Rent Setting Policy (HCWA)

**Operations Western Australia**

Document Owner

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# Purpose

The purpose of this policy is to ensure that Housing Choices WA calculates tenant’s rents fairly and equitably and in accordance with legal and contractual obligations.

# Scope

This policy applies to the activities of Housing Choices WA Operational Services (Community Housing and Property Assets) who are interacting with Housing Choices WA applicants, tenant, household members and carers. This policy applies irrespective of whether staff undertaking activities are employed by that entity or another entity within Housing Choices WA.

This policy does not apply to tenancies that are not managed as Social and Affordable Housing and Licence to Occupy occupants.

# Policy Statement

Housing Choices WA provides Affordable Housing, which is housing leased to eligible people at a rent less than 75% of Market Rent.

We use a rent assessment process and method of calculation which complies with the Community Housing Rent Setting Policy, the Residential Tenancies Act 1987 and the National Rental Affordability Scheme (NRAS).

## Rent calculation formula

Our rents are set using a percentage of a household’s total net assessable income (the base rent) plus 100% Rent Assistance entitlement, up to the Maximum Rent for the property. The calculation is therefore:

Base rent

Total Rent

100% Rent Assistance Entitlement

The combined incomes of all household members who are 16 years of age and over are used to assess the rent.

## Percentage of household income

Tenants will pay a percentage of their total net (after tax) assessable household income as base rent. The percentage of rent charged depends on whether the tenant meets the income criteria for Band A or Band B:

* [Band A](#BandA) tenants pay **25%** of their total net assessable household income
* [Band B](#BandB) tenants pay **30%** of their total net assessable household income

## Assessable Income

Assessable income is any regular, ongoing income and is for, or able to be used for, general living costs.

Assessable income includes but is not limited to:

* Wages, salary, pensions, benefits, allowances, superannuation, salary sacrificed amounts, maintenance, and interest from financial assets including savings;
* Payments that are, or can be, received fortnightly as regular income and can be planned for;
* Payments which temporarily replace a recipient’s primary source of income.

## Non-assessable Income

We exclude some income sources from rent assessments. These are commonly payments for a specific purpose, not for general living costs. These are called [Non Assessable Incomes](https://housingchoicesaustralia.sharepoint.com/%3Ab%3A/s/Operations-WA/EZoO_sfqBUdPpjZqkIdRxtEBnkdVUPE07_IhSRPaXEJmCw?e=yFADC5). These are reviewed periodically and are subject to change.

## Rent assistance

Rent assistance is an income supplement payable to eligible people who rent in the private rental market or community housing. It is paid by Centrelink or the Department of Veterans’ Affairs.

We will add 100% of the rent assistance a tenant is eligible to receive to the base rent to calculate a tenant’s total rent.

A tenant in receipt of a DVA payment may exceed the DVA eligibility income limit for rent assistance. In such cases, the tenant will be considered to be in receipt of the full amount of rent assistance they would otherwise be entitled to.

## Maximum Rent

Tenants that are eligible for Affordable Housing will not pay more than the Maximum Rent at the time of the rent calculation. Maximum Rent is 74.99% of the Market Rent.

## Market Rent

Market Rent is determined using a recognised, external data source which includes, but is not limited to, the Australian Tax Office, Landgate, REIWA or a professional property market rent valuation.

For NRAS properties, Market Rent is as defined in the [National Rental Affordability Scheme Act 2008.](http://classic.austlii.edu.au/cgi-bin/sinodisp/au/legis/cth/consol_act/nrasa2008325/s6.html?stem=0&synonyms=0&query=market#disp2)

## Rent Reviews

Tenants are required to complete an Eligibility and Rent Review form and provide proof of household income annually and/or when there is a change of household income and/or circumstances.

If a tenant’s household income changes we must be advised within 14 days of the change.

Tenants whose sole income is a government benefit which is indexed bi-annually are not required to notify of the household income increase as it will be processed automatically, and the tenant advised in writing of the new rent.

## Proof of income

Tenants must provide proof of income for [all household members.](#HH)

If a tenant or household member is eligible for a payment, benefit, or allowance but chooses not to apply for it, or is receiving an amount less than they are entitled to, they will be considered as being in receipt of the full amount of that income and it will be included in the rent assessment.

A recipient whose Centrelink payment is fully or partially cancelled because they have failed to meet their obligations and/or requirements will be considered as being in receipt of that source of income and it will be included in the rent assessment.

### Accepted Proof of income:

* Pension or benefit recipients must provide a Centrelink or DVA Income Statement which is not more than 4 weeks old.
* Wage and salary earners must provide at least 6 consecutive pay slips or an Employer’s Certificate of Earnings or verification letter. If pay slips are used, an average will be taken from the period provided.
* Tenants and household members who are self-employed must provide their last financial year ATO income tax assessment. If they are unable to provide this, they will be assessed at the equivalent award rate for the occupation in that industry.

## Department of Veterans Affairs (DVA) Disability Pensions

A tenant whose sole income is a non-assessable DVA Disability Pension, will be assessed using the full Centrelink benefit at the appropriate single or partnered rate to which the tenant would otherwise be entitled.

If a tenant's non-assessable DVA Disability Pension is paid in conjunction with any other Centrelink benefit, the rent will be assessed using the full Centrelink benefit at the appropriate single or partnered rate to which the tenant would otherwise be entitled.

## National Disability Insurance Scheme

Payments relevant to the cost of housing will be assessed on a case by case basis.

## Hardship

HCWA will apply a Hardship lens whereby tenants or household members temporarily do not have access to an income.

## Notice of rent change

* Tenants will be given 60 days written notice of a change in the method of calculation which results in a rent increase.
* Tenants will be given 14 days written notice of a rent variation where the method of calculation has not changed and the variation results in a rent increase.
* Rent decreases will be effective from the date of the change if the Eligibility and Rent Review form and proof of household income is received within 14 days of the notification or as required by the NRAS Act 2008.
* We will not repay an overpayment of rent if the tenant has failed to notify us of a decrease in household income within 14 days, or has failed to complete and return a completed Eligibility and Rent Review form when requested.
* Rent increases (when the method of calculation has changed) will not occur within 6 months of the last increase or during the term of a fixed term tenancy unless otherwise provided for in the Tenancy Agreement.
* Rent variations due to a change in the tenant’s household income may occur at any time.
* A rent increase will be backdated where the tenant’s household income has increased and the tenant has failed to notify us within 14 days. Discretion may be applied where exceptional circumstances exist.

## Co-resident carers

An eligible [co-resident carer's](https://housingchoicesaustralia.sharepoint.com/%3Ab%3A/s/Operations-WA/Eek3aUfCsmVEjeuJE2omHKsBZQfi9HXxQKILuC-yJtdf2w?e=q7kGq7) assessable income will be capped at 25% (Band A) or 30% (Band B) of the current full rate of the Centrelink Carer Payment (plus 100% of any rent assistance they may be entitled to) regardless of how much they earn or receive.

## Temporary rent reduction

Sole tenants who need to stay in temporary accommodation and a fee is being charged for that accommodation can apply for a temporary rent reduction for an approved period of time. This applies to specific accommodation such as:

* rehabilitation, hospital, respite, nursing home or similar
* tenants experiencing domestic and family violence temporarily staying in a refuge, motel or with family and friends who are charging them rent.

Evidence of the need for the temporary accommodation, the fees charged and any arrangement for the care of the property may be requested.

If there are co-tenants or approved household members continuing to live in the property during the tenant’s absence, the rent will be reassessed on their incomes only during the period of absence.

A temporary rent reduction can be cancelled at any time if the tenant returns to the property or is found to be ineligible for the temporary rent reduction.

## Ineligibility

Tenants may be charged Maximum Rent if they:

* do not fully complete or return their annual Eligibility & Rent Review form
* do not provide proof of household income
* become ineligible for Affordable Housing

## Appeals

Tenants have the right to appeal against a decision made in relation to how their rent has been set.

# References:

|  |  |
| --- | --- |
| legislation & Standards | Related INternal documents |
| * Residential Tenancies Act 1987
* Centrepay Policy
* Community Housing Rent Setting Policy 2009
* National Rental Affordability Scheme Act 2008
* Privacy Act 1988
* Residential Tenancies Act 1987
 | * [Discretionary Decision-Making Policy](https://housingchoicesaustralia.sharepoint.com/sites/knowledge/KnowledgeCentre/Discretionary%20Decision%20Making%20Policy%20%28HCWA%29.docx)
* [Rent Arrears Policy](https://housingchoicesaustralia.sharepoint.com/sites/knowledge/KnowledgeCentre/Rent%20Arrears%20Policy%20%28HCWA%29.docx)
* Extended Absence Policy
* [Privacy Policy](https://housingchoicesaustralia.sharepoint.com/sites/knowledge/KnowledgeCentre/Privacy%20Policy.docx)
* Rent Setting Workflow
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## Glossary

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| Band A  | Applicants who meet the Public Housing eligibility criteria.  |
| Band B  | Applicants whose income exceeds the Public Housing eligibility criteria but does not exceed the eligibility criteria for entry to the [National Rental Affordability Scheme](https://www.dss.gov.au/sites/default/files/documents/04_2020/has_info-sheet-information-tenants_20200402.pdf).  |
| Household members | Tenants, co-tenants and people who usually reside with them such as their partners, dependents, non-dependents, non-family members and boarders. |
| National Rental Affordability Scheme (NRAS)  | A Government initiative to reduce rental costs for eligible low to moderate income households by at least 20% below market rates.  |

## Version Notes

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| --- | --- | --- | --- | --- |
| Version | Date | Details | Author | Approver |
| 1 | 26/09/07 | Policy ratified and implemented | - | Board |
| 2 | 21/08/13 | Policy review:* Reference to variation to Maximum Rent for non-return of income details removed.
* Additional definitions for Protected and Non-Protected Special Condition Visas & Veteran Affair’s rent assistance
* Explanation of determining Market Rent when no REIWA suburb is provided.
* Reworded to include reference to 30 days written notice as required by Amendment Act.
* Exiting process extended to 6 months from date of first written notification of ineligibility. Reference to 60 days’ notice removed.
* New clause to include extension as per Discretionary Decision-Making Policy.
* New clause regarding New Zealand citizens.
* New clause regarding Veteran Affair’s rent assistance.
 | M Shaw | A. Wilkerson |
| 3 | 1/7/22 | Policy revision | M. Shaw | N. Sangalli |
| 4 | 20/6/17 | Policy Review. Following inclusions added:1.3 Disability criteria4.2.6 Former tenants with history of violence may not be housed.4.3.3 Inclusion of NRAS additional information. 6 Exit Planning introduced7.10 Market Rent charged for ineligible tenants.8.1 Notifiable change of income increased from $20 to $50.8.7 Reference to Extended Absence Rent Reduction. | M. Shaw | S. Groome |
| 5 | 1/11/18 | Inclusion of review & reference table | M. Shaw | K. Moorey |
| 6 | 30/01/20 | Policy review* Eligibility taken out of this policy and moved to Allocations Policy.
* Policy simplified and new format implemented.
* Rent Calculation Formula amended – reference to the way in which maximum rent is calculated has been removed
* Net (after tax) replaces Gross (before tax)
* Introduction of bi-annual reviews for Indexed government payments.
* Removed charge Market Rent.
* Migrants with Assurances of Support clause added
* National Disability Insurance Scheme reference
 | M Shaw | Compliance Committee |
| 7 | 06/08/20 | Addition of Co-Resident Carers assessable income cap. | R Cavanagh | Compliance Committee |
| 8 | 18/02/21 | Business name change and minor re-formatting. No change of policy content. | R Cavanagh | M Shaw |
| 9 | 1/7/22 | Policy review  | M. Shaw | N. Sangalli |



**English:**

If you need an interpreter, please call TIS National on 131 450 and ask them to call **Housing Choices Australia** on **1300 312 447**. Our business hours are **9am to 5pm, Monday to Friday**.

You can also visit the TIS National website for translated information about the service TIS National provides. Visit: www.tisnational.gov.au

**Arabic:**

إذا كنت بحاجة إلى مترجم، يرجى الاتصال ﺒ TIS الوطنية على الرقم 131 450 وأطلب منهم الاتصال ﺒ
**Housing Choices Australia** على هاتف رقم **1300 312 447**. ساعات العمل الخاصة بنا
**9am to 5pm, Monday to Friday**.

يمكنك أيضا زيارة موقع TIS الوطنية للحصول على معلومات حول الخدمات التي تقدمها TIS الوطنية. قم بزيارة: www.tisnational.gov.au

**Farsi (alt Persian):**

اگر به مترجم نیاز دارید، لطفا با شماره تلفن تیس نشنال131 450 تماس بگیرید و از آنها بخواهید با
**Housing Choices Australia** به شماره **1300 312 447** تماس بگیرند. ساعت کاری ما **9am to 5pm, Monday to Friday** است.

شما همچنین می توانید به وب سایت تیس نشنال برای اطلاعات در مورد خدماتی که تیس نشنال فراهم می کند مراجعه کنید. به www.tisnational.gov.au

**Vietnamese:**

Nếu quý vị cần thông dịch viên, xin hãy gọi cho Dịch vụ Thông Phiên dịch Quốc gia (TIS Quốc gia) theo số 131 450và yêu cầu họ gọi cho **Housing Choices Australia** theo số **1300 312 447**. Giờ làm việc của chúng tôi là **9am to 5pm, Monday to Friday**.

Quý vị cũng có thể vào thăm trang mạng của TIS Quốc gia để có thông tin về các dịch vụ mà TIS Quốc gia cung cấp. Hãy vào thăm www.tisnational.gov.au

**Somali:**

Haddii aad u baahan tahay turjumaan, fadlan ka wac TIS National taleefanka 131 450 waxaad ka codsataa inay kuu wacaan **Housing Choices Australia** iyo **1300 312 447**. Saacadaha Shaqadu waa **9am to 5pm, Monday to Friday**.

Waxaad kaloo booqan kartaa website-ka TIS National ee macluumaadka turjuman oo ku saabsan adeegga TIS National ay bixiso. Ka eeg: www.tisnational.gov.au

**Simplified Chinese:**

如果您需要口译员，请拨打TIS National 的电话131 450，请他们打电话给**Housing Choices Australia**，电话号码： **1300 312 447**。我们的营业 时间是 **9am to 5pm, Monday to Friday**。

你也可以访问TIS National 的网站，了解TIS National提供的服务。网址： www.tisnational.gov.au

**Traditional Chinese:**

若你需要口譯員，請撥打TIS National電話131 450並請他們轉接 **Housing Choices Australia** 的電話 **1300 312 447**。我們的工作時間是 **9am to 5pm, Monday to Friday**。

你也可以瀏覽TIS National 網站瞭解TIS National 的服務資訊，網址：www.tisnational.gov.au

**Spanish:**

Si necesita un intérprete, por favor llame a TIS National en el 131 450ypida que lo comuniquen con **Housing Choices Australia** en el **1300 312 447**. Nuestro horario de oficina es **9am to 5pm, Monday to Friday**.

También puede visitar el sitio web de TIS National para obtener información acerca de los servicios que provee TIS National. Visite www.tisnational.gov.au

**Italian:**

Se hai bisogno di un interprete, telefona a TIS National al numero 131 450 e chiedi di chiamare **Housing Choices Australia** al **1300 312 447**. I nostri orari d’ufficio sono **9am to 5pm, Monday to Friday**.

Puoi visitare anche il sito web TIS National per informazioni tradotte sul servizio che TIS National fornisce. Visita il sito: www.tisnational.gov.au

**For other languages, access to an interpreter is available by contacting Housing Choices Australia on 1300 312 447.**