

PROGRAM POLICY: HOUSEHOLD RENT

Policy number	PPOL026	Version	v1.0
Drafted by	Program Development Co-ordinator	Approved by Board on	13 February 2019
Responsible person	Program Director	Scheduled review date	13 February 2024

1. PURPOSE

1.1 The purpose of this Policy is to:

- a. Set out the considerations for how household rent is determined, assessed and reviewed in the CEHL Co-operative Housing Program (the Program)
- b. Ensure that these considerations are consistent, clear and transparent.

2. POLICY CONTEXT

The Program aims to facilitate affordable living for all program participants by offering housing at a rent cost that meets a clear benchmark of affordability for each household.

Under the Program Principle of *Affordability and Financial Sustainability*, CEHL and co-ops work together to ensure the ongoing financial viability of the Program, with the primary source of revenue for each co-op and CEHL being tenant rent. The financial sustainability of CEHL and member co-ops are interdependent and all financial decisions must consider the impact on both parties, as well as the impact on individual households.

The Program's deep commitment to consultation with member co-ops on significant program changes, means that the CEHL Board will consult member co-ops about any proposed changes to the way that household rent is determined.

The Performance Standards for Registered Housing Agencies requires that any CEHL Rent Policy meets guidelines to ensure rent remains affordable to tenants, and CEHL remains financially viable. The standards also require CEHL to ensure that information about how household rent is determined is easily available to program participants and applicants.

The considerations for determining household rent seek to maximise current and future, external funding and government rental benefits, when available, and includes Commonwealth Rent Assistance (CRA). The Australian Charities and Not-for-profits Commission (ACNC), requires registered charities, such as CEHL, to ensure that subsidy is directed to lower income households and avoids the flow of subsidy (e.g. rent discounts) to households that are not eligible for charitable benefit. The framework must take into account any requirements to maintain CEHL's charitable registration.

3. POLICY STATEMENT AND PRINCIPLES

3.1 STATEMENT

- a. This Policy ensures that rent remains affordable to low income households, by using a rental affordability benchmark that is a percentage of main gross income. The current affordability benchmark is set at 25% of the household's main gross income.
- b. This Policy adopts the community housing sector's approach for income assessment and the setting of maximum and minimum rent. Where decisions around rent are not specifically referenced in this policy, the decision will be guided by current community housing rent setting practices.
- c. This Policy maximises the amount of income that can be achieved, from both external funding and government rental benefits, while maintaining the Program's adherence to the Program Principle of *Affordability and Financial Sustainability*, alongside any other Program requirements.
- d. This Policy ensures that subsidy is targeted to lower income households.

3.2 PRINCIPLES

- a. This Policy is underpinned by four key principles:
 - i. Affordability
 - ii. Viability
 - iii. Simplicity
 - iv. Fairness
- b. Household rent will be calculated on the main gross income for all household members. Assessed rent is the calculation of all gross income and how the household is charged rent. Tenants must declare all household income and provide evidence to CEHL on at least an annual basis or at any time that household income increases by more than the amount specified in Schedule A (attached to this Policy).
- c. Minimum rent is the lowest rent that will be charged unless a specific exemption is granted. Minimum rent is set each year, assuming that all household members are receiving maximum government entitlements including CRA. Current amounts are set out in Schedule A.
- d. An exemption to the minimum rent will be considered in circumstances where a household member is:
 - i. Deemed ineligible for a minimum Centrelink benefit; or
 - ii. Temporarily required to pay additional accommodation costs to meet legal or health-related requirements.
- e. Households wishing to apply for an exemption should make a written request to CEHL's Program Director, detailing the circumstances for an exemption being sought.
- f. Maximum rent for a household is set at a market rental rate for the property, determined through a property valuation methodology consistent with industry standards, except where otherwise determined by funding requirements (e.g. National Rental Affordability Scheme (NRAS) funded properties)

- g. For a household where minimum or maximum rent does not apply, an assessed rent will be calculated at the affordability benchmark percentage of the main gross income, plus the community housing sector's approach to any other income, as outlined in Schedule A.
- h. Maximum rent will be charged when:
 - i. Households have not provided sufficient income evidence; or
 - ii. Assessed rent is higher than maximum rent; or
 - iii. Maximum rent is less than minimum rent for the household.
- i. Adjustments to the setting of minimum and maximum rent will be made as part of the annual rent review to reflect changes in Centrelink benefits and market rent.
- j. Substantial amendment or review of this Policy will require a consultation process as specified by the CEHL Board.

4. SCOPE

4.1 This is a Program Policy. It applies to all residential tenancies managed by CEHL or member co-operatives

5. DEFINITIONS

These definitions apply to this specific policy. For all other definitions relating to this policy, please refer to the Program Glossary.

- a. Rent model: The rent model is the collection of considerations used to determine household rent.
- b. Affordability benchmark: A rental affordability benchmark provides a rent that does not impose an unreasonable burden on household income. The rent model uses an affordability benchmark that sets a maximum percentage of income that a household pays in rent, ensuring that rent remains affordable to lower income households.
- c. Gross income: Income before any income tax has been deducted.
- d. Main gross income: Broadly includes wages, salary, interest and income support payments received by the household. It does not include supplementary payments, allowances and benefits such as family payments. See the Department of Health and Human Services (DHHS) guidelines for further details. For all other definitions relating to this policy, please refer to the Program Glossary.
- e. Assessed Rent: Calculation of gross income and CRA eligible for the household to set the amount of rent charged.

6. LEGAL AND OTHER REQUIREMENTS

6.1 This Policy adheres to and incorporates guidance from:

- a. Performance Standards for Registered Housing Agencies
- b. *Residential Tenancies Act 1997*
- c. *Australian Charities and Not-for-profits Commission Act 2012*
- d. *National Rental Affordability Scheme Act 2008*

7. PROGRAM REQUIREMENTS

7.1 This Policy is consistent with:

- a. International Co-op Principles:
 - Voluntary and open membership
 - Concern for Community
 - Education, Training, and Information
- b. Program Principles:
 - Affordability and Financial Sustainability
 - Quality of Housing
 - Security

8. RELATED PROGRAM POLICIES

8.1 This Policy should be considered in conjunction with:

- a. Ending a Tenancy (Landlord Initiated) Program Policy
- b. Tenancy and Housing Complaints and Appeals Program Policy
- c. Rent Arrears Program Policy
- d. Referral to Support Agencies Program Policy
- e. Exemptions Program Policy

9. AUTHORISATION

Approved by	Heidi Lee	Date of approval	13 / 02 / 2019
Position	CEHL Chair		

SCHEDULE A

1. Calculating Minimum Rent

Minimum rent is the lowest rent that will be charged unless specific exemption is granted. Minimum rent is based on 25% of typical Centrelink income and 100% of anticipated Commonwealth Rent Assistance (CRA) for the relevant household composition.

2. Calculating Assessed Rent

Assessed rent is calculated based on:

- 25% of the household's gross assessable income (excluding Family Tax Payments and dependant income); plus
- 15% of any Family Tax Benefit; plus
- 15% of any income received by a dependant (see definitions); plus
- 100% of CRA received.

3. Calculating Maximum Rent

Maximum rent for a household is set at a market rental rate for the property, determined through a property valuation methodology consistent with industry standards, except where otherwise determined by funding requirements (e.g. National Rental Affordability Scheme (NRAS) funded properties).

4. Rent Model Transitional Rent

The new Rent Model approved by the Board in 2018 will have a transitional period of 1 July 2019 to 30 June 2020. Any household that has a rent increase of more than \$50.00 during the annual rent review process will not be charged more than \$50.00 above the household rent set as at 30 June 2019. As at 1 July 2020, households will be charged the full amount of rent as per the rent model assessment.

5. Changes to Household Income

Households who have an increase in household income of \$50 or more per week are required to complete a new "Household Information Form" (HIF) and provide evidence of income so that the rent can be reassessed.

How to request a reassessment:

- CERC households – Provide a completed HIF and evidence of income to their CERC Treasurer / Rents Officer who will process the calculation and provide a Rent Assessment Notice.
- CMC households – Provide a completed HIF and evidence of income to their CEHL Financial Services Officer who will

process the calculation and provide a Rent Assessment Notice.

If a household's income decreases and the household is not currently paying minimum rent, a new rent assessment can also be requested.

APPENDIX - Minimum Rent

Table A: Used for households receiving Centrelink and Commonwealth Rent Assistance (CRA) only. The minimum rent required to be paid is as per this table.

Table A: effective from 1 July 2021

Household Composition	Minimum Rent per week
1 Adult Newstart	\$100.00
1 Adult Newstart + 1 Youth Allowance	\$125.00
1 Adult Newstart + 2 Youth Allowance	\$139.00
1 Adult Newstart + 3 Youth Allowance	\$154.00
1 Adult Newstart + 4 Youth Allowance	\$172.00
1 Adult Newstart + 1 Child	\$130.00
1 Adult Newstart + 2 Child	\$167.00
1 Adult Newstart + 3 Child	\$204.00
1 Adult Newstart + 4 Child	\$215.00
1 Adult	\$180.00
1 Adult 1 Child	\$196.00
1 Adult 2 Children	\$205.00
1 Adult 3 Children	\$228.00
1 Adult 4 Children	\$238.00
2 Adults Newstart	\$196.00
2 Adult Newstart + 1 Youth Allowance	\$209.00
2 Adult Newstart + 2 Youth Allowance	\$222.00
2 Adult Newstart + 3 Youth Allowance	\$236.00
2 Adult Newstart + 4 Youth Allowance	\$250.00
2 Adult Newstart + 1 Child	\$214.00
2 Adult Newstart + 2 Child	\$240.00
2 Adult Newstart + 3 Child	\$259.00
2 Adult Newstart + 4 Child	\$268.00
2 Adults	\$231.00
2 Adults 1 Child	\$214.00
2 Adults 2 Children	\$240.00
2 Adults 3 Children	\$259.00
2 Adults 4 Children	\$268.00
3 Adults	\$300.00