

# Rent Setting Policy

## Purpose

This policy explains how Foundation Housing assesses and reviews tenant rents. It also covers the responsibilities our Tenants have and gives details of the support we offer.

## Definitions

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

**Assessable Income** is the continuous or regular income of all Household Members over the age of 16. Household members include but are not limited to the tenant of the property.

**Band A** describes Tenants and Applicants whose Assessable Income is within the public housing income limits. These income limits are set out in the Community Housing Income and Asset Limits Policy.

**Band B** describes Tenants and Applicants whose Assessable Income is over the public housing income limits but within community housing income limits. These income limits are set out in the Community Housing Income and Asset Limits Policy.

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

**Market Rent** is the amount of rent that can be expected for the use of a property, in comparison with similar properties in the same area.

**Household Member** means a person living in a Foundation Housing Property, who has not signed a residential tenancy agreement with Foundation Housing.

**Minimum Rent** is the lowest rent that Foundation Housing will charge for a Property.

**Maximum rent** is the highest rent that Foundation Housing will charge for a Property.

**Property** means a residential premises managed by Foundation Housing.

**Rent** means the amount Foundation Housing charges a Tenant for the right to occupy one of our Properties.

**Tenant** means a person who has signed a residential tenancy agreement granting them the right to occupy a Foundation Housing Property.

**Under-occupancy / Under-occupying** refers to a situation where a tenant is in a property that is larger than they require measured by the number of bedrooms in the property.

**Rent Assessment** refers to the process by which FHL calculates the rent for a new tenant.

**Rent Review** refers to the process by which FHL reviews the rent amount payable by an existing tenant.

## Scope

This policy only applies to tenancies covered by the *Residential Tenancies Act 1987*. For lodging and shared homes, please see the Lodging Rent and Bond Policy.

## Our commitment

Foundation Housing will apply this policy in an open, honest, and supportive way.

Foundation Housing will:

- help Applicants and Tenants get income details from Centrelink;
- act quickly on rent reviews if a Tenant's



income has reduced; and

- tell Applicants and Tenants how to claim CRA.

## How Foundation Housing sets the Rent

Foundation Housing is compliant with the Department of Communities' Community Housing Rent Setting Policy and the Residential Tenancies Act 1987 (WA).

Foundation Housing calculates the Rent using a percentage of the Assessable Income plus the sum of any CRA the Household Members would be eligible for. The percentage of income charged depends on whether the Assessable Income for the household is within Band A or Band B.

The maximum rent a tenant will pay is the market rent for their property at the point at which a rent assessment or review is made.

Tenants who are eligible to apply for a Centrelink payment but choose not to will be deemed to be receiving the relevant Centrelink payment.

**Band A:** For Band A Tenants, Rent will be 25% of gross Assessable Income (income before tax has been paid) plus the sum of any entitlement to CRA.

**Band B:** For Band B tenants, Rent will be 30% of net Assessable Income (income after tax has been paid) plus the sum of any entitlement to CRA.

### Diagram 1: FHL rent setting formula



### Minimum Rent

Foundation Housing charges a Minimum Rent for each of its properties to ensure financial viability. Minimum Rents are updated every six months.

In the event that minimum rent exceeds the rent calculated under FHL's rent setting formula for a tenancy, FHL may elect to compensate the tenant to an amount equivalent to the difference.

### Under-occupancy

Foundation Housing seeks to ensure that tenants are appropriately matched to properties. Specifically, that the property is not too large or too small for tenant's needs.

In the event that a tenant is Under-occupying a property, tenants will be obliged to apply for a transfer or pay a \$25 weekly Under-occupancy charge for each additional bedroom in their property. For example, a single person in a three bedroom property would be obliged to pay \$25 per week as an Under-occupancy charge and \$50 per week if they are residing in a four bedroom property.

### Maximum Rent

Rents are a function of tenant income and CRA entitlement. If that amount exceeds the market rent amount for the property at the point at which a rent assessment or review is made, the tenant will be charged the market rent amount.

### Rent Reviews

Tenants may ask for a rent review at any time and Foundation Housing will review it for them. In the absence of any requests for review by the Tenant, Foundation Housing usually reviews the Rent six-monthly. Foundation Housing may review the Rent earlier than six-monthly if the Assessable Income of the household has changed.

Any decreases to the rent amount apply from the next fortnight's rent charge.

### Tenants' responsibilities

Tenants must tell Foundation Housing if their household income changes. This includes any change to the people who live in the Property, as well as any change to the Assessable Income of anyone who lives in the Property.

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

Under the tenancy agreement, Tenants have a legal responsibility to:

- pay the rent and utilities charges due every fortnight, for the fortnight ahead; and

- pay other charges, such as charges for any damage they have caused, when they receive an invoice for them.

## Rent Statements

Tenants may request a rent account statement at any time.

## Right of appeal

If an Applicant or Tenant does not agree with any of our decisions or actions, they can appeal under our Appeals Policy.

## Relevant Legislation

- *Residential Tenancies Act 1987*
- *Housing Authority Rental Policy Manual July 2020* (Department of Communities WA)
- *Community Housing Income and Asset Limits Policy 2020* (Department of Communities WA)
- *Community Housing Rent Setting Policy December 2009* (Department of Communities WA)
- *GST and non-commercial rules – benchmark market rent values* (Australian Tax Office)
- *Non-commercial activities of charities, cost of supply and market value tests 2013* (Australian Tax Office)

## Related Documents

- *Absentee Rent Policy*
- *Appeals Policy*
- *Complaints Policy*
- *Lodging Rent and Bond Policy*
- *Transfer Policy*
- *Absentee Rent procedure*
- *Updating Band Limits procedure*
- *Centrelink Changes procedure*
- *Centrelink Statements procedure*
- *Change of Circumstances Rent Review Requests procedure*
- *CRA – Commonwealth Rent Assistance procedure*
- *DVA – Department of Veterans' Affairs Rent Review procedure*
- *Market Rent Review procedure*
- *Rent for Live-in Carers procedure*
- *Rent Reviews Mainstream procedure*
- *Rent Reviews Vouchers procedure*
- *Under-occupancy procedure*
- *Update Household Details form*
- *Centrelink Income Confirmation form*
- *Centrelink Multiple Consent Authority form*
- *How we review your rent information sheet*
- *How we set your rent information sheet*

## Document Control

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