



Servants Community Housing Limited

ABN: 86 623 370 034

Rent Setting Policy

Purpose

Servants Community Housing's Rent Setting Policy refers to the protocol of setting rents to ensure that rents are in accordance with state-based requirements and obligations. As a Registered Housing Provider, we are required to set rents which are affordable for residents while maintaining financial viability for Servants. We also comply with the Victorian Housing Provider Framework.

We align our Rent Setting Policy with the vision and mission of Servants. We seek to provide the best living arrangements at the lowest rent possible, in order to foster a safe, comfortable home that offers each resident respect, hope and dignity.

We endeavour to have clear and transparent processes when setting residents' rents and aim to communicate this with residents through this Rent Setting Policy.

Definitions

Newstart Allowance (NSA) - the main income support payment while you're unemployed and looking for work.

Disability Support Pension (DSP) - financial help if you have a permanent physical, intellectual or psychiatric condition that stops you from working.

Commonwealth Rent Assistance (CRA) - financial help available to people who receive Centrelink payments and pay rent.

Policy

Guiding principles

Servants sets rental costs to fulfill its social mission and to ensure that its housing relieves residents from rental stress.

Accordingly, Servants will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to prospective and current residents as to how Servants sets and reviews rent
- respond appropriately to changes in residents' circumstances to prevent undue hardship; and
- comply with its contractual, legal and regulatory obligations relating to affordability of rent.

Setting rent

There are three primary considerations in setting rent at any of the Servants' houses.

1. Ownership of the property.

- DFFH properties have a specific rent setting criterion that must be adhered to.
- Non-DFFH properties are directed by a different set of criteria.

2. Market Rent.

- The ATO has rent setting regulations for entities with PBI status. The ATO regulations require that rent be less than or equal to 75% of the market rent for the property.
- DFFH provides a market rent valuation for properties owned by them. The ATO provides benchmarks for non-DFFH properties.

3. Income.

Rent for both DFFH and non-DFFH properties is calculated by taking into account the following income factors:

- Residents' income (Jobseeker Allowance, Disability Pension, work salaries)
- Residents' entitlement to Commonwealth Rent Assistance

Servants will provide prospective and current residents with a clear and transparent explanation as to how their rent is calculated. All residents have the right to ask Servants to review the way that they have determined their rent and to provide a further explanation.

Setting Rent for DFFH housing

Servants manages rooming houses through leases with the Director of Housing. The lease sets the conditions to determine rent. DFFH determines the rebate assessable amount for social housing tenancies based on the following sources of income:

- 25% of gross assessable income plus
- 100% of the eligible Commonwealth Rent Assistance (CRA) payment, plus
- 15% of Family Tax A and Family Tax B payments (if applicable)

As per the ATO requirements, rent charged must not be more than 75% of the market rent (using independent valuation or ATO benchmarks) for the accommodation.

Non DFFH housing

Servants manages housing on behalf of private owners. These affordable housing tenancies also receive a rebate to ensure rents remain affordable. The rent charged will be:

- Less than 30% of gross assessable income plus
- 100% of the eligible Commonwealth Rent Assistance (CRA) payment

As per the ATO requirements, rent charged must not be more than 75% of the market rent (using independent valuation or ATO benchmarks) for the accommodation.

Additional property costs

The additional property cost is a fixed fortnightly charge for all tenants. It includes the cost of all services provided beyond the provision of accommodation. At Servants, it includes electricity, gas, water, Foxtel/Netflix, internet, meals, linen and cleaning. The costs vary between the houses and the corresponding additional property costs vary accordingly.

More information about additional property costs can be found under the Residential Tenancies Act 1997. [Click here for more information on the Residential Tenancies Act 1997](https://www.legislation.vic.gov.au/in-force/acts/residential-tenancies-act-1997/090) or go to <https://www.legislation.vic.gov.au/in-force/acts/residential-tenancies-act-1997/090>

Provision of information about household income

Current and prospective residents are obliged to provide reasonable evidence that establishes their total household income:

- before being offered a tenancy with Servants; and
- when Servants carries out a rent review

Servants may increase a resident's rent to market rent or refuse to provide an income-based rent calculation if the resident does not provide the income information within the timeframe required.

If a resident subsequently provides information about household income after a rent review, changes will only take effect on and from the date the resident provided reasonable details of the household income. Servants may agree to back-date changes in rent in circumstances where Servants determines that this will cause financial hardship (see Arrears Management and Hardship Policy).

Response to changes in household circumstances

If a resident contacts Servants and is facing hardship with paying rent, Servants may determine:

- to re-assess the resident's rent based on this policy;
- to determine that a different approach to rent should apply to that tenancy;
- or
- to consider a payment plan that the tenant can manage

Generally, such changes will only take effect on and from the date the resident contacted Servants and provided reasonable details of the change in the household circumstances.

Communicating with residents

Residents will be advised how their tenancy is managed and how their rent is calculated at the time they sign an agreement with us. If residents have any queries, they should contact the Tenancy Manager.

tenancy@servants.org.au

0429 000 241

Related policies

Rent Arrears and Hardship Policy

Complaints and Appeals Policy

Legislation and standards

This policy implements the obligations of Servants Community Housing under:

- Housing Act 1983 (Vic)
- Residential Tenancies Act 1997
- Guidelines for Registered Housing Agencies published by DFFH
<https://providers.dffh.vic.gov.au/guidelines-registered-housing-agencies>
- Performance Standards for Registered Housing Agencies

Transparency and accessibility

This policy will be available on the Servants Community Housing website

<https://www.servants.org.au/policies-procedures/>

Review

This policy was written in May 2019 and was reviewed May 2022. It is scheduled to be reviewed in May 2023.