

Rent Setting and Rental Subsidy Policy

Policy Statement

Approach to rental affordability – guiding principles

NAHV establishes Rent setting and Rental subsidy guidelines for long-term social housing to fulfil its social mission and to ensure that its housing is made available to relieve households from rental stress. Accordingly, NAHV will:

- Set rent and determine rental subsidies in accordance with established affordability benchmarks;
- Communicate clearly to applicants and residents as to how rent is set, and rental subsidies are determined and when rent reviews occur;
- Provide residents with clear information on their right to be heard and have their rent calculation reviewed;
- 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 and the Residential Tenancies Act 1997 (Vic).

Purpose

This policy establishes the approach of NAHV to rent setting and rental subsidy for its long-term social housing programs identified within the scope of this policy. The policy outlines the approach to both affordable rent setting and rental subsidies.

Scope

This policy applies to all long-term Social Housing properties owned or managed by NAHV.

Human Rights Considerations

In deciding what action to take, NAHV employees must give proper consideration to the relevant human rights in accordance with the Charter of Human Rights and Responsibilities Act 2006 s38(1) (the Charter). This consideration should include the potential impact the proposed action they are undertaking through this policy may have on the person's (and their household's) rights under the Charter.

Rent Setting Parameters

NAHV delivers housing services at affordable rents to low-income renters.

The rent charged is household-income based rent determined as:

- 30% of Gross Household Income, plus
- 15% of Family Tax Benefit A & B, if applicable plus
- Child Support Maintenance payment, if applicable plus
- Maximum Commonwealth Rent Assistance (CRA).

Gross Household Income is determined in accordance with the DFFH operational guidelines

To claim GST concessions (in the form of GST credits) on any property, NAHV must not charge rent that is 74.99% or more of the market value of the supply of the accommodation established by either: market valuations; or benchmark rates set by the ATO.

Rental increases must not be excessive with reference to market rents as assessed by Consumer Affairs Victoria (CAV)

Market Rent Assessment

Market rent is established by independent market valuation and is re assessed from time to time.

Where the independent market valuation is:

- less than four years old – NAHV will undertake a CPI adjusted market valuation to determine the value of supplying the accommodation instead of obtaining a new independent market valuation.
- More than four years old – NAHV will obtain a new independent market valuation.

Rent is the market rent that has been established for that property. NAHV then applies a subsidy to ensure that the rent is affordable. NAHV will inform residents:

- 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 resident's rent calculation, as per the Residential Tenancies Act 1997 (Vic).

Residents are provided with a copy of their rent assessment calculations when they sign a Residential Tenancy Agreement with NAHV.

Market Based Rent and Maximum Rent

"Market Rent" refers to the highest amount of rent chargeable to renters for any particular property and is generally the market rent.

NAHV sets the Maximum Rent at 74.99% of the Market Rent (as calculated under the previous "Market rent assessment" section).

This Maximum Rent is the ceiling amount that appears under the "rent" section of a residential rental agreement or notice of rent increase and the amount renters pay in rent can never be above this figure.

Generally, Maximum Rent will be discounted. It will only be charged where:

- the renter or resident does not provide income details to enable an Income-Based Rent calculation.
- the renter or residents' Income-Based Rent calculation exceeds the Maximum Rent.

Calculating Rent and Reviewing Rent

NAHV calculates and/or reviews rents:

- Prior to signing a Residential Tenancy Agreement
- Every 12 months by requesting and reviewing the income of all residents in the household
- When a resident advises NAHV 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 resident transfers between NAHV properties.

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

The "rent" shown on the rental agreement is the Maximum Rent amount. The Income-Based Rent (i.e., the rebated rent that is actually payable) and eligibility for that discount is provided in a separate document.

Transparency and Accessibility

This policy will be available on the NAHV website www.nahc.org.au/NAHV

NAHV 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.

Complaints and Appeals

If an applicant is not satisfied with a service provided by NAHV or does not agree with a decision it has made, they can ask for a formal review. To do this, the applicant can complete either a complaint or appeal form, details of which appear in the NAHV Complaints and Appeals Policy. This policy is available from NAHV's office or downloaded from our website www.nahc.org.au/NAHV.

Applicants who are unhappy with the resolution of a complaint or appeal under the complaints and appeals procedure may refer the complaint to the DHHS Housing Appeals Office.

Relevant Legislation and Guidelines

- Housing Act 1983 (Vic)
- Residential Tenancies Act 1997 (Vic)
- Charter of Human Rights and Responsibilities 2006 (Vic)
- Victorian Housing Registrar Performance Standard 1 (Resident and housing services)
- DFFH Rent setting and rebate operational guidelines - Assessable Income
- Guidelines for Registered Housing Agencies published by DFFH

Related Policies and Procedures

- NAHV Rent setting and Rental subsidy procedure
- NAHV Allocations Policy
- NAHV Rent Arrears Policy
- NAHV Financial Hardship and Temporary Absence Policy
- NAHV Complaints and Appeals Policy

Definitions

Assessable income

Household income that is assessable for rent calculation purposes. Relevant income types are detailed in CHO's rent setting policies and/or the DFFH Income Assessment Guidelines

Commonwealth Rent Assistance (CRA)

An Australian Government subsidy paid to recipients of Commonwealth benefits who rent in community housing or the private market. "Maximum CRA" is the amount that the renter is eligible for based on the rent calculation, not the maximum amount that anyone can receive.

Income Based Rent

Rent that is calculated based on household income. NAHV is a Registered Housing Agency under the Housing Act and can apply a rental rebate.

Market Rent

The market rent of a property is what the property could rent for in the private market.

Maximum Rent

The maximum/default rent that will be charged for a home. Maximum Rent is 74.99% of the market value of the supply of the accommodation established by either: market valuations; or benchmark rates set by the ATO.

Rental Agreement

The Residential Tenancies Act (RTA) defines different types of agreements that are dependent on the type of premises and legal arrangement, such as residential rental agreement or rooming house agreement. For the purpose of this policy, all agreements will be referred to as a 'Rental Agreements'.

Rent Payable

The amount the renter is required to pay for their home. Rent payable will be the lower of Maximum Rent and Income-Based Rent.

Rent Review

An assessment of household income and/or composition, conducted during a tenancy, to align the rent payable by the renter with their current circumstances

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