

## RENT SETTING POLICY – AFFORDABLE HOUSING RENTAL

### 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 Affordable Housing Rental** – Rent for these tenancies is calculated as a fixed 74.99% percentage of market rent and on a fixed-term lease.
- **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 + 15% of Family Tax Benefit A & B + 100% Commonwealth Rent Assistance (CRA), to a maximum of market rent

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

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

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

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

### 2. SCOPE

This policy applies to **CEHL Affordable Housing Rental** – Rent for these tenancies are calculated at 74.99% of market rent and on a fixed term agreement.

This policy does not apply to:

- Tenancies of CEHL VicWide Rental Housing
- Tenancies of CEHL Direct Rental 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,
- Any other excluded special housing programs or individual property arrangements.

### 3. DEFINITIONS

Affordable Rental Housing	CEHL defines affordable housing to be housing where rent is set at a discounted rate of 74.99% of the assessed market rent.
Eligibility	For CEHL, affordable housing will be defined in accordance with section 3AB of the Planning and Environment Act 1987, which aligns with Homes Victoria eligibility criteria.
Rent Payable	The amount the renter is required to pay for their home.
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> Vic (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'.
<b>Rent</b>	
Market Rent	<p>This is the maximum rent that will be charged for a home and is the same as if the property were in the private rental market.</p> <p>To set the market rent, CEHL use an independent market valuation approach, conducted by a qualified independent valuer.</p>

### 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 AFFORDABLE HOUSING RENTAL HOUSING TENANCIES

The calculation for rent setting for CEHL Rental (Affordable) tenancies is:

**Rent amount payable = 74.99% of market rent**

Rental Agreements for CEHL Affordable Housing Rental tenancies will be set for a fixed term in accordance with the Residential Tenancies Act 1997 (Vic).

## 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 rental market.

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. Rent setting for individual tenancies

Rent is calculated at the time of the housing offer and reviewed annually. CEHL will provide clear information to renters on how their rent has been determined and inform renters of their right to have the market rent review through CAV.

### d. 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 (Vic).

Renters must pay rent on time, or they will breach their Rental Agreement. Any repeated breaches could put the tenancy at risk (see CEHL Rent Arrears Policy).

### e. 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.

## 7. PROVIDING INFORMATION ABOUT HOUSEHOLD INCOME

Renters and applicants are obliged to provide reasonable evidence to CEHL that establishes their eligibility before being offered a tenancy with CEHL.

The information that renters need to provide will be explained to them at the application stage.

### a. Annual rent review

CEHL conducts an annual review of the assessed market rent for a property.

If the annual market rent assessment shows an increase, then CEHL will give the renter a notice of proposed rent increase as legally required.

## 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 will not be

able to make their next rent payment, meet their rental debt or are seeking an approval for hardship (See *CEHL Financial Hardship Policy*).

CEHL has a Housing Support Coordinator that can provide renters with referral to support services. For support, please contact at 03 9208 0880 or email [support@cehl.com.au](mailto:support@cehl.com.au).