

## Rent Setting Policy

Policy Number: 56  
Version Number: 003  
Ratified by the Board on: May 2007  
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### **Introduction:**

Prahran Malvern Community Housing is committed to keeping rental charges affordable for our client group. It provides a subsidised rent to low income households to fulfil its social mission and to ensure that its housing relieves households from rental stress. It will respond appropriately to changes in household circumstances to prevent undue hardship.

Rent setting will be in accord with the Residential Tenancies Act (1997), Department of Health and Human Services guidelines (where applicable) and all legal and regulatory obligations relating to affordability of rent.

This policy applies to properties managed Prahran Malvern Community Housing and owned by the Director of Housing. The Director of Housing retains responsibility for determining the Property Market Rent of properties as advised annually by the Auditor General benchmark market values for long term housing.

### **Purpose:**

Prahran Malvern Community Housing will ensure that tenants are provided with accurate and accessible information regarding the rent setting by the organisation.

This policy establishes the approach of Prahran Malvern Community Housing to rent setting and determining rental subsidies in its Rooming House and General Long Term housing programs.

### **Definitions:**

In this policy:

**Applicant** Means a person applying for housing to Prahran Malvern Community Housing

**Assessable Household Income** Means the household income assessed in accordance with the Department of Health and Human Services (DHHS) Rental Rebates Manual, Assessable & Non-assessable Incomes

**Gross Household Income** Means total household income from all sources before income tax payments

**Maximum CRA** the maximum amount of Commonwealth Rent Assistance to which the household is entitled

**Market Rent** Means the maximum rental amount payable for a property advised to Prahran Malvern Community Housing by DHHS

**Additional property charges** an amount charged to recover costs where the utilities & services to a property are not separately metered

### **Policy:**

Prahran Malvern Community Housing provides subsidised rents to ensure that its housing is affordable.

Accordingly, Prahran Malvern Community Housing will:

- determine rental subsidies in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants/residents as to how the organisation sets and reviews rental subsidies;
- respond appropriately to changes in household circumstances to prevent undue hardship; and
- comply with its contractual, legal and regulatory obligations relating to affordability of rent.

**Rental Model:** Prahran Malvern Community Housing's approach to affordable housing is a household income based rental subsidy. A subsidy is applied to low income households. The subsidy is the difference between the rent charged and the Market Rent.

This is determined as:

- 25% of gross assessable household income plus
- 15% of family payments (where applicable) plus
- maximum CRA

**Market Rent:** Rent charges will not exceed the Market Rent as determined by the Valuer General and advised to Prahran Malvern Community Housing by the Director of Housing. Prahran Malvern Community Housing is advised of changes to the Property Market Rent annually by DHHS. Market Rent varies from property to property. The rent charge for a property will not exceed its Market Rent regardless of a subsidy.

**Additional Property Costs:** Additional property costs will be charged where utilities and services are not separately metered.

- Gas
- Water
- Electricity
- Laundry Facilities
- Furniture provided to tenants, including fridge

Additional property costs are included in the calculation of the rent. Additional property charges shall not exceed the actual cost of services provided. Prahran Malvern Community Housing will employ quality, cost effective goods and services to keep additional property charges to a minimum.

**Provision of information about household income:** As the Prahran Malvern Community Housing rental model is income based tenants/residents and applicants are required to provide reasonable evidence that establishes their total gross household income when requested. Where income is received from more than one source the documentation provided must cover the same time period. Documentation of income will be requested:

- before being offered a tenancy/residency with Prahran Malvern Community Housing;
- when Prahran Malvern Community Housing carries out annual rent review to determine rental subsidies;
- when household income has changed.

Prahran Malvern Community Housing may remove a rental subsidy and increase the rent to Property Market rent if a tenant/resident does not provide information within the timeframe required. The timeframe for providing income documentation to Prahran Malvern Community Housing is communicated in writing at the time of request.

If a tenant/resident subsequently provides information about household income after a rental subsidy review, changes will only take effect on and from the date the tenant/resident contacted Prahran Malvern Community Housing and provided reasonable documentation of the household income. Prahran Malvern Community Housing may agree to backdate the change in rental subsidy in circumstances where Prahran Malvern Community Housing determines that the hardship provisions of this policy apply.

**Reviews of calculation of rent:** Prahran Malvern Community Housing will provide tenants/residents with a clear and transparent explanation as to how their rental subsidy has been calculated. All tenants/residents have the right to ask Prahran Malvern Community Housing to review the way that Prahran Malvern Community Housing has determined their rental subsidy and to provide any further explanation.

**Response to changes in household circumstances-hardship provisions:** If a tenant/resident contacts Prahran Malvern Community Housing and is facing hardship with paying rent, Prahran Malvern Community Housing may determine:

- to reassess the tenant/residents rental subsidy based on this policy
- to backdate an adjustment to the rental subsidy to which the tenant/resident is entitled in accordance with this policy
- to waive a portion of rent where a tenant/resident is temporarily absent due to participation in drug/alcohol or psychosocial rehabilitation.

Generally, such changes will only take effect on and from the date the tenant/resident contacted Prahran Malvern Community Housing and provided reasonable details of the change in household circumstances. Prahran Malvern Community Housing may agree to backdate the changes in rent payable in circumstances where Prahran Malvern Community Housing determines that the tenant/resident ought to be granted relief from hardship.

#### **Procedures:**

Procedures established by Prahran Malvern Community Housing will include processes to ensure compliance with this policy, including;

- to set and review the rental subsidy;
- communication with applicants, tenants and residents about how Prahran Malvern Community housing has determined their rent;
- to identify the rental calculation model that applies to a particular tenancy/residency;
- how tenants/residents may ask for a determination of rent/rental subsidy to be reviewed

#### **Responsibilities:**

All staff

#### **Related documents:**

Eligibility Policy  
Allocations Policy