

2.4 RENT POLICY

POLICY DOCUMENT INFORMATION

Policy Name:	RENT POLICY:
Committee Responsible	Finance C'tee
Policy Number	2.4
Date Approved by the Board	26/2/2018 and replaces all Rent Policies previously in effect
Effective Implementation Date:	26/2/2018 for General Social Housing Tenant-Members & at Start of New Tenancies for Existing Affordable Co-operative Housing (the Gipps St Apartments)
Scheduled Review Date:	26/2/2020
Scope of Policy	This Policy applies to all long-term rental properties owned or managed by NRHC under all programs

PURPOSE

The purpose of this Policy is to set out NRHC's approach to calculating and determining rent and rental discounts in alignment with the Co-op's vision to be:

“An innovative rental housing co-operative, providing and promoting the model of long term, quality, affordable housing choices in response to the needs of its members and the community.”

POLICY STATEMENT

Approach to Rental Affordability – Guiding Principles

To support the achievement of NRHC's Vision this Policy aims to be consistent with and a balance between the NRHC values of:

- **Quality and Affordability**

By ensuring that NRHC's rents are affordable including responding to changed household circumstances to minimise financial hardship

- **Transparency**

By ensuring Members and applicants are informed about the way NRHC Rents are determined or calculated and are reviewed

- **Sustainability**

By ensuring the financial viability, resilience and sustainability of NRHC

- **Co-operation**

By providing a balance between Members' responsibilities to their Co-op. and the Co-op. being supportive to Members in difficult financial circumstances

NRHC Approach to Setting Affordable Rents:

Determining the Applicable Discounted Rent Model and Rent Calculation Methods

NRHC applies different Rent Calculation Methods determined by whether the property is classified as:

- General Social Housing: Properties owned by the Director of Housing and managed NRHC;
- Or
- Affordable Co-operative Housing: Properties owned by NRHC.

Transparency and Accessibility

This Policy will be available on the NRHC website: <http://www.nrhc.coop/policies>

Any Tenant-Member or Applicant for NRHC housing may request a copy of the Policy.

Communication and Reviews of the Discounted Rent Calculation

NRHC will provide Tenant-Members with a clear explanation as to how their Discounted Rent has been calculated.

All Tenant-Members have the right to ask NRHC to review the way that NRHC has determined their Discounted Rent and to provide a further explanation.

NRHC will determine the approach to Discount Rent that applies to the property or Tenancy prior to an offer of a Tenancy being made.

In determining the approach that applies NRHC will comply with legal and contractual obligations that may apply to a particular property.

NRHC will not offer a Membership and Tenancy to an Applicant for NRHC housing unless NRHC is satisfied that the approach to the affordability of rent is appropriate and sustainable for that household.

2.4.1. RENT DISCOUNT MODELS AND THE CALCULATION OF RENT

2.4.1.1 RESPONSIBILITY & REPORTING

The Co-op staff person responsible for Finance is responsible for compliance with the Rent Policy requirements including:

- Maintaining the confidentiality of Applicants & Members Household Income and Members Rent and Rent Records;
- Determining the applicable Rent Model to be applied;
- Calculation of Rents;
- Processing and maintaining up to date Rent Records normally on a weekly basis.

The staff person would report to the C'tee responsible for Finance any anomalies for their determination.

2.4.1.2 GENERAL SOCIAL HOUSING:

Household Income Based Discounted Rent Model

The following Discounted Rent calculation method will apply to all properties owned by the Director of Housing and managed by NRHC.

The Rents for these properties is based on the DHHS Public Housing Rent Calculation Policies and are determined as Total of:

- i) 25% of Gross Household Income of all residents 18 years old and over plus
- ii) A maximum of 15% of any Family Tax Benefit Payments plus
- iii) 100% of the applicable optimised Commonwealth Rent Assistance (CRA) the Tenant-Member is entitled to receive.

NB: For those properties with **solar panels installed** a Service Fee equal to 2% of the rent as calculated by the above method will also apply.

Eg. If the Rent calculated by the above method is \$200 per week then the Service Fee will be 2% of \$200 which equals \$4 per week.

2.4.1.2.1 Gross Household Incomes

Those Household Incomes that are assessed at 25% are determined by the DHHS Public Housing Assessable Income List as published from time to time.

2.4.1.2.2 Income Entitlement Not Claimed

As per the DHHS Assessable Income, any income to which a Tenant-Member or Household Resident or Applicant is entitled but does not claim will be included in the above Discounted Rent Calculation.

2.4.1.2.3 Maximum Rent:

For all General Social Housing properties the Maximum Rent that will be charged is the **LOWEST** of the following:

- DHHS Property Rent as determined by DHHS from time to time;
- 75% of the applicable Australian Tax Office (ATO) ‘Deemed Market Rent’ as determined by the ATO from time to time;

‘Applicable’ is determined by the number of bedrooms in the specific property and the ATO ‘Deemed Market Rents’ for the Melbourne Metropolitan area for a property with that number of bedrooms.
- NRHC’s Maximum Rent for any property owned or managed by NRHC as determined by the NRHC Board of Directors from time to time, usually annually as part of the Board’s Annual Budget considerations.

The Maximum Rent will apply if the Discounted Rent based on the Household Income and CRA calculation is greater than the Lowest of the above Maximums.

To Note: For those properties with solar panels installed a Service Fee equal to 2% of the rent as calculated by the above method will also apply.

Eg. If the Rent calculated by the above method is \$300 per week then the Service Fee will be 2% of \$300 which equals \$6 per week

2.4.1.1.4 Minimum Rent:

For all General Social Housing properties the Minimum Rent will be determined by reference to DHHS’s Housing Provider Framework Rent Calculation and the Common Equity Housing Ltd. Criteria.

2.4.1.3 AFFORDABLE CO-OPERATIVE HOUSING: Discounted Property Rent Model

The following Rent calculation method will only apply to properties owned by NRHC.

For all Affordable Co-operative Housing properties the Discounted Property Rent is the **LOWEST** of the following:

- 75% of the applicable Australian Tax Office (ATO) 'Deemed Market Rent' as determined by the ATO from time to time;

Applicable is determined by the number of bedrooms in the specific property and the ATO 'Deemed Market Rents' for the Melbourne Metropolitan area for a property with that number of bedrooms.

- NRHC's Maximum Rent for any property owned or managed by NRHC as determined by the NRHC Board of Directors from time to time, usually annually;
- If the property receives a National Rental Affordability Scheme (NRAS) Subsidy, 75% of the Market Rent that applies to that property as determined by an independent open market rent valuation of all Affordable Co-operative Housing properties at least every 3 years.

NB. For those properties with solar panels installed a Service Fee equal to 2% of the rent as calculated by the above method will also apply.

Eg. If the Rent calculated by the above method is \$300 per week then the Service Fee will be 2% of \$300 which equals \$6 per week.

At its discretion, NRHC may charge a lesser Discounted Rent for any Affordable Co-operative Housing property if the:

- Applicable Lowest of the above Rents is more than 30% of the Gross Household Income as determined by the DHHS Public Housing Assessable Income List as published from time to time; or
- Tenant-Member is receiving an Income from Centrelink only.

NRHC will determine the applicable method of calculating the Discounted Rent to minimise financial hardship.

2.4.1.4 FURTHER RENT REQUIREMENTS

2.4.1.4.1 Rent-in-Advance

Consistent with the Residential Tenancies Act, Tenant-Members are to maintain their Rent at least **14 days in advance** unless otherwise arranged with the NRHC staffperson responsible for Rent.

2.4.1.4.2 Provision of Evidence of Total Household Income and Household Residents

Applicants and Tenant-Members receiving a Discounted Rent based on the Total Household Income are obliged to provide to NRHC independent documentary evidence that establishes their total Gross Household Income and names and date of birth of all Household Residents when requested by NRHC and/or:

- Prior to being offered a Membership and Tenancy with NRHC;
- Within 14 days when there is a change in the Household Income; and
- When NRHC carries out its 6 monthly Rent Review.

Examples of documented independent evidence of Income include:

- Centrelink Income Statements;
- Pay slips that meet the regulatory requirements;
- ATO Tax Return

Household Information and Income Statutory Declaration Form

NRHC will provide a Household Income and Information Statutory Declaration Form for:

- applicants to complete prior to being offered a Membership and Tenancy; and
- Members to complete at each 6 Monthly Rent Review

Note: Tenant-Member paying a Maximum Rent / Discounted Property Rent are not required to provide evidence of their Household Income as they are paying the applicable Maximum Rent anyway.

However, these Members are required to complete the Statutory Declaration Form detailing the Household Residents information at the 'Autumn' Rent Review.

Failure by Member to Provide Total Household Income Evidence by Required Dates:

If a Tenant-Member does not provide the reasonable evidence the Total Household Income by the required date:

- Their Rent will be increased to the applicable Maximum Rent for their Property

If a Tenant-Member subsequently provides information about household information after a Rent Review:

- Any reduced Discounted Rent changes will only take effect on and from the date the Tenant-Member contacted NRHC and provided reasonable details of the Total Household Income.

NRHC may agree to back-date changes in the rental discount in circumstances where NRHC determines that the hardship provision of this policy applies.

Casual Employees

Tenant-Members who are in casual employment may be required to provide pay slips showing their Year-to-Date Gross Pay at intervals of 6 weeks, 2 months or 3 months by arrangement with the Finance and, if applicable, all Centrelink Income Statements for the same period.

Annual Estimation of Rent Payable

Tenant-Members may be approved to provide an annual estimate of household income where a significant part of household income is highly variable.

For example, when a household member is self-employed.

These Members must provide to the Co-op. by the end of August each year appropriate documentary evidence of the previous financial year's actual household income plus the Household Income and Information Form Statutory Declaration, including details of all persons living at the property and their dates of birth.

Appropriate Evidence of Income is the Australian Tax Office 'Notice of Income Assessment' plus where applicable the Centrelink Annual Payment Summary Statement.

Commonwealth Rent Assistance information will also be required.

A Tenant-Member's eligibility to use the Annual Estimation method will be decided by the Finance Worker.

A Rent Credit Adjustment or Rent Debit Adjustment will be processed to the Tenant-Member's Rent as required.

Exemptions

Members who are paying a 'Maximum Rent' as defined in 2.4.1.1.3 will be exempt from the requirement to provide documentary evidence of their Household Income as they are already paying the relevant Maximum rent for their property.

However, those Members will be required to provide once per year in May the Statutory Declaration Household Income and Information Form stating the names and dates of birth of all people living at the property.

2.4.1.4.3 Response to Changes in Household Circumstances

If a Tenant-Member contacts NRHC and is facing hardship with paying rent, NRHC may determine to:

- Re-assess the Tenant-Member's Discounted Rent based on this policy;
- Determine that a different approach to Discounted Rent should apply to that tenancy; or
- Back-date an adjustment to the Discounted Rent payable by the Tenant-Member in accordance with this policy.

Generally, such changes will only take effect on and from the date the Tenant-Member contacted NRHC and provided reasonable evidential details of the change in the household circumstances.

NRHC may agree to back-date changes in rent payable in circumstances where NRHC determines that the Tenant-Member ought to be granted relief from hardship.

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

- Any unforeseen change to household composition beyond the control of the Tenant-Member;
- Any material change in the health (physical or mental) of the Tenant-Member or members of their household;
- Any disability of the Tenant-Member or of other household residents;
- The impact of family violence on the Tenant-Member or members of the household; and
- Cultural considerations.

2.4.1.4.4 Notification of Changes to the DHHS Property Rent

As per the requirements of the Residential Tenancies Act 1997, Tenant-Members will receive 60 days' notice of all annual DHHS Property Rent increases regardless of whether this affects their Rent.

2.4.1.4.5 Method of Payment of Rent

All rents will be paid by automatic electronic payment to the approved Co-op. banking account.

Under no circumstances are Rent payments to be paid to or received by the Co-op. Staff or Members.

2.4.1.4.6 Rent Account Information

Members will be sent a Member Rent Statement as generated by the Co-op Rent Record software at least six (6) times per year.

A Member may request and will be provided with a Rent Statement at any time.

2.4.2 RENT ARREARS

2.4.2.1 RESPONSIBILITY & REPORTING

The Staffperson responsible for Finance will be responsible for:

- Monitoring and taking action on Rent Arrears as per the Policy; &
- Preparing the Arrears Report for the Finance C'tee on at least a 3 Monthly basis.

The Finance C'tee will be responsible for:

- Monitoring Rent Arrears and any action taken on at least a 3 Monthly basis;
- Meeting the Rent Arrears Target Maximum Annual Rate of 1.5% of Total Annual Rental Income;
- Meeting the overall Bad Debts Maximum Annual Target Rate of 0.5%;
- Providing the Arrears Report to the Board on at least a 3 Monthly basis;
- Providing recommendations to the Board on any eviction action; &
- Providing recommendations to the Board for the writing of Rent Arrears as a Bad Debt.

The Board will be responsible for:

- Determining whether a Tenant-Member will be evicted for Rent Arrears on the recommendation of the Finance C'tee; &
- Determining whether Rent Arrears are with off as a Bad Debt on the recommendation of the Finance C'tee.

2.4.2.2 LEVEL OF ARREARS & ACTION TO BE TAKEN

Set out below is what Rent Arrears actions it may be taken and when it may be taken:

i) Contact of Tenant-Member

- Either two (2) weeks or \$400.00 in arrears regardless of the reason for the Arrears;
- Contact may be made by Printed Rent Statement Note, Letter, E-mail, Telephone Call or Text by Staff person responsible for Finance.

ii) Arrears Agreement

- Either four (4) weeks or \$600.00 regardless of reason for the Arrears; or
- Failure to respond to previous contact by Staff person; or
- It is the second (2nd) time in 12 months that the Tenant-Member was more than two (2) weeks in Arrears;
- The Staff person will send an Arrears Agreement with the proposed Arrears Payment detail for the Tenant-Member to sign and return to the Co-op. Office within seven (7) working days.

iii) Notice to Vacate and Order for Possession

- Six (6) weeks or \$800.00 in Arrears regardless of the reason for the Arrears; or
- Failure to return the signed Arrears Agreement to the Co-op. Office within seven (7) working days; or
- It was the 2^{cong}d (2nd) time in 3 years that the Tenant-Member was four (4) weeks or \$800.00 in Arrears;
- The Staff person will send to the Tenant-Member the 'Notice to Vacate' (the prescribed Residential Tenancies Act Form) by Registered Post plus
Within 2 working days a copy of the 'Application to the Residential Tenancies Tribunal' plus
A new Arrears Agreement; and
- Via the VCAT electronic application on-line system send the 'Application' and copy of the 'Notice to Vacate' to the Residential Tenancies Tribunal.

NB. Obtaining an 'Order for Possession does not automatically initiate an Eviction.

That step requires that a Warrant for Eviction be obtained first.

An 'Order for Possession' is a pre-requisite for a Warrant.

The Order is valid for six (6) months and a Warrant can be obtained at any time during this period.

iv) Recommendation for Eviction

- Either eight (8) weeks or \$1,000 in Arrears; or
- Failure to maintain Rent and Rent Arrears payments as per the new Arrears Agreement; or
- It is the third (3rd) in six (6) years that NRHC has issued with a Notice to Vacate to the Tenant-Member.
- The Staff person will notify the Finance C'tee Chairperson who will call an urgent Finance C'tee Meeting;
- If the Finance C'tee recommends eviction, the Finance C'tee Chairperson will notify the Board Chairperson who will call an urgent Board Meeting to decide on the recommendation for eviction.

v) Tenant-Member Financial Difficulties

- If a Tenant-Member is in Rent Arrears and can verify that they are having financial difficulties, the Staff person is authorised to vary the Rent Action to be taken and establish an Arrears Agreement for a longer period than the normal six (6) months up to 12 months; or
- Recommend to the Finance C'tee that the Arrears Agreement be longer than 12 months.
- The Staff person will also provide information on appropriate support organisations such as financial counselling services.