Rent Setting Policy

# Purpose

The purpose of this policy is to provide clear guidance on how YWCA Australia and housing subsidiaries (YWCA) set fair and affordable rents and assess subsidies for their residential properties in Victoria.

# Scope

This policy applies to residential properties owned or managed by YWCA, under all relevant programs. YWCA manages housing on behalf of the Department of Health and Human Services (DHHS), rent is set in accordance with DHHS policies

The policy applies to both residental rental agreements and rooming house agreements. Unless stated otherwise, references to “renters” include rooming house residents and references to “tenancies” include rooming house residencies.

# Policy Statement

YWCA provides subsidised rent to fulfil its social mission and to ensure that its housing relieves households from rental stress and sets fair and affordable rents for all of their properties.

Accordingly, YWCA will:

* set subsidised rents in accordance with established affordability benchmarks;
* communicate clearly, in a variety of formats, to applicants and renters as to how YWCA sets rent, assesses affordability, determines rental subsidies and reviews rent;
* respond appropriately to changes in household circumstances to prevent undue hardship; and
* comply with its contractual, legal, regulatory and policy obligations relating to affordability of rent.

YWCA calculates rent:

* For all new renters: prior to signing a Residental rental agreement or Rooming House Agreement;
* Every 12 months by reviewing the income of all renters in the household;
* When a renter advises YWCA of a change to their circumstances, e.g. a household member moves in or out, or there’s been a change to their household income; and
* When a renter transfers between YWCA properties.

YWCA 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.

YWCA will implement strategies to mitigate the effect of any changes of this policy on renters and households.

# Approaches to Rent

All YWCA Housing tenancy and residency agreements show the rent as the property rent. For properties owned by DHHS this is the DHHS property rent provided by DHHS. For properties not owned by DHHS this is the true market rent.

YWCA applies different approaches to setting rent in its housing programs. These are as follows:

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| General social housing | The lower of:   * Household income-based rent * DHHS property rent (if applicable) * 74.99% of ATO Market Rent * Maximum of 25% of income |
| Affordable housing program | * Capped at 74.99% of ATO Market Rent * Maximum of 30% income |

# How rent is set

Rent is the market rent assessed for a property. YWCA then applies a subsidy to ensure that the rent is affordable

The Affordable Housing program rent is capped at 74.99% of ATO Market Rent.

Some YWCA properties provide facilities and utilities to residents or renters that would normally be paid for by renters in addition to rent. Examples of these additional services include:

* electricity
* gas
* water
* central heating
* laundry
* other services or facilities made available to the resident or renter

The cost of providing these items will be incorporated into the calculation of the rent. This additional part of the rent will reflect the actual averaged costs to YWCA of providing these facilities and utilities. The total rent charges will not be greater than for a similar room or apartment in a similar building in a similar location in the private rental market that provides the same facilities and utilities.

# Calculating rent payable

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

* before being offered a tenancy with YWCA;
* when YWCA carries out an annual rent review;
* When a renter notifies YWCA of a change in their household circumstances; and
* When a renter transfers between YWCA properties

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

YWCA may agree to back-date changes in rental subsidies in circumstances where YWCA determines that the renter would suffer financial hardship if not applied.

Failure to provide proof of income will result in any subsidy being removed and the market rent for the property will be charged.

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

YWCA adopts the Department of Health and Human Services (DHHS) assessable and nonassessable income guidelines, except YWCA includes Commonwealth Rent Assistance (CRA) as assessable income.

Calculations are based on income a household member is entitled to receive from Centrelink regardless as to whether they receive the income or not. If written confirmation is provided from Centrelink to confirm that there is no entitlement, the income is not imputed.

The rent payable after the subsidy is provided will be the lower of:

* Assessable Household Income; or
* Maximum Rent Charged

Household income-based rent is determined as:

* 25% of household income, and
* 15% of Family Tax Benefit and Child Support Payments, and
* 100% of Commonwealth Rent Assistance (CRA)

The rent payable for the Affordable Housing program is:

* Maximum Rent (up to 74.99% of ATO Market Rent)
* Rent payable will not exceed 30% of household income.

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| **Term** | **Definition** |
| Market Rent | The ATO market rent for the property  Or DHHS property rent, if a DHHS owned property |
| Maximum Rent | The maximum YWCA will charge for a property;   * DHHS property rent (if applicable) * 74.99% of ATO Market Rent |
| Assessable Household Income | The total assessable household income.   * The Social Housing program is calculated at 25% of household income, 15% FTB, 100% Commonwealth Rent Assistance (CRA)   The Affordable Housing program is calculated at 30% of household income, 15% FTB, 100% CRA. |
| Property Costs | The costs for using facilities and utilities at the property |
| Rent Payable | The amount the renter is required to pay. The lower of Maximum Rent, or Assessable Household Income plus Property Costs |
| Rent Subsidy | If the Assessable Household Income is less than the Maximum Rent, the Rent Subsidy is the difference between the two. |

# Exceptional circumstances

YWCA may negotiate a reduced rate of rent with a renter who is experiencing a short-term crisis that directly impacts on the renter’s ability to meet normal rental payment commitments. Please refer to the YWCA Housing Hardship and Temporary Absence Policy.

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| Document Control Data | |
| Policy Framework | |
| Responsible Body | Chief Executive Officer |
| Accountable Officer | Senior Manager, Community Housing |
| Transparency and Accessibility | This policy will be available on the YWCA website https://www.ywcahousing.org.au/policies |
| Supersedes | All previous local policies |
| Associated documents |  |
| Legislation | Housing Act 1983 (VIC)  DHHS Guidelines for Registered Housing Agencies  Performance Standards for Registered Housing Agencies  Charter of Human Rights and Responsibilities 2006 (VIC)  YWCA Rent Setting procedure  YWCA Rent Reviews procedure  YWCA Hardship and Temporary Absence policy  Department of Health and Human Services Rent Setting for Registered Housing Agencies  Residential Tenancies Act 1997 (VIC) |

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| Approval and Amendment History | | | |
| Review period – 2 years | | | |
| **Approval Date** | **Version** | **Amendments** | **Next Review** |
| 12/01/2021 | 1.0 |  | 2 years |
| 29/03/2021 | 1.1 | Rental reforms | 2 years |