

RENT SETTING & COLLECTION Policy & Procedure

QA REFERENCE	M't P&P No 33
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DATE REVIEWED	28 03 2019
DATE OF NEXT REVIEW	28 03 2022
REVIEW RESPONSIBILITY	Chief Financial Officer
SIGNATURE OF APPROVAL Gary Simpson, Chief Executive Officer
REFERENCES	
- Relevant Legislation	<ul style="list-style-type: none"> • Housing Act 1983 (Vic) Part VIII Division 5 Subdivision 2 (Dispute Resolution) • Performance Standards for Registered Housing Agencies • DHHS Victorian Housing Register Operational Guidelines • Guidelines for Registered Housing Agencies published by DHHS • Residential Tenancies Act 1997
- Other MASP Policies	<ul style="list-style-type: none"> • Allocations • Bond payment • Code of Conduct • Complaints and Appeals • Property Damage by tenant • Eligibility • Inspections • Maintenance and Repairs • Privacy and Confidentiality • Privacy Information Sharing • Rent Arrears Management and Evictions
FORMS & TEMPLATES	

PURPOSE

This policy establishes the approach of MASP to setting rent in its rental housing programs.

SCOPE

This policy applies to all rental properties owned or managed by MASP under all relevant programs.

POLICY STATEMENT

Approach to rental affordability – guiding principles.

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

Accordingly, MASP will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and tenants as to how MASP 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

MASP sets rent / determines rental subsidies as follows:

The lower of:

- Household income-based rent, and
- 75% of the market rent

Household income-based rent / rental subsidy

This is determined as:

- 25% of gross household income plus
- 14% of family payments plus
- Maximum CRA.

Gross household income is determined in accordance with the Income Assessment Guidelines.

Maximum rent

This is determined as the greater of:

- 75% of the property rent; and
- 75% of the ATO benchmark rent,

but no more than the property rent

Finance will conduct an annual review of rentals once a year (based on current property valuations) to ensure that

- Rentals are less than 75% of the ATO benchmark rates.
- Rentals continue to be a GST free supply, and
- That MASP can claim GST input tax credits for purchasing items to make the supply

Discount to market-based rent

This is determined as:

- 75% of the Property Rent

Provision of information about household income

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

- before being offered a tenancy with MASP; and
- when MASP carries out a rent review / determines rental subsidies.

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

Determining the approaches to affordable rent

MASP 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, MASP will comply with legal and contractual obligations that may apply to a particular property.

MASP 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 / rent

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

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

MASP will review rental amounts on all properties every six months. If the weekly rental amount needs to be altered in accordance with CPI increases, MASP will ensure that 60 days' notice is provided to the tenant consistent with provisions contained in the Residential Tenancies Act 1997.

If a tenant's income changes during a tenancy, it is the tenant's responsibility to inform MASP of the change in income in order for the rental charged to be altered.

Determining the property rent that applies to a property

To determine the property rent that applies to a property, MASP will generally carry out an independent open market rent valuation of all properties every three years.

MASP may also from time to time adjust property 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 MASP and is facing hardship with paying rent, MASP may determine:

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

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

MASP 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

MASP 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

MASP 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.

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

PROCEDURES

Procedures established by MASP 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 MASP 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

Applicant Means an applicant for housing to MASP

ATO Rent	Benchmark	Means the amount set by the Australian Taxation Office under the <u>GST and non-commercial rules - benchmark market values for long-term accommodation</u>
Gross Income	Household	Means the total household income assessed in accordance with the [Income Assessment Guidelines]
Maximum CRA		The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Maximum Rent		Means the maximum rental amount payable for a property determined for a property in accordance with this policy
Property Rent		Means the open market rent for a property determined by MASP in accordance with this policy
Transitional Housing		Means the Victorian Government program to provide housing on a short-term basis to people at risk of homelessness seeking long term housing options

Transparency and accessibility

This policy will be available on the MASP website www.masp.org.au