based rent setting are required to complete a Household Information Form and provide associated information and evidence that establishes their total household income. CEHL Direct Rental tenancies are subject to the annual rent review.

Where a renter does not provide sufficient income details, the household rent will default to market rent.

b. When a renter's household income or circumstances change

Outside of the annual rent review process, the renter needs to advise CEHL within 14 days via the Change of Circumstance form, and appropriate supporting documentation, if:

- **There is a change of household:** A household member moving in or out. This may affect the household income, or the discount to market-based rent eligibility.

If there are increases to a renter's household income, rent will be reassessed at the next scheduled rent review.

Permanent decreases to income will be reassessed upon renters' request, and the rent payable will be recalculated and made effective from the date that the renter advised CEHL of the change to income, via the Change of Circumstance Form, and provided supporting documentation.

c. Market Rent Payable

Market rent will be charged when:

- Households have not provided sufficient income evidence; or
- Income-based rent is higher than market rent.

8. OPTIONS FOR RENTER HARDSHIP

CEHL will work with renters to understand their rental payment challenges and how they might be addressed. Renters should speak to their tenancy coordinator if they are concerned that they won't be able to make their next rent payment, meet their rental debt or are seeking an exemption from minimum rent (See *CEHL Financial Hardship Policy*).

CEHL has a Housing Support Coordinator that can provide co-op directors, co-op members and renters with referral to support services. For support, please contact at 03 9208 0880 or email support@cehl.com.au.

9. SCHEDULE A: ASSESSABLE AND NON-ASSESSABLE INCOME

Households need to provide income evidence. The income evidence we use to assess your rent is called Assessable Income, and the income evidence we do not need you to supply is called Non-assessable Income

ASSESSABLE INCOME	NON-ASSESSABLE INCOME
Gross Wages for all household members aged 18 years or older.	Adequate Means of Support Pension (DVA)
Salary packaging income	All Centrelink Allowances; bereavement, youth disability supplement, carer's, double orphan, education or training, foster, laundry, mobility, mobile phone, multiple birth, pharmaceutical, remedial, telephone, travel, meals, accommodation or uniform
All Centrelink pensions, benefits, family tax benefits, Commonwealth Rent Assistance.	Centrelink one off payments
All Department of Veteran Affairs pensions except where they are specifically excluded, (e.g., Adequate Means of Support Pension paid by DVA) *	Child Care Rebate
All Child Support payments through Department of Families, Fairness and Housing – Child Support or directly from non-resident parents.	Clean Energy Supplement
Foreign pensions	Fares Assistance
Income from household members' businesses	Income of household members under the age of 18
Interest received	Large Family Supplement
Superannuation payments (lump sums, pensions or annuities)	Lump sum compensation payments (not loss of wages component)
Workcover payments	Payments made by other countries to victims of war that don't affect Centrelink entitlements
Stipend paid to members	Pension Supplement
	Pensioner Educational Supplement
	TAC Impairment Annuity Benefit

* Please note some DVA pensions already include Commonwealth Rent Assistance (CRA)

If you provide income not described above, we will assess in line with the current Department of Families, Fairness and Housing – Rent Setting and Rebate Operational Guideline Assessable Income.

<https://providers.dffh.vic.gov.au/rent-setting-and-rebate-operational-guideline>

10. SCHEDULE B: MINIMUM RENT

Used for households receiving Centrelink and Commonwealth Rent Assistance (CRA) only. The minimum rent required to be paid is as per this table. Adjustments to the setting of minimum rent will be updated to reflect changes in Centrelink benefits.

Table effective from 1 July 2024.

Household Composition	Minimum Rent Per Week
1 Adult Newstart	\$208.00
1 Adult Newstart + 1 Youth Allowance	\$214.00
1 Adult Newstart + 2 Youth Allowance	\$301.00
1 Adult Newstart + 3 Youth Allowance	\$349.00
1 Adult Newstart + 4 Youth Allowance	\$384.00
1 Adult Newstart + 1 Child	\$258.00
1 Adult Newstart + 2 Child	\$274.00
1 Adult Newstart + 3 Child	\$304.00
1 Adult Newstart + 4 Child	\$320.00
1 Adult	\$247.00
1 Adult 1 Child	\$280.00
1 Adult 2 Children	\$296.00
1 Adult 3 Children	\$326.00
1 Adult 4 Children	\$342.00
2 Adults Newstart	\$298.00
2 Adult Newstart + 1 Youth Allowance	\$336.00
2 Adult Newstart + 2 Youth Allowance	\$370.00
2 Adult Newstart + 3 Youth Allowance	\$416.00
2 Adult Newstart + 4 Youth Allowance	\$450.00
2 Adult Newstart + 1 Child	\$345.00
2 Adult Newstart + 2 Child	\$361.00
2 Adult Newstart + 3 Child	\$391.00
2 Adult Newstart + 4 Child	\$407.00
2 Adults	\$319.00
2 Adults 1 Child	\$366.00
2 Adults 2 Children	\$382.00
2 Adults 3 Children	\$413.00
2 Adults 4 Children	\$429.00
3 Adults	\$433.00