

Policy Number: 62

Policy Name: Rent Management

(replaces policies 26 Rents, 07 Increases and reviews, 11 Rent Arrears, 47 Rental refunds & 57 Rent Arrears Management Policy. Includes Bond Management.)

Version No. 04

Established: 2018

Present Version Passed: 12/10/21

Next Scheduled Review: 2023

PURPOSE

This policy establishes the approach of Northern Geelong Rental Housing Co-operative Ltd (NGRHC) to establishing leases, setting and collecting rent, and Bonds in its affordable long-term rental housing program, along with Bond refund or division.

RELEVANT CO-OPERATIVE OBJECTIVES

Housing Registrar Performance Standards for Registered Housing Providers.

SCOPE

This policy applies to all affordable long-term rental properties owned or managed by NGRHC. This policy applies to the following mechanisms of the housing program run by NGRHC:

- Annual reviews
- Bonds
- Changes in income of household renter-members
- Fixed term residential rental agreement
- Rent arrears
- Rent increases
- Rental refunds

POLICY STATEMENT

NGRHC 's mission is to supply Long Term Affordable Housing to vulnerable and low income people in the City of Greater Geelong.

Starting a Tenancy

Renter-members are initially selected according to the income and asset test and guidelines of the Victorian Housing Register. Possible applicants are then interviewed so that NGRHC can find the best possible renter-member to fulfill the long term Vision and Mission of the Co-op as well as be a responsible renter-member to care for the property they may be allocated.

Fixed Term Residential Rental Agreement (also known as lease)

Residential rental agreements are renter-member contracts that define in clear, thorough terms the expectations between the housing provider and renter-member, including rent rebates, market rent, rules regarding pets, and duration of agreement. A strong, well thought out, and well-worded rental agreement contract can help ensure both parties' best interests are protected, as neither can alter the agreement without written consent from the other.

From 6/11/2019 all new renter-members entering the NGRHC will be asked to sign a Fixed Term Residential Rental Agreement for not less than one year. NGRHC wants to ensure the best renter-membership arrangement possible for all parties. The prescribed form for entering this

Residential Rental Agreement will be used and the requirements for entering and ending a fixed term residential rental agreement will be in accordance with the Residential Tenancies Act 1997 (RTA)

<https://www.consumer.vic.gov.au/housing/renting/starting-and-changing-rental-agreements/different-rental-agreements/residential-rental-agreements>

<https://www.consumer.vic.gov.au/housing/renting/moving-out-giving-notice-and-evictions/breaking-a-rental-agreement>

Approach to rental affordability – guiding principles

NGRHC sets rent to fulfill its social mission and to ensure that our properties relieve housing stress.

Accordingly, NGRHC will:

- set rent in accordance with established affordability benchmarks;
- communicate clearly to applicants and renter-member as to how NGRHC 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

NGRHC sets rent as follows:

The lower of:

- Household income based rebated Rent; (outlined in the table below)
- Market Rent (which is the maximum rent as determined by the Department of Families, Fairness and Housing DFFH on an annual basis.)

Household-income based rental rebate

This is determined as:

- 25% of Gross Household Income (15% for household members under 21 with their own income), plus
- 15% Family Payments, plus
- Maximum Commonwealth Rental Assistance (CRA)

**Sample of rebated Rent calculation depicted below is based on a couple with no dependents. Calculation generated on specialised software for Registered Housing Providers and subject to change.*

Rent Calculator

----- Rent -----

% Weekly Income: \$213.26

Threshold Rent: **\$116.76**

Rent Assistance: **79.17**

Market Rent: \$420.00 (Room 01 at Swan Street 338)

Max % of Market Rent: **100** Max payable is \$420.00

Rent Payable: **\$292.43** Copy to New Rent

Primary Tenant: VEDDER, Edward

----- Rent Assistance -----

Rent Assistance	Max RA	Threshold	Max Payment
Single No Child	\$67.40	\$60.10	\$149.97
Single No Child Sharer	\$44.93	\$60.10	\$120.01
Couple No Children	\$63.50	\$97.30	\$181.97
Single 1 or 2	\$79.17	\$78.89	\$184.45
Single 3 or more	\$89.39	\$78.89	\$198.08
Couple 1 or 2	\$79.17	\$116.76	\$222.32
Couple 3 or more	\$89.39	\$116.76	\$235.95

Using ACT Calculator

Name	Relationship	Income Type	Component	Start Date	Amount	Rate	Assessable	Include?
Vedder, Edward	Primary	Wages/Pension	Part time wage	01/03/2018	\$250.00	25.00%	\$62.50	<input checked="" type="checkbox"/>
McCormick, Jillian	Wife	Parenting Payment Partnered		01/03/2018	\$241.67	25.00%	\$60.42	<input checked="" type="checkbox"/>
Vedder, Edward	Primary	Newstart Over 21		01/03/2018	\$201.36	25.00%	\$50.34	<input checked="" type="checkbox"/>
McCormick, Jillian	Wife	Wages/Pension	Casual employment at café	01/03/2018	\$160.00	25.00%	\$40.00	<input checked="" type="checkbox"/>
McCormick, Jillian	Wife	Other	Energy Supplement	01/03/2018	\$14.00	0.00%	\$0.00	<input type="checkbox"/>
Vedder, Edward	Primary	Other	Clean Living Supplement	01/03/2018	\$6.00	0.00%	\$0.00	<input type="checkbox"/>

Total combined income

Rent payable = 25 % of total combined income

→

\$853.03

←

\$213.26

There are certain assessable income items that NGRHC has chosen not to include in the calculations; however, this is subject to change.

Gross Household Income is determined in accordance with the Department of Families, Fairness and Housing (DFFH) Assessable Income guidelines.

<https://www.housing.vic.gov.au/market-rent-and-rental-rebates>

<https://www.housing.vic.gov.au/social-housing-eligibility>

Market Rent (also known as maximum rent)

This is determined as:

- Property Rent (as calculated on household income); or
- 75% of the ATO Benchmark Rent, or
- Market rent as determined annually by DFFH (BUT cannot be more than the 75% of the ATO Benchmark).

Residential Rental Agreement Guidelines

NGRHC recognises that in line with the Residential Tenancies Act 1997 (RTA) and the Department of Families, Fairness and Housing, any Renter-member housed in an NGRHC house must pay rent in the following circumstances:

- Where a new tenancy is created the renter-member must sign a Residential Rental Agreement and complete a condition report;
- The Rental Agreement must comply with the RTA;
- The Rental Agreement must comply with the prescribed standard form in accordance with the RTA; and
- Transfers from one Co-op property to another require a new Rental Agreement and are considered to be a new tenancy.

PROVISION OF INFORMATION ABOUT HOUSEHOLD INCOME

Where there is a household-income based rebated rent, renter-member and applicants are required to provide to NGRHC reasonable evidence that establishes their total household income when requested:

- before being offered a tenancy with NGRHC; and
- when NGRHC carries out a rent rebate review.

NGRHC may increase a renter-member's rent to Market Rent (also known as maximum rent) if the renter-member does not provide the information within the timeframe required.

If a household renter-member has been retrenched or voluntarily left employment, NGRHC will continue to assess the income before the household renter-member was retrenched or voluntarily left employment up until documentation is supplied from Centrelink confirming the commencement date of benefits. The effective date for the income change date will be the date that Centrelink payments commenced. See DFFH assessable income guidelines.

If a renter-member subsequently provides information about their household's details after a rent review, changes will only take effect on and from the date the renter-member contacted NGRHC and provided reasonable details of the household income.

NGRHC may agree to back-date changes in rent in circumstances where NGRHC determines that the hardship provision of this policy applies (outlined as follows).

Hardship Guidelines

NGRHC determines hardship by looking at the overall circumstances of the household, including:

- any unforeseen change to household composition beyond the control of the renter-member;
- any material change in the health (physical or mental) of the renter-member or members of their household;
- any disability of the renter-member or members of their household;
- the impact of family violence on the renter-member or members of the household; and
- cultural aspects, including Aboriginal cultural considerations.

DETERMINING THE APPROACHES TO AFFORDABLE RENT

NGRHC will determine the approach to rental rebates or market 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, NGRHC will comply with legal and contractual obligations that may apply to a particular property.

NGRHC 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

NGRHC will provide renter-members with a clear and transparent explanation as to how their rent has been calculated.

All renter-members have the right to ask NGRHC to review the way their rent has been determined and to request a further explanation. (Refer to Complaints & Appeals Policy).

Renter-members paying 'market rent' must be given a minimum of sixty (60) days' notice of any intention to increase the market rent. This notice should be in writing, and preferably sent as registered post, as per S44 of the Residential Tenancies Act 1997 (RTA).

DETERMINING THE PROPERTY RENT

To determine the Property Rent that applies to a property, NGRHC will rely on the annual rent valuations provided by DFFH.

RESPONSE TO CHANGES IN HOUSEHOLD CIRCUMSTANCES

If a renter-member contacts NGRHC and is facing hardship with paying rent, NGRHC may determine:

- to re-assess the renter-member's rent based on this policy;
- to determine that a different approach to rent should apply to that tenancy; or
- to back-date an adjustment to the rent payable by the renter-member in accordance with the hardship provisions of this policy.

Generally, such changes will only take effect on and from the date the renter-member contacts NGRHC and provides reasonable details of the change in the household circumstances. NGRHC may agree to back-date changes in rent payable in circumstances where it is determined that the renter-member ought to be granted relief from hardship.

WHEN RENT IS CHARGED

Rent is charged each and every Monday (one week at a time). Rent is charged for the period Saturday to Friday. Renter-members are advised to have their rent paid by the end of each week or fortnight (depending on your payment terms).

If you pay rent weekly then rent must be paid by the end of the week for the coming week. If you pay rent fortnightly then rent must be paid by the end of the week for the coming fortnight. Renter-members who pay rent weekly must always stay at least one week in advance. Renter-members who pay rent fortnightly must always stay at least two weeks in advance. During holiday periods such as Christmas, if a renter-member is sufficiently in advance and has a good payment history they may apply to cease payments during that holiday time IF so long as such an arrangement does not put them into a position of rent arrears.

Rent charged and paid is displayed on statements which are sent out to renter-members each quarter. Rent statements should be thoroughly checked in case any errors have occurred. While all care is taken by NGRHC staff, It is the renter-member's responsibility to ensure that all rent paid is shown on your statement and any rent arrears are rectified immediately.

BONDS

As of the 7th July 2020, a bond equivalent to one month's rent calculated for the residential rental agreement shall be charged to all new tenancies, with the exception of tenancies created by internal transfer for existing renter-members.

The bond will be processed and lodged electronically with the Residential Tenancies Bond Authority (RTBA).

Refund or division of the bond at end of tenancy shall be done in accordance to the Residential Tenancies Act 1997 and Consumer Affairs Victoria guidelines.

COMMUNICATION

NGRHC will provide clear information to renter-members on how their rent has been determined and inform renter-members of their right to have their rental calculation reviewed.

The Committee of Management shall keep themselves informed by staff of rent arrear levels on a monthly basis.

The Co-op will carry out weekly monitoring of the rent collected and account arrears. Regular reports will be made to the Committee of Management meetings detailing the Co-operative's position with regard to current arrears, former renter-member arrears, arrears performance, rent in advance and trends.

HOW THE POLICY CAN BE CHANGED

NGRHC 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.

NGRHC will implement strategies to mitigate the effect of any changes of this policy on renter-members and households.

PROCEDURES

Procedures established by NGRHC will include processes to ensure compliance with this policy, including:

- the setting and review of affordable rent;
- the communication with applicants and renter-members about how NGRHC has determined their rent;
- the identification of the rental approach that applies to a particular vacancy, property or tenancy; and
- how renter-members may ask for a determination of rent to be reviewed.

Rent Payment Guidelines:

NGRHC recognises that effective management of rent is important to the financial strength of the Co-op. Rent collected from renter-members is the only source of income and therefore is vital in the sustainability of the Co-op.

1. Each renter-member will be issued a deposit book which has a unique identifier number,
2. Renter-members may pay their rent in the following ways:
 - a. personal deposit at any bank (noting their book number details)
 - b. via Centrelink Centrepay (renter-members are strongly encouraged to use this method if receiving a Centrelink payment),
 - c. via direct debit, or
 - d. via Electronic Funds Transfer (EFT).
3. Renter-members must ensure their rent is paid at least two weeks in advance or in accordance with their Residential rental agreement.

Rent Refunds Guidelines:

NGRHC recognises its responsibility to ensure that any rental payments paid to the Co-operative in excess of the renter-member requirements must be returned to the renter-member upon cessation of the tenancy.

1. NGRHC shall refund any payments made by a renter-member that are in excess of the required amount when a tenancy ends and all other payments relating to vacating a NGRHC property have been made by a renter-member. (Refer to Termination of a Rental Agreement in Asset Management Policy for more details).
2. Refund payments can be made either in cheque format or by Electronic Funds Transfer.
3. Renter-members wishing to know their current rent balance may request a rental statement either via phone or in writing at any time.

Rent Arrears Guidelines:

The purpose of this guideline is to:

- ❖ Define a process for effective determination of rental arrears
- ❖ Define a procedure for ensuring that rental arrears are minimised and responded to in an equitable and responsible manner.

1. The Staff will notify the Renter-member in writing if they fall behind in their rent.
2. The Renter-member will notify Staff if they are unable to pay their rent.
3. The Renter-member and the Staff will agree on a rent arrears payment plan and both will sign the agreement. This agreement is binding and failure to honor the agreement may end in a Notice to Vacate being issued and then NGRHC will apply for a hearing by VCAT.
4. The rent arrears payment plan will not have a duration of greater than 6 months.
5. If the Renter-member does sign a rent arrears payment plan agreement but then breaches the agreement the Staff will discuss the case with the Committee of Management (COM). The COM may decide to issue a Notice to vacate and apply for a VCAT hearing
6. Once an Order for Possession has been obtained the COM may decide to obtain and execute a Warrant for Possession and the Renter-member will be forced to vacate the property.
7. If the Renter-member vacates with rent arrears owing the NGRHC may use the services of a debt collection agency to make sure that all arrears are repaid.
8. If a renter-member refuses to sign an arrears payment plan the Staff will discuss the case with the Committee of Management (COM). The COM may decide to issue a Notice to vacate and apply for a VCAT hearing.

DEFINITIONS: In this policy;

Applicant	Means an applicant for housing to NGRHC
ATO Benchmark Rent	Means the amount set by the Australian Taxation Office https://www.communityhousing.com.au/ato-long-term-accommodation-market-rent-benchmarks-updated-1-july-2019/
Gross Household Income	Means the total household income assessed in accordance with the DFFH Assessable Income guidelines.
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Market Rent	Means the maximum rental amount payable determined for a property in accordance with this policy. Also known as 'Maximum Rent'.
Rebated Rent	Means the rent derived from calculating the combined total household income for a property determined by NGRHC in accordance with this policy
Residential Rental Agreement	A rental agreement is a contract outlining the terms under which one party agrees to rent property owned or managed by another party. It guarantees the Renter, also known as the renter-member, use of an asset and guarantees the Housing Provider regular payments and terms for a specified period in exchange. Both the Renter and the Housing Provider face consequences if they fail to uphold the terms of the Residential Rental Agreement.

RELATED POLICIES

Complaints and Appeals Policy
Vacating Policy
Allocation of Long Term Housing Policy
Asset Management Policy

LEGISLATION AND STANDARDS

This policy implements the obligations of NGRHC under:

- Housing Act 1983 (Vic)
- Victorian Civil and Administrative Tribunal (Australia)
- Residential Tenancies Act 1997
- Guidelines for Registered Housing Agencies published by DFFH
- Performance Standards for Registered Housing Agencies
- Consumer Affairs Victoria. <https://www.consumer.vic.gov.au/housing/renting/ending-a-lease-or-residency/claiming-the-bond-renter-members-and-residents>

TRANSPARENCY AND ACCESSIBILITY

This policy will be available on the NGRHC website www.ngrhc.org.au