

The logo features a red house icon above the letter 'i' in 'housing'.
united housing
co-operative ltd.

Rent Policy

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DEFINITIONS

UHC – United Housing Co-operative Ltd.

VCAT – Victorian Civil and Administrative Tribunal

DHHS – Department of Health and Human Services Victoria.

Minimum property rents – Minimum rents are set for owned properties and one bedroom properties. Tenant members in these properties cannot pay less than the minimum rent (refer page 6)

Maximum property rents – UHC cannot charge more than 75% of Australian Taxation Office or Valuer Generals private rental benchmark. UHC Board will set maximum rents for all properties based on these private rental benchmarks, reviewed annually (refer page 6).

Rebated Rents – Tenant members in DHHS properties are able to apply for rebated rent calculated according to the household's total income as per DHHS rental rebate formula. When the calculation is equal to or more than the maximum property rent then the maximum property rent applies. DHHS Rebated Rent for community housing is calculated as 25% of the total household assessable income plus 15% of Family Tax A and B and Child Maintenance plus the maximum entitlement to Commonwealth Rent Assistance.

DHHS Definition of Rebated rent – The Director of Housing accepts from eligible tenants a reduced rent on the basis of the department's rental rebate policy. The difference between the rent charged to a social housing tenant and the market rent of their property is known as the rental rebate. The rental rebate policy is aimed at reducing the disparity in the financial assistance given to public and private renters while ensuring rents continue to be set at affordable levels and sufficient rent revenue is received by the department to cover costs not met by government funding.

3.1. RENTS POLICY

3.1.1. PURPOSE

The purpose of this policy is to outline UHC's rent setting policy and process for managing rents, in keeping with the Housing Registrars and Department of Health and Human Services (DHHS) regulatory requirements and UHC's Strategic Plan.

United Housing Co-operative (UHC) is committed to maintaining rents at an affordable and realistic level to minimise financial hardship and aims to balance the setting of fair and equitable rents with the financial viability of the Co-operative and maintaining high standards in all its operations.

UHC will ensure current tenant members and applicants are informed about rents policy and the rent setting formula. This information is published on UHC's web page.

3.1.2. UHC RENTS POLICY FRAMEWORK

- UHC has a commitment to cross subsidy arrangements and cost sharing across the UHC property portfolio as a co-operative principal.
- UHC utilises two rent setting models, one based on the 'DHHS Rental Rebate formula' for leased properties and 'Property and Income Rent Model' for owned properties. UHC aims to maintain equity/equality across these rent setting models where possible.
- Maximum rent for all DHHS properties must not be more than 75% of Australian Taxation Office or Valuer General's private rental benchmarks.
- UHC supports capping rents as a means of providing fairer and more standardised rents across properties and as a means of ensuring rents remain affordable for all members.
- UHC imposes a set minimum rent for owned properties and all one bedroom properties.
- For owned properties UHC is able to charge up to 30% of gross income however, UHC's intention is that rents not exceed 26% of the household's gross income for all properties types.
- All tenant members are required to notify UHC's office of changes in the household income or receipt of lump sum payments within 14 days.
- Unless stated otherwise, rent assessment criteria is determined as per the *DHHS Rental Rebate Manual Assessable Income (Sept. 2013)*
Refer: www.housing.vic.gov.au/social-housing-income-and-asset-limits

3.2. RENT MODELS

UHC currently uses two rent setting models:

1. **Rebated Rent** – applied to all properties owned by the Director of Housing and leased to UHC.
2. **Property and Income Rent** – applied to all properties owned by UHC. (All Wyndham properties will transition to the Property and Income Rent model as tenancy arrangements change).

3.2.1. REBATED RENT MODEL

- Tenant members pay either the maximum property rent or the rebated rent, meaning tenant members pay the lesser of the rebated rent and maximum property rent. (Refer: <http://www.housing.vic.gov.au/market-and-rebated-rent>)
- Maximum property rents are reviewed annually. (See Section 3.3)
- All tenant members living in DHHS leased properties are entitled to apply for rebated rent.

The Rebated Rent model is based on public housing rental formula plus Commonwealth Rent Assistance (CRA) and is calculated as the total of:

- i) 25% of the total household's assessable income
- ii) 15% of Family Tax A and B and child support
- iii) 100% of the Commonwealth Rent Assistance to which the household is entitled.

Rent Setting

Where tenant members submit their household's total income information, the Finance Coordinator assesses rent payable using the rental rebate formula and determines whether the assessed rent is less than the maximum property rent for the property, if so the rebated rent applies.

In all other circumstances the maximum property rent applies.

3.2.2. PROPERTY AND INCOME RENT MODEL (OWNED PROPERTIES)

Registered Housing Agencies are able to charge up to a maximum of 30% of gross income for rents for owned properties, and given flexibility to develop their own rent model.

- UHC is committed to maintaining rent levels at not more than 26% of all income sources (gross income).
- UHC sets a minimum set rent for owned properties, and the tenant members residing in owned properties cannot pay less than the set minimum rent.
- All tenant members living in owned properties are entitled to apply for rebated rent.
- At the annual rent review or when the household income increases, rent is re-assessed using the Rebated Rent formula. The tenant member is required to pay the assessed rent if it is more than the set minimum rent.
- Maximum rents for owned properties are equivalent to maximum rent caps set for all properties (see below).
- It is a UHC practice that households residing in two of the Wyndham properties pay maximum rent, and are allocated to households with higher incomes.

3.3. MAXIMUM PROPERTY RENTS

Maximum rent for owned properties will not exceed 75% of ATO market rent benchmarks to ensure we maintain our charitable status.

UHC's maximum property rents are set as the lesser of the following:

- **75% DHHS Property Rents based on Valuer General Department's valuations.**
- **UHC maximum rent caps are reviewed annually, (see below).**

Where maximum rent for a property exceed 75% of the ATO benchmark, ATO benchmark applies.

RENT CAPS

UHC sets maximum rent caps for all properties of the same size and distance from the GPO as a means of ensuring rents are affordable and equitable. Maximum rent caps are set in recognition of the need for affordable housing for low income people including key workers and their families in the inner city. Rent caps are reviewed and published on our web site annually. (*Refer Attachment 1 – page 11*).

The Board of Directors, in consultation with the General Manager reviews maximum property rents with reference to Consumer Price Index (CPI) and property market data annually. The review forms part of the annual budget process and scheduled to meet the requirements of the annual rent review held in October each year.

Outer Urban Rent Caps

In setting outer urban rents, consideration is given to local rental market comparisons, amenity of area and access to services when setting rents for outer urban areas.

3.4. MINIMUM PROPERTY RENTS

Set minimum rents for owned properties and one bedroom properties are reviewed by the Board annually to coincide with the annual rent review.

Minimum Rents for Owned Properties

Set minimum rents for owned properties are determined with reference to the market rent benchmarks, the CPI and the long term financial viability of the Co-operative.

Minimum Rents for One Bedroom Leased Properties

Minimum rents are set for one bedroom properties to ensure that UHC attracts the maximum Commonwealth Rent Assistance (CRA) and tenant members not pay more than 25% of income on rent.

Minimum rents are set with reference to Centrelink increases, DHHS's Housing Provider Framework and Common Equity Housing Ltd criteria. (*See Attachment 1 – page 11*).

3.5. RENT REVIEWS

All tenant members are required to notify the Finance Coordinator of changes to their household's income within 14 days of the change to enable a review of rent payable, as detailed in their Residential Tenancies lease.

In addition to income changes throughout the year, it is a requirement for all tenant members to provide income details to the Co-operative at the time of the annual rent review. **Where tenant members do not provide income details they will be charged the maximum property rent**

Annual Rent Review

DHHS releases revised market rents in April or May each year which are the basis for calculating maximum property rents for each property. At that time, the Finance and Audit Committee reviews the proposed increases in market rents and makes a recommendation to the Board of the appropriate rent increases for the coming 12 month period. July to June?

Once the Board decides on maximum property rents, tenant members on maximum property rent are notified 60 days in advance of any rent increase.

Household Information and Income Declaration (Rental Rebate Application)

All tenant members in receipt rent rebates are required to complete a *Household Information and Income Declaration* annually. Failure to submit the Declaration with two months will result in the tenant member being charged the maximum property rent.

Mid Term Rent (Six Monthly) Adjustments – UHC undertakes six (6) monthly rental adjustments for tenants on rebated rents in accordance with Centrelink changes. At the time of Mid Term adjustments, tenant member's rents on casual and part earned income / part Centrelink incomes are reviewed.

3.5.1. NOTICES FOR RENT AND INCOME CHANGES

All tenant members are required to notify the UHC's office of changes in the household income or receipt of lump sum payments within 14 days.

In addition to the changes in income the following review periods apply:

Annual Rent Review – Tenant members who are paying maximum rent at the time of the scheduled annual rent review, will be issued a 60 day notice in August each year notifying them of the annual rent increase if applicable. The Notice will also inform them that they are able to apply for rebated rent.

Tenant members on rebate rents and in receipt of Centrelink income will be notified of rent adjustments six weeks prior to Centrelink increase, and informed of the rent adjustment arising from Centrelink changes.

Mid Term Rent Adjustment

Members on rebated rents in receipt of any Centrelink benefits will receive a Notice of rent adjustment 6 weeks prior to Centrelink increase, notifying them of the increase and the rent adjustment. (See question above.)

At this time tenant members who receive Centrelink income as well as income from other sources are requested to provide proof of the other income. ~~(To be reviewed with new legislation).~~

At the mid-term adjustment tenant members who have a two part staggered rent increase will be subject to the second part of their rent increase carried over from the Annual Rent Review, (refer Section 3.3.3).

3.5.2. RENT ASSESSMENT PROCEDURES

- Tenant members are required to advise UHC within 14 days of changes to their income (as per the Residential Tenancy Agreement). This means tenant members who obtain employment (and increased income) between the six (6) monthly review dates are required to declare additional income within 14 days so that UHC can calculate a revised rent.
- UHC undertakes a rent assessment to determine whether the tenant should continue to pay rebated rent, or whether their rent should increase.
- If a tenant loses income between review periods, they are able to apply for an immediate rent review. Any adjustment in rent will be based upon income information provided by the tenant and confirmed by Centrelink. Fixed minimum rents will continue to apply.
- Under the Residential Tenancies Act 1997, tenants must receive 60 days' notice of all property rent increases resulting from annual rent increases as determined by the Government market rent changes.

Casual Employees

Each tenant member who obtains casual employment is required to provide pay slips at intervals of 6 weeks, 2 months or 3 months by arrangement with the Finance Coordinator.

3.5.3. RENT INCREASE RESTRICTIONS

UHC will restrict the amount of rent increase resulting from market rent changes to ensure rents cannot be increased by more than \$25 per week each financial year, with a maximum \$15 increment in any 6 month period.

In recognition of the transition to work arrangements, UHC provides a four week grace period for tenant members who obtain employment. This means the tenant member is allowed to continue to pay rent at the existing rate before the revised rent is applied and the rent increases. This means the revised rent will apply no earlier than 4 weeks after the tenant has commenced employment, within any one 12 month period.

3.5.4. RENT IN TERMS

UHC tenant members are expected to be one week in credit, at the commencement of each week in addition to the requirement that rent is payable prior to the commencement of their normal rent cycle to be considered "in terms" as detailed in the Residential Tenancy Agreement.

3.5.5. RENTS STATEMENTS

Rent Statements are issued to all members on a quarterly basis.

Tenant members in rent arrears will receive rent statements weekly as per Rent Arrears Procedure.

3.5.6. NEW TENANCIES

As all tenant members' rent accounts are required to be at least one (1) week in advance at all times, new tenant members are required to pay three (3) weeks rent prior to receiving keys to property and then to remain at least one week in advance at all times.

Tenant members who reside in owned properties will be issued a notice attached to the lease at the commencement of their tenancies, explaining the minimum set rent and the maximum property rent with an explanation that their rent will be adjusted between those two amounts subject to income changes.

3.6. RENTAL ARREARS PROCEDURE

United Housing Co-operative Ltd. (UHC) acknowledges that low to moderate income singles and families will experience difficulty in meeting rent payments on occasions. However, it is important that tenant members advise staff if rent payments will be late or if they will be unable to make their rent payment when due. Every effort will be made to reach appropriate and affordable solutions and re-payment agreements to address rent arrears in keeping with the social justice principles.

- UHC is committed to managing rents in an efficient, fair and effective manner. Management of rent arrears is the responsibility of the Finance Co-ordinator in consultation with the Tenancy & Property Maintenance Coordinator and the General Manager
- UHC will strive for zero rental arrears and utilises a pro-active strategy in managing arrears, including regular monitoring and follow up of arrears. Tenant members are supplied with quarterly Rental Statements and arrears are responded to quickly and sensitively.
- According to the lease agreement UHC tenant members are expected to be one week in credit at any given time, which is in addition to paying rent at the commencement or in advance of the preferred rental payment period. Again?

The following procedure will be followed where a tenant member falls into rent arrears and has not contacted the office to discuss their rent payment difficulties and has not entered into an arrears agreement / payment plan:

Step 1

Where a tenant member is not in terms, that is not seven days in credit, the Finance Co-ordinator will contact the tenant member via email/letter/phone and request they make a payment to bring their rental account into terms.

Step 2

Where a tenant member is seven days in arrears. The Finance Co-ordinator will contact the member via email/letter/phone, request they bring their account into terms and offer them the opportunity of entering into an arrears agreement or payment plan. This correspondence is registered on Chintaro. The member is advised that if they do not do so and their account reaches fourteen days in arrears, formal RTA (Residential Tenancies Act) action will/may be taken.

Step 3

Where a tenant member is fourteen days or more in arrears and has not made arrangements as per Step 2, a Victorian Civil and Administrative Tribunal (VCAT) Notice to Vacate is issued by registered mail, along with a letter advising that they do not have to vacate the property if they contact the office and enter into a formal re-payment plan agreement.

Where a tenant member has breached an internal arrears agreement/re-payment plan and is fourteen days or more in arrears, UHC will proceed to Step 4.

Where a tenant member habitually makes late/irregular/less than required rent payments or is continually in arrears of less than fourteen days and/or has not made arrangements as per Step 2, an application will be made to VCAT to obtain a Compliance Order

Step 4

Where a member has been issued with a VCAT Notice to Vacate

- and they have not contacted the office and entered into an appropriate arrears agreement repayment plan; and,
 - their arrears increase/continue to be 14 days or more,
- an application will be made to VCAT to seek a Compliance Order.

Note:

- If the tenant member does not attend the VCAT hearing a Possession Order will be sought as repayment agreements cannot be put in place without the members' attendance.
- The tenant member shall be offered the opportunity to seek counselling and support if VCAT action is taken.

Step 5

Where a tenant member breaches the VCAT Compliance Order, an application is made to VCAT to obtain an Order of Possession

Step 6

Where appropriate and possible, the Co-operative may negotiate a "Stay of Proceedings" to allow the tenant member to rectify the rent arrears

Step 7

If the rent arrears have not been rectified a Warrant of Possession will be obtained and eviction proceedings will occur, as directed by the General Manager.

The General Manager will assist the Tenancy & Property Maintenance Co-ordinator and Property Manager to execute the eviction with the police.

ATTACHMENT 1

1. MINIMUM RENTS FOR ONE BEDROOM LEASED PROPERTIES – subject to review.
As of 1/6/2018 fixed minimum rent for one bedroom properties is \$94.00 per week.

2. EXAMPLE of RENTAL REBATE RENT CALCULATION for 2 Single Family plus 2 children (under 12).

| | |
|--------------------------------|--------------------------|
| Single Parent Benefit | \$369.50 x 25% = \$92.38 |
| Family Tax A | \$182.84 x 15% = \$27.42 |
| Family Tax B | \$77.77 x 15% = 11.66 |
| Commonwealth Rent Assistance | CRA = \$79.17 |
| Assessable Rebated Rent | \$210.63 |

3. RENT CAPS - (2017) – subject to annual review

| PROPERTY SIZE | UHC MAXIMUM PROPERTY RENT |
|---------------|---------------------------|
| 1 BEDROOM | \$210 |
| 2 BEDROOMS | \$300 |
| 3 BEDROOMS | \$390 |
| 4 BEDROOMS. | \$430 |

4. OWNED PROPERTIES - INNER URBAN RENTS (2017) – subject to annual review

| PROPERTY | MIN. | MAX. |
|------------|-------|-------|
| 1 BEDROOM | \$180 | \$210 |
| 2 BEDROOMS | \$215 | \$300 |
| 3 BEDROOMS | \$250 | \$390 |
| 4 BEDROOMS | \$285 | \$430 |

N.B. Rents cannot exceed 26% of gross income.

5. OWNED PROPERTIES - OUTER URBAN RENTS – subject to annual review

| PROPERTY | MIN. | MAX. |
|------------|-------|-------|
| 1 BEDROOM | \$150 | \$180 |
| 2 BEDROOMS | \$185 | \$270 |
| 3 BEDROOMS | \$210 | \$350 |
| 4 BEDROOMS | \$245 | \$390 |

N.B. Rents cannot exceed 26% of gross income.

Tenancy agreements for owned properties prior 3 May, are not subject to these benchmarks.