

# Lodging Rent and Bond Policy

## Purpose

This policy explains how Foundation Housing sets and reviews its Lodging Rents, as well as explaining how and why a Bond is charged. It also covers the responsibilities Foundation Housing Residents have whilst living in the accommodation.

## Scope

This policy applies to Residents who sign a license to occupy for a Foundation Housing lodging room. For tenancies covered by the Residential Tenancies Act 1987, please see the mainstream Rent Setting Policy.

## Definitions

**Applicant** means a person applying for accommodation in a Foundation Housing lodging room.

**Assessable Income** is the continuous or regular income of the Applicant or Resident.

**Bond** is a payment an Applicant makes in advance to cover any costs which they, as a Resident, may be responsible for at the end of the residency. This amount is held by Foundation Housing for the duration of the residency.

**Commonwealth Rent Assistance (CRA)** is a non-taxable supplement Centrelink pays to eligible people to assist them pay their Rent.

**Lodging Services Fee** means a fee that Foundation Housing charges Residents for providing goods and services such as furniture, linen, mattresses, whitegoods, consumables and cleaning supplies / services.

**Market Rent** is the amount of Rent that is likely to be charged for a comparable property in a comparable location.

**Maximum Rent** is the highest Rent that Foundation Housing will charge for a property.

**Rent** means the amount Foundation Housing charges a Resident for the right to occupy a lodging room.

**Rent Assessment** refers to the process by which Foundation Housing calculates the Rent for an Applicant.

**Rent Review** refers to the process by which Foundation Housing calculates the Rent amount payable by an existing Resident.

**Resident** means a person who has signed a license to occupy, granting them the right to occupy a Foundation Housing lodging room.

**Utilities Charge** means any charge levied to the Resident for using gas, water, or electricity.

## Policy

### Foundation Housing's Commitment

Foundation Housing will.

- apply this policy in an open, honest, and supportive way
- assist Applicants and Residents obtain income details from Centrelink;
- act swiftly to undertake a Rent Review if a Resident's income has reduced; and
- inform Applicants and Residents about the process to claim CRA.

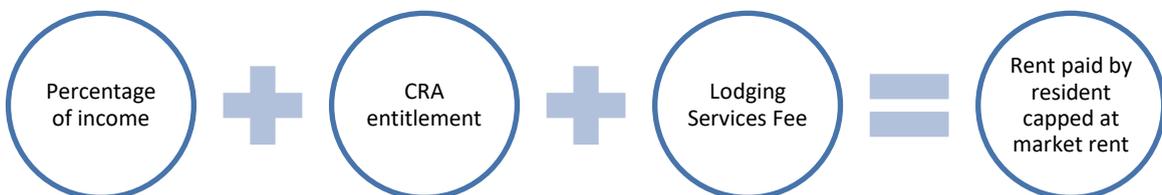
### How Foundation Housing sets the Rent

Foundation Housing calculates the Rent using a percentage of an individual's Assessable Income, plus any CRA the Applicant or Resident would be eligible for, plus the Lodging Services Fee. The percentage of income charged depends on the lodge in which the Resident will reside and the type of room that is being rented.

The Maximum Rent a Resident will pay is the Market Rent for their property at the point at which a Rent Assessment or review is completed.

Residents who are eligible to apply for a Centrelink payment but choose not to will be deemed to be receiving the relevant Centrelink payment. This means Foundation Housing includes the amount the Resident is entitled to claim, in the rent calculation, and Foundation Housing would encourage the Resident to apply for the deemed payments with Centrelink.

### Diagram 1: FHL Rent setting formula



### Maximum Rent

Rents are a sum of the percentage of a Resident's income, CRA entitlement and the Lodging Services Fee. If that total exceeds the Market Rent amount for the property at the point at which a Rent Assessment or review is completed, the Resident will be charged the Market Rent amount (not the higher amount).

### Utilities Charge

As well as Rent, Foundation Housing charges Residents a fee for use of utilities at the property at which they reside. Most lodges are not separately metered, so the charge is calculated according to the total cost of utilities used at the property, over the last 12 months. This figure is divided by the number of rooms at the Lodge, divided by 52. This gives a weekly charge for each room.

## **Review of Rent**

Residents may request a Rent Review at any time and Foundation Housing will undertake that review. In the absence of any request/s for review by the Resident, Foundation Housing will usually review the Rent of every Resident on a six monthly basis (currently in March and September).

Foundation Housing may review the Rent earlier than every six months if a Resident's Assessable Income has changed.

Residents are given 28 days' notice of any increase in their rent.

## **Residents' Responsibilities**

Residents must inform Foundation Housing if their income changes.

Residents must give Foundation Housing details of their income when requested, so that Foundation Housing can review their Rent.

### **Under the Licence to Occupy, Residents have a legal responsibility to:**

- pay the Rent and Utilities Charge due every fortnight, for the fortnight ahead; and
- pay other charges, such as charges for utilities or resident liability damage charges, when they receive an invoice for them.

## **Bonds**

The Bond is calculated as the cost of two weeks' rent. Applicants / Residents should pay the Bond at the sign-up meeting. Applicants may request to pay their bond in instalments and sign a repayment agreement, and Foundation Housing will assess these requests on a case by case basis.

A key deposit is also charged to residents (which Applicants or Residents must also pay at the sign-up meeting). The key deposit will be returned when a vacating Resident returns the full set of any room or lodge keys or swipe cards to Foundation Housing.

## **Right of appeal**

If an Applicant or Resident does not agree with any of Foundation Housing's decisions or actions, they can appeal these as per the detail included in the Appeals Policy.

## **Related documents**

Appeals Policy

Arrears Policy

Information sheet –How we review your rent

Information sheet – How we set your rent (Lodging)

## Process of Policy Development / Review

Document Control		
Approving Body	CEO	
Executive Owner	CFO	
Functional Manager	Finance Manager	
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Review Date	March 2022	
Document History		
Date	Changes	Author
Oct 2010	Initial approval	Unknown
Mar 2018	Review, as well as legislation and position updates	Christabel Seneque
Oct 2019	Updated bond amount and rent calculation information in accordance with change in organisational policy	Christabel Seneque
Dec 2019	Reviewed for correctness and formatting	Jeremy Jacobs and Kerryn Edwards