

RENT SETTING & COLLECTION

Policy & Procedure

QA REFERENCE	P&T P&P No 05
INTRODUCED	28 th March 2019
LAST REVIEWED	28 th March 2019
NEXT REVIEWED	28 th March 2022
RESPONSIBILITY	Property and Tenancy Management is responsible for the review and currency of this policy and associated procedures.
APPROVED	Approved by the Chief Executive Officer on 28 th March 2019 <i>This policy and procedure is valid from the date of introduction and remains in force, as amended from time to time, until such time as formally revoked by resolution at a meeting of the Operational Leadership Group.</i>
ENDORSED	Endorsed by the Operational Leadership Group on
REFERENCES –	
Related Legislative Acts and other sources of Authority	<ul style="list-style-type: none"> • Housing Act 1983 (Vic) Part VIIIA – Social Housing • Residential Tenancies Act 1997
Related Standards, Guidelines and other References	<ul style="list-style-type: none"> • Performance Standards for Registered Housing Agencies • DHHS Victorian Housing Register Operational Guidelines • Guidelines for Registered Housing Agencies published by DHHS • Legal agreements between MASP and the Director of Housing relating to the VHR
Related MASP Policy and Procedure Documents	<ul style="list-style-type: none"> • Accessibility Modifications – P&T P&P No 04 • Allocations – Internal – P&T P&P No 07 • Allocations – VHR – P&T P&P No 06 • Bonds Management – P&T P&P No 11 • Code of Conduct – HRM P&P No 12 • Conflict of Interest – HRM P&P No 28 • Complaints & Appeals Tenants & Prospective Tenants – P&T P&P No 03 • Eligibility – P&T P&P No 10 • Inspections – P&T P&P No 12 • Maintenance and Repairs – P&T P&P No 08 • Privacy and Information Security – P&T P&P No 01 • Property Damage by Tenant – P&T P&P No 02 • Rent Arrears Management and Evictions P&T P&P No 5
Related MASP Instructions and Guidelines	<ul style="list-style-type: none"> • Being a Good Neighbour – P&T B&P No 05 • COVID 19 Maintenance P&T I&G No 01 • Urgent After-Hours Repairs – P&T I&G No 02
Related MASP Forms and Templates	<ul style="list-style-type: none"> • Condition Report – Entry – P&T ED • Condition Report – Exit – P&T ED • Residential Rental Agreement – P&T ED • COVID 19 Health Declaration Contractor Maintenance Worker – P&T F&T No 06 • COVID 19 Health Declaration MASP tenant – P&T F&T No 03 • COVID 19 Letter to contractor or tradesman – P&T F&T No 05
ACRONYMS/DEFINITIONS	

<ul style="list-style-type: none"> • DHHS 	Victorian Department of Health and Human Services
<ul style="list-style-type: none"> • Director of Housing 	Victorian government statutory authority that owns all public housing land in Victoria and which is the principal funding body for community housing
<ul style="list-style-type: none"> • Public housing 	Housing owned and managed by DHHS
<ul style="list-style-type: none"> • VHR 	The Victorian Housing Register, the statewide common application for people seeking public housing and community housing
<ul style="list-style-type: none"> • MASP 	Mallee Accommodation and Support Program
<ul style="list-style-type: none"> • Tenant 	The person who signed the Residential Tenancy Agreement
<ul style="list-style-type: none"> • Household Members 	Other people who have been authorised by MASP to reside at the property
<ul style="list-style-type: none"> • Applicant 	Means an applicant for housing to MASP
<ul style="list-style-type: none"> • ATO Benchmark rent 	Means the amount set by the Australian Taxation Office under the GST and non-commercial rules - benchmark market values for long-term accommodation
<ul style="list-style-type: none"> • Gross household income 	Means the total household income assessed in accordance with the [Income Assessment Guidelines]
<ul style="list-style-type: none"> • Maximum CRA 	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
<ul style="list-style-type: none"> • Maximum Rent 	Means the maximum rental amount payable for a property determined for a property in accordance with this policy
<ul style="list-style-type: none"> • Property rent 	Means the open market rent for a property determined by MASP in accordance with this policy
<ul style="list-style-type: none"> • 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

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

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
- 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.

Transparency and accessibility

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