

Rent Setting Policy

Purpose

To establish HousingFirst's approach in determining and setting rent.

Scope

This policy applies to all properties owned and/or managed by HousingFirst.

Policy Statement

HousingFirst determines and sets household rent:

- To ensure our housing is affordable for people on low to moderate incomes
- In a fair and transparent manner
- In accordance with the Residential Tenancies Act 1997 (Vic)
- To maintain the financial viability of the organisation to continue to provide secure, quality and affordable rental housing
- To comply with guidelines and agreements HousingFirst holds with local, state and federal government departments.

HousingFirst provides clear information to tenants on how their rent has been determined and informs tenants of their right to have their rent calculation reviewed.

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

Rent is the market rent assessed for that property. HousingFirst then applies a subsidy to ensure that the rent is affordable. HousingFirst will inform tenants:

- When a property requires a Market Rent Valuation in advance through serving a Notice to Enter
- When the market rent increases or decreases and the impact of that on a tenant's rent calculation, as per the Residential Tenancies Act 1997 (Vic).

How HousingFirst determines rent for tenancies

- Rent is charged at no more than 30% of household income, 15% of Family Tax Benefit A & B and Child Support Maintenance payment, plus 100% of Commonwealth Rent Assistance (CRA), that a tenant is eligible to receive
- Rent is capped at 74.99% of market rent
- A service charge may also be added, which includes but is not limited to, services that cannot be individually metered.

Reviewing and Calculating Rent

HousingFirst calculates rent:

- Prior to signing a Residential Tenancy Agreement or Rooming House Agreement
- Every 12 months by requesting and reviewing the income of all tenants in the household
- When a tenant advises HousingFirst of a change to their circumstances, e.g. a household member moves in or out, or there has been a change to their household income
- When a tenant transfers between HousingFirst properties.

When calculating rent, HousingFirst determines the amount of assessable household income and the assessment rate for each income type for each household member. HousingFirst defines a household as all people over the age of 18 years living permanently in a property.

The following table shows how income is assessed for a household:

What is included in the assessment?	Assessment rate
Family Tax Benefit A & B	15%
Child Support/maintenance	15%
Commonwealth Rent Assistance (CRA)	100%
Any other income received by household members aged 18 years and over, such as primary Centrelink payments, wages, investment earnings etc.	30% of income This rate may vary depending on the type of property and funding program but will not exceed 30%
Any income received by people living in the household aged under 18 years	NIL

An example of a rent calculation for a general tenancy is provided in the table on page 3. Tenants are provided with this information when they sign a Residential Tenancy Agreement with HousingFirst. This information is based on Centrelink income as at May 2019.

	Category	Explanation	Amount per week
A	Market rent	The amount of rent charged per week if the property was in the private rental market.	\$400.00
B	Maximum rent HousingFirst can charge (up to 74.99% market rent)	The limit of what HousingFirst can charge in rent for	\$299.96
C	Rent based on percentage of income	Rent is set at 30% of assessable household income. In this example the total household income per week is \$421.80 (DSP for a single person).	\$126.54
D	Plus Commonwealth Rent Assistance (CRA)	HousingFirst will calculate the amount of CRA that the tenant is eligible to receive based on the rent to be charged to the tenant.	\$68.60 Based on CRA for a single person as at May 2019
E	Subsidised Weekly Rent (C+D)	This is the weekly rent the tenant is charged. Note that if (C+D) is more than B, we will only charge B.	\$195.14
F	Subsidy (A-E)	This is the amount of the subsidy. This is not paid to tenants, it is deducted from the market rent to calculate the subsidised rent.	\$204.86
G	Service Charge (if applicable)	A service charge includes but is not limited to services that cannot be individually metered. In this example it is \$10.00.	\$10.00
H	Total Charge Payable (E+G)	This is the total amount this tenant is required to pay HousingFirst per week.	\$214.85

Tenants who do not provide adequate documentation to enable HousingFirst to assess the incomes of all household members will not be eligible for the income-based subsidy and be charged 74.99% of the market rent.

Changes to household income

If a tenant's household income or family circumstances change at any time, the tenant must advise HousingFirst and provide evidence of this change.

If a tenant's household income increases or decreases, the household income will be re-assessed, and the rent will be recalculated and made effective from the date the tenant advised HousingFirst of the change to income occurred based on the documents provided.

Centrelink penalties and income

HousingFirst will calculate rent based on the Centrelink income an individual is entitled to receive from Centrelink regardless as to whether they are in receipt of the income. This includes Commonwealth Rent Assistance (CRA). It is the responsibility of the tenant to ensure their payments are correct and active.

Where a household's income has been reduced by Centrelink penalties, HousingFirst will continue to base the calculation on 100% of the household's Centrelink entitlement.

Related information

- HousingFirst Financial Hardship & Temporary Absence Policy
- HousingFirst Reviewing Rent Policy
- HousingFirst Rental Bonds Policy
- Housing Act 1983 (Vic)
- Residential Tenancies Act 1997 (Vic)
- Housing Registrar Performance Standard 1 (Tenant and housing services)
- Legal agreements between HousingFirst and the Director of Housing relating to the Victorian Housing Register and funding programs
- Department of Health and Human Services Rent Setting for Registered Housing Agencies
- Charter of Human Rights and Responsibilities (2006)

Transparency and accessibility

This policy will be available at www.housingfirst.org.au

Version control

Version	2	Review frequency	24 months
Date	May 2019	Next review	May 2021