



## Rent Setting Policy

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### Purpose

This policy establishes the approach of Eastern Suburbs Rental Housing Co-operative (ESRHC) to setting rent in its long-term rental housing programs.

## Scope

This policy applies to all long-term rental properties owned or managed by ESRHC.

## Policy statement

### Approach to rental affordability – guiding principles

ESRHC sets rent to fulfill its social mission and to ensure that its housing relieves households from rental stress.

Accordingly, ESRHC will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants as to how ESRHC sets and reviews rent;
- 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.

### Approaches to affordable rent

ESRHC sets rent as follows:

The lower of:

- Household income based Rent; and
- Maximum Rent

#### Household-income based rent

This is determined as:

- 25% of Gross Household Income plus
- 15% of Family Payments plus
- Maximum CRA

Gross Household Income is determined in accordance with the DHHS Assessable Income Guidelines.

#### Maximum Rent

This is determined as the lower of:

- 100% of the Market Rent, (as advised annually by DHHS); and
- 75% of the ATO Benchmark Rent,

### Provision of information about household income

Tenants and applicants are obliged to provide to ESRHC reasonable evidence that establishes their total household income when requested by ESRHC:

- before being offered a tenancy with ESRHC; and
- when ESRHC carries out its annual rent review.

ESRHC may increase a tenant's rent to Maximum Rent if the tenant does not provide the information within the timeframe required.

If a tenant subsequently provides information about household income after a rent review, changes will only take effect on and from the date the tenant contacted ESRHC and provided reasonable details of the household income. ESRHC may agree to back-date changes in rent in circumstances where ESRHC determines that the hardship provision of this policy applies.

### Determining the approaches to affordable rent

ESRHC will determine the approach to rent that applies to the property or tenancy prior to an offer of a tenancy being made.

In determining the approach that applies to a property or tenancy, ESRHC will comply with legal and contractual obligations that may apply to a particular property.

ESRHC will not offer a tenancy to an applicant for housing unless it is satisfied that the approach to the affordability of rent is appropriate and sustainable for that household.

### Reviews of calculation of rent

ESRHC will provide tenants with a clear and transparent explanation as to how their rent has been calculated.

All tenants have the right to ask ESRHC to review the way that ESRHC has determined their rent and to provide a further explanation.

### Determining the Market Rent that applies to a property

To determine the Market Rent that applies to a property, ESRHC will rely on the Valuer-General Victoria's independent market rent valuation of all properties provided to DHHS annually.

ESRHC may also from time to time adjust Market Rents based on a review of publicly available data on market rents for comparable properties.

### Response to changes in household circumstances

If a tenant contacts ESRHC and is facing hardship with paying rent, ESRHC may determine:

- to re-assess the tenant's rent based on this policy;
- that a different approach to rent should apply to that tenancy; or
- to back-date an adjustment to the rent payable by the tenant in accordance with this policy.

Generally, such changes will only take effect on and from the date the tenant contacted ESRHC and provided reasonable details of the change in the household circumstances. ESRHC may agree to back-date changes in rent payable in circumstances where ESRHC determines that the tenant ought to be granted relief from hardship.

ESRHC determines hardship by looking at the overall circumstances of the household, including:

- any unforeseen change to household composition beyond the control of the tenant;
- any material change in the health (physical or mental) of the tenant or members of their household;
- any disability of the tenant or members of their household;
- the impact of family violence on the tenant or members of the household; and
- cultural considerations, including Aboriginal cultural considerations.

## Communication

ESRHC will provide clear information to tenants on how their rent has been determined and inform tenants of their right to have their rental calculation reviewed.

## How the policy can be changed

ESRHC 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.

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

## Procedures

Procedures established by ESRHC will include processes to ensure compliance with this policy, including:

- to set and review the affordable rent;
- on communication with applicants and tenants about how ESRHC has determined their rent;
- to identify the rental approach that applies to a particular vacancy, property or tenancy; and
- how tenants may ask for a determination of rent to be reviewed.

## Definitions

In this policy:

<b>Applicant</b>	A person who has applied for housing to ESRHC
<b>ATO Benchmark Rent</b>	The amount set by the Australian Taxation Office under the <a href="#">GST and non-commercial rules - benchmark market values for Long-term accommodation</a>
<b>Gross Household Income</b>	The total household income assessed in accordance with the DHHS Income Assessment Guidelines
<b>Maximum CRA</b>	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
<b>Maximum Rent</b>	The maximum rental amount payable for a property determined for a property in accordance with this policy
<b>Market Rent</b>	The open market rent for a property determined by ESRHC in accordance with this policy

## Related policies

Allocation of Housing - Tenant Selection Policy

Rent Management Policy

Allocation of Long Term Housing Policy for VHR

Eligibility Policy for VHR

## Legislation and standards

This policy implements the obligations of ESRHC under:

- Housing Act 1983 (Vic)
- Performance Standards for Registered Housing Agencies
- Guidelines for Registered Housing Agencies published by DHHS

## Transparency and accessibility

This policy will be available on the ESRHC website [www.esrhc.org.au](http://www.esrhc.org.au)