Rent Setting Policy and Procedure – Rental Housing

Applies to Property and Housing
Rental Housing
Policy Statement
Uniting will ensure the setting and review of rent is fair, consistent and efficient.

Contents

1 Purpose

The purpose of this policy is to ensure that the setting and review of rents is fair, consistent and efficient. It explains how rents (including rental subsidies) will be calculated in a way that meets the requirements of relevant funding programs.

2 Scope

- Rents and rental subsidies will be calculated in a consistent way that meets the requirements of the funding program applicable to each rented dwelling.
- Uniting's general policy is that rent charges to tenants will not exceed the market rent.
- Rents will be reviewed periodically, in keeping with the procedures applicable to each program. Social and affordable housing tenants (including NRAS) must supply up-to-date information on gross household income when requested or when household changes occur.

3 Compliance

This policy forms part of the Uniting Policy Framework.

4 Policy principles

The rent setting policy sets out rental outcomes for residents and tenants. For social housing tenants, Uniting will calculate the amount of rent to be charged to the tenant based on the household income and in line with the NSW Community Housing Rent Policy, that outlines assessable income that includes:

- income from statutory payments
- wages or casual earnings
- self-employment
- any assessable supplement payment

Any household member not eligible for a payment or who is eligible for a statutory payment will be charged rent based on the statutory allowance amount, using this as a deemed income.

4.1 Social Housing

Rent Setting

Social housing rents are set at market rents; a rental subsidy is available for low to moderate income households. The market rent is based on the median market rent for the relevant LGA (Local Government Area) to the type and location of the property as shown in the most recent Housing NSW *Rent and Sales Report*. The initial market rent is the rent shown on the Residential Tenancy Agreement.

Subsidised rents for social housing tenants are calculated in line with the NSW Department of Community and Justice's *Community Housing Rent Policy*. This sets out the NSW Government's requirements for rent setting by community housing providers in NSW.

Households on a low to moderate income can apply for a rent subsidy by completing an Application for Rent Subsidy, listing details of all household members and each person's gross income. There are several household income limits and rent assessment rules that determine how much rent a tenant will pay.

For information on household income limits go to
https://www.facs.nsw.gov.au/housing/policies/tenancy-charges-account-management-policy-supplement#current

For information on rent assessment rules go to
https://www.facs.nsw.gov.au/housing/policies/charging-rent-policy

If a household is eligible for a rent subsidy, the tenant will pay between 25% and 30% of their household's assessable gross income in rent, plus 100% of the household's entitlement to Commonwealth Rent Assistance (CRA). For more details go to https://www.facs.nsw.gov.au/housing/community-housing-policies/rent

At the start of the tenancy a tenant must sign a Residential Tenancy Agreement which includes additional terms and conditions agreeing to supply their income details to Uniting when requested, or at any time their income changes to have their rent subsidy calculated. Tenants who fail to supply the completed Application for Rental Subsidy including verification of the household income by the due date, will no longer be eligible for a rental subsidy and will be liable to pay market rent.

4.2 Rent Review

- *Uniting initiated rent review:* In line with the Community Housing Rent Policy, Uniting carries out six-monthly rent reviews following the CPI increases on 20 March and 20 September of each year. To carry out a rent review, tenants are required to fill in an application for Rental Subsidy listing all household members plus gross income details for all household members aged 18 and over.
- *Change in household income (Tenant initiated review):* It is the tenant's responsibility to advise Uniting of any change in their household income and/or family circumstances within 21 days of the effect of that change. Tenants will need to reapply for a rent subsidy by submitting a completed Rent Subsidy Application and provide acceptable proof of gross income for all household members within 21 days of the change. Uniting will complete a rent review within 14 days of receiving the required information.

Failure to advise Uniting of changes in household income or complement may result in formal tenancy action.

Rent Setting

Where a household's rent is to be increased due to the tenant or household member beginning work, the increase will commence 28 days from the date of change, providing the tenant notified Uniting within 21 days of the date of change and all the required information to assess the rental subsidy was provided by the tenant. In all other circumstances the date of increase in rent will be the Friday following the date of change, providing the tenant notified Uniting within 21 days of the date of change and all required information to assess the rental subsidy is provided by the tenant.

If the tenant notifies Uniting outside of 21 days from the date of change in the assessable household income, the date for the rent increase will be the date of change in income. For administrative purposes, Uniting will use the following Friday as the effective date. A retrospective adjustment will be made to the tenants rent account which could result in arrears and subject to NSW Civil Administrative Tribunal (NCAT) action. Where the tenant or household member has begun work and has given ‘good cause’ for having been unable to or having not provided the required information within 21 days of the increase in income, consideration can be given to increase the rent 28 days from the date of the change with approval by the Head of Village Services.

Decrease in rent

Where there is a decrease in a tenant’s income, the tenant can request a review of their rent. Where the assessment results in a decrease in rent, the decrease will be effective from the date of the change in income on condition the tenant notified Uniting of the change with 21 days and all required income information was provided with the period. For Administrative purposes, the change will be effective on the nearest Friday to the change.

If the tenant notifies Uniting outside the 21 days from the date of the change in household income, the date for the change in rent will be the date Uniting was notified by the tenant, and all the required income information was provided. For administrative purposes, Uniting will use the closest Friday as the effective date.

Where the tenant has a legitimate reason for having been unable to provide the information within 21 days of the change in income, consideration can be given to backdating the decrease in rent to the time of the change. Approval to backdate is to be given by the Tenancy Management Lead.

If the tenant appeals the decision not to backdate the decrease in rent to the original date of change and the appeal is upheld the decrease can be actioned but cannot exceed a maximum of 6 weeks from the date Uniting was originally notified.

Uniting initiated review	New rent effective date
Increase in rent	The effective date will be as notified in the rent review notification letter
Decrease in rent	The date of decrease will be the date the tenant’s household income details were received on condition that all required information was provided by the due date in the rent review notification letter. For administrative purposes, the previous Friday will be used as the effective date.

Tenant initiated review	New rent effective date
Increase in rent	Increase in rent will be 28 days from the date of change providing the tenant notified Uniting within 21 days of the date of change and all required information was provided.
Decrease in rent	The date of a decrease in rent will be the date Uniting was notified of the change in the household income on condition that all required information was provided by the tenant within 21 days of notification. For administrative purposes, the previous Friday will be used as the effective date.

Evidence of income from wages and casual earnings

Tenants and household members who receive a wage or casual earnings must provide payslips showing gross income per week. If payslips are not available Uniting will accept a signed letter from the employer on headed paper.

If the tenant or household member works fixed hours per week, 4 weeks' pay slips must be provided. If the tenant or household member works causal hours and/or works overtime, 12 weeks of payslips must be provided. Where a tenant's income varies, and it is not considered feasible to consistently change the tenant's rent assessment, it is acceptable to average the tenant's income over a 3 or 6-month period for the purposes of rent assessment.

Rental subsidy where there is no statutory income or reduced statutory income

In line with the NSW Community Housing Rent Policy the following applies:

The rent subsidy will be assessed based on the statutory allowance the tenant or other adult household member would normally receive including 100% of the person's entitlement to rent assistance when:

- The tenant or adult household member has chosen not to apply for a statutory income to which they are entitled
- The tenant or adult household member is not eligible to receive statutory income
- The tenant or adult household member is receiving a reduced statutory income and has no income from other sources.

A minimum rent may be applied in exceptional circumstances and in cases of hardship.

Newly arrived residents or residents holding an Immigration Visa

Newly arrived migrants who are not eligible for a Centrelink payment for the applicable years of arriving in Australia and where work restrictions apply, Uniting will apply a charge that is deemed reasonable.

Uniting will require a copy of the individual's visa, bank statements showing transactions for a specified period for each account held. If the visa shows ineligibility for Centrelink payment but has no work restrictions, rent will be assessed on the statutory income rate as per the Community Housing Rent Policy.

If the accounts show a value exceeding the assessable rate or an income, this will be calculated as income as per the *Community Housing Rent Policy*.

Lump Sum Payments

A lump sum payment may preclude a client from receiving a Centrelink payment for a period of time. The client should obtain a letter from Centrelink confirming the exclusion period.

In these circumstances, income for rent assessment purposes is based on the client's assumed Centrelink income appropriate to their age and household composition.

Compensation payment paid as a lump sum is not assessable however, any income generated from the investment of that lump sum is assessable.

Lump sum payments paid by instalments will be assessed as income. If this income is less than the Centrelink income to which the client would otherwise be entitled, the income will be assessed as though they receive the relevant Centrelink income.

Self Employed

If this income is less than the Centrelink income to which the client would otherwise be entitled, the income will be assessed as though they receive the relevant Centrelink income.

Rent during approved absences

Rent must continue to be paid during any absence from the property.

A social housing tenant may apply for a reduction in rent to $10 per week for up to 12 weeks under certain circumstances, for example if they are:

- In a nursing home
- In respite care
- In prison
- In a refuge or alternative accommodation, due to escaping domestic violence or being at risk.

Rent reductions for absence of more than 12 weeks or for reoccurring periods of imprisonment will be considered on a case-by-case basis at the discretion of a senior manager.

Tenants will only be eligible for a reduction in rent if they are required to pay fees during the absence such as accommodation expenses or are not entitled to receive income during the absence.

The tenant must provide documented evidence of the commencement and end dates and the accommodation expenses incurred for the alternative accommodation or evidence that they were not entitled to income during the absence.

The reduced rent does not apply to tenants who are absent for other reasons such as holidays or assisting with migration matters in their home country. In these cases, the existing rent will be maintained.

4.3 Appealing decisions

If a social housing tenant believes a wrong decision has been made, they should first discuss their concerns with the relevant person and if the matter is not resolved they may ask Uniting for a formal review of the decision. If they are unsatisfied with the outcome of the review, they can appeal to the NSW Government's Housing Appeals Committee: http://www.hac.nsw.gov.au/how-to-appeal

For more details see Uniting's Social and Affordable Housing Appeals Policy: Rental Housing.

5 Affordable Housing (including SAHF)

5.1 SAHF Affordable Housing Rent Setting

The method used to set rent for an affordable housing tenancy depends on several factors including how the property was originally funded and the management requirement for dwellings to be available to a range of income groups while ensuring that rents cover the cost of managing the properties. However, regardless of the approach, the circumstances of the applicant household and the household's capacity to pay will be guiding principles in setting the rent.

For more information on rent setting see: Rent, rent subsidies and reviews | Family & Community Services (nsw.gov.au)

Rents for affordable housing are set in one of two ways:

1) Set the rent as a discount of the current market rent, this means the rent set by Uniting is usually at least 25 percent below the market rent. Where rent is set this way, the rent paid will depend on the market rent for a similar property in the same area.

2) Set the rent as a proportion of a households before tax income. Where rent is set this way, households may be charged between 30 and 35 percent of their gross household income for rent, depending on income level.

Both methods can be used across the portfolio. Factors taken into consideration include how the property was funded, the location, amenity and market rent level of the property and the circumstances of the prospective tenant.

For the purposes of assessing income-based rents, rents will be assessed against household income but any entitlement to Commonwealth Rent Assistance will be added to the rent payable.

5.2 Rent Reviews

Uniting is required to review household incomes every year to ensure they remain within the affordable housing household income limit. Information on the gross income of all household members will therefore be required on an annual basis.

If a tenants' income rises above the maximum income limit for moderate income earners, Section 143 of the NSW Residential Tenancies Act 2010 permits a landlord to terminate a social housing tenancy agreement, on the grounds that the tenant is no longer eligible to reside in the class of housing to which the agreement applies. Under Section 3 of the NSW Affordable Housing Ministerial Guidelines, an affordable housing tenancy managed in accordance with the Guidelines is considered as a social housing tenancy for the purposes of the Residential Tenancies Act.

5.3 Appealing decisions

If a SAHF Affordable Housing tenant believes a wrong decision has been made, they should first discuss their concerns with the relevant person and if the matter is not resolved they may ask Uniting for a formal review of the decision. If they are unsatisfied with the outcome of the review, they can appeal to the NSW Government's Housing Appeals Committee: http://www.hac.nsw.gov.au/how-to-appeal.

For more details see Uniting's Social and Affordable Housing Appeals Policy: Rental Housing.

6 National Rental Affordability Scheme (NRAS) – ends March 2025

6.1 NRAS rent setting and eligibility

Household income limits apply to NRAS. These are indexed each year in May based on the percentage change in the Rents component of the Housing Group Consumer Price Index. This ensures that NRAS continues to assist the same target group of tenants over time.

Uniting is required to obtain an independent written valuation of the market rent for each dwelling when it first becomes available for rent under NRAS, and at the end of the fourth and seventh years of the approved rental dwelling. These first, fourth and seventh year valuations must be provided by a registered valuer and must be in a form that complies with the NRAS policy guidelines. Desktop valuations will be done between the market rent valuations.

Under NRAS rules, properties must be rented at a rate that is at least 20% below the market value rent.

The Tenancy Management team is responsible for confirming applicants' eligibility and ensuring NRAS annual income eligibility assessments and rent reviews are carried out.

6.2 NRAS rent reviews

Rents may be reviewed upon entering a new lease or at 12-month intervals under an existing lease. Rents can be increased following a rent review only if comparative information and data, where available, supports the rent increase. Under NRAS rules, the proposed increase must not result in the rent exceeding 80% of the market value rent.

Rental increases must not exceed the movement in the NRAS market index (*the Rents component of the Housing Group of the Consumer Price Index).* The market index increases can be found at: https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme. However, rent reviews in the 12 months after the valuations at the end of Years 4 and 7 must not result in rents that exceed 80% of the market value rent, as determined by the valuer.

6.3 NRAS income eligibility reviews

Uniting is required to review household incomes every year to ensure they remain within the NRAS household income limit. Tenants are required to complete and return an NRAS Tenant Demographic Assessment (TDA) and provide household income details every year.

The Federal Government publishes updated household income limits on the Department of Social Services (DSS) website.

If a household's income exceeds the applicable household income limit by 25% or more in two consecutive eligibility years, they will cease to be an eligible tenant. Tenants who exceed the income eligibility criteria in two consecutive years will be required to vacate the property.

Tenants will be advised as soon as it is known that they exceed the income eligibility criteria and that they will be required to vacate if they continue to exceed the income eligibility criteria. If household income remains too high for continued eligibility, tenants will be issued a Notice of Termination prior to the end of the second consecutive eligibility year, with the end of the notice period coinciding with the end of the two-year period.

Tenants who continue to exceed the income eligibility criteria will be required to vacate at the expiry of the Notice of Termination. If at the end of the two consecutive years they no longer exceed the income eligibility criteria, no further action will be taken, and they will be eligible to remain residing in the property.

6.4 Appealing decisions

If an NRAS tenant believes a wrong decision has been made they should first discuss their concerns with the relevant person and if the matter is not resolved, they may ask Uniting for a formal review of the decision. If they are unsatisfied with the outcome of the review, they can appeal to the NSW Government's Housing Appeals Committee: http://www.hac.nsw.gov.au/how-to-appeal

For more details see Uniting's Social and Affordable Housing Appeals Policy: Rental Housing.

7 Uniting non-government funded rentals

7.1 Rent setting

Uniting's general rental housing is provided by Uniting without Government funding.

Rent setting: Pre-2013 tenancies

Before the current rent setting procedure was introduced in July 2013, general housing rents were based on the recurrent charge plus a levy (effectively a rental charge) with some tenants paying a small fixed non-refundable ingoing contribution or entry bond. As these tenancies end, its likely either a market rate or affordable rate will be applicable, depending on the village.

7.2 Rent reviews

Annual rent reviews may take into consideration CPI, the annual percentage increase in the Age Pension, the market rate according to the NSW Government Rent and Sales report and costs associated with providing village services. Increases will generally be effective from 1 July.

8 General issues

8.1 Rent during approved absences

Rent must continue to be paid during any absence from the property.

A tenant must notify Uniting if they are away from the property for more than two weeks by completing an Absence From Property Form. Absences from a property are reviewed on a case-by-case basis. Uniting will generally allow up to 12 weeks absence. The tenant must provide their contact details while away from the property or provide contact details of someone who is prepared to act as their agent in their absence. See Absence from Property Policy.

For further information on the circumstances and process for applying for an absence from property, please refer to the *Absence from Property Policy*.

8.2 Rental Fraud

Rent fraud occurs when a tenant deliberately makes a false, incomplete or misleading statement about the income or assets of any member of their household or fails to notify Uniting within the required timeframe about changes to their circumstance which may impact on their rent subsidy. Rent fraud includes when a tenant allows unauthorised occupants to live in their property without authorisation from Uniting.

Further information on rent fraud is contained in the *Rental Fraud policy*.

9 Roles and responsibilities

All relevant Rental Housing and Seniors staff are to comply with this Policy.

10 Legislation and standards

- Department of Social Services - National Rental Affordability Scheme eligibility
- NSW Communities & Justice - NSW Affordable Housing Guidelines
- NSW Communities & Justice – NSW Community Housing Rent Policy
- Residential Tenancies Act 1997 (ACT)
- Residential Tenancies Act 2010 (NSW)

11 Related Policy Documents and references

- Absence from Property Policy – Rental Housing
- Community Housing Rent Policy
- Ending a Tenancy Policy – Rental Housing
- Rental Fraud Policy – Rental Housing
- Social and Affordable Housing Appeals Policy – Rental Housing
- Social and Affordable Housing Appeals Procedure – Rental Housing

12 Definitions

Capitalised terms are defined below, or if not defined below, in the *Uniting Policy Framework Glossary*.

Term	Definition
Market rent	This is the open market rent, that is, how much the property would be leased for in the private rental market. Where relevant the calculation will be based on the median rent for the dwelling type and location, as shown in the most recent edition of the quarterly Rent and Sales Report published by Housing NSW: http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports For rural locations not covered by the report, or where the report does not provide useful information for a particular type of dwelling (e.g., small studios) the market rents can be estimated by looking at similar type and size of properties on www.domain.com.au or www.realestate.com.au ***Rent subsidy.*** If a tenant receives a rent subsidy, this means that they will pay less than the market rent. The subsidy is the difference between the

Term	Definition
	market rent and the amount of rent a tenant pays. The method for calculation of this subsidy differs according to the funding program applicable to the tenancy. ***Tenant.*** The tenant is the person or persons who signed the Residential Tenancy Agreement. ***Household members.*** Household members are all other people approved to live in the property regardless of their age or relationship to the tenant. Unauthorised occupants will be managed in accordance with the Household Changes and Rental Fraud policies. Social, Affordable Housing and NRAS programs have an income eligibility criteria and social housing rent is based on gross household income. Uniting requires full details of household members, including their income, because, depending on the rental program this may affect the amount of rental subsidy available or their eligibility.

13 Document governance

Publication date	September 2024	**Review date**	September 2027
Replaces	V3.0		
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Applies to	Rental Housing		
Responsible Person	Scott Allan, Tenancy Management Lead		
Approver (Service Stream / Support Function)	Adrianna Burnes-Nguyen, Head of Housing		
	9 August 2024		
Approver (CRG)	Director Customer, Risk and Governance		
	02/09/2024		

14 Revision history

Version	Description of changes	Revised By	Date
1.0	New policy.	Katherine Wight	Apr 2020
2.0	Policy updated to include Lump Sum Payments and Self Employed (page 6)	Katherine Wight	Dec 2020
3.0	Introduction of a range of household income limit thresholds	Katherine Wight	Sept 2021
4.0	Periodic Review. Update includes; - Scope, Compliance and Policy Principles headings added - Language and links updated - Role updates - Affordable Housing (including SAHF) section updated - Rent reviews and appealing decisions section updated - NRAS rent reviews ad NRAS income eligibility reviews section updated - Rent setting section updated - Definitions section updated	Heather Autagavaia	Aug 2024