

Housing Rent and Bond Policy

Purpose

This policy explains:

- how we set the rent;
- how we review the rent; and
- what bond we charge and why.

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 one of our Properties.

Assessable Income is the continuous or regular income of all Household Members over the age of 16.

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

Bond is a payment an Applicant makes in advance to cover any costs for which they, as a Tenant, may be responsible for at the end of the tenancy.

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

Household Member means a person living in one of our Properties, who has not signed a residential tenancy agreement with us.

Market Rent is the amount a Property would cost to rent in the open market.

Maximum Rent is 74.9% of the Market Rent and is generally the most Rent we charge for a Property. Utilities are added onto the Rent to make up the total cost of a Property.

Minimum Rent is the lowest rent that we will charge for a Property.

Property means a residential premises managed by Foundation Housing.

Rent means the amount we charge 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 one of our Properties.

Utilities Charge means any charge for using gas, water, or electricity.

Policy

Our commitment

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

We 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 we set the Rent

Foundation Housing is governed by the Housing Authority's Community Housing Rent Setting Policy and the Residential Tenancies Act 1987 (WA).

We work out the Rent using a percentage of the Assessable Income plus any CRA the Household Members would be eligible for. We then charge the lower of the Rent thus calculated or the Maximum Rent for the Property. The percentage of income we use depends on whether the Assessable Income for the household is within Band A or Band B.

When working out the Rent, we take into account Assessable Income from sources including, but not limited to, the following.

Aged Pensions, Disability Pensions, Carer Payments, Widow Pensions, Service Pensions from the Department of Veterans' Affairs, Newstart Allowances, Parenting Payments, Youth Allowances, Special Benefits, Abstudy, Austudy, Family Tax A and B, maintenance payments, earned income, business income, income from investments, and foreign pensions.

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 is generally 25% of gross Assessable Income (income before tax has been paid) plus entitlement to CRA, or the Maximum Rent for the Property, whichever is lower.

Band B

For Band B tenants, Rent is generally 30% of net Assessable Income (income after tax has been paid) plus entitlement to CRA, or Maximum Rent for the Property, whichever is lower.

Minimum Rent

Each of our Properties has a Minimum Rent depending on the number of bedrooms in the Property. This is the lowest rent we can charge to maximise the amount of CRA a Tenant / Applicant could receive. We update the Minimum Rent every six months, when Centrelink changes the CRA requirements.

This is how we work out the Minimum Rent for a Property.

Number of bedrooms	Minimum Rent we can charge for a Tenant / Applicant to receive the maximum CRA entitlement for:
1	a single person
2	a couple with no children
3	a single person with three children
4	a couple with three children
5	The minimum rent for a four-bedroom property, plus 10%

We may charge the Minimum Rent when a Property has more bedrooms than the Tenant is entitled to, in accordance with our Transfer Policy.

We may charge our one-bedroom Minimum Rent when an income-based rent would be less than the Minimum Rent.

Maximum Rent

Each of our Properties has a Maximum Rent which is 74.9% of the Market Rent for the Property. We set the Market Rent for a Property using the following method.

We look at the median rents for residential premises listed and leased on the website of the Real Estate Institute of Western Australia (REIWA) from 1 July to 30 June of the previous year. For each Property, we work out the average median rents over that 12 month period for similar types of premises (for example, townhouses, units, duplexes, villas, or single detached houses) in the same suburb and with the same number of bedrooms.

If there is not enough comparable rental information for that 12 month period for a particular Property, we use the 'similar supply' test set out by the Australian Tax Office (ATO) or use their benchmark market values. For example, if there were no three-bedroom *houses* in a particular suburb leased over the 12 month period we may use the average median rent for three-bedroom *units* in the same suburb to set the Market Rent for the Property.

Once we have worked out the Market Rent for the Property, it will apply from the first rent charge in January of the next year.

Utility Charges

As well as Rent, we may charge for any utilities Tenants use at the Property. We do this when two or more Properties share a gas, water or electricity meter or when there is a communal utility supply to the building or complex. We detail the method for calculating the Utilities Charge to the Tenant in writing.

We review the Utilities Charge every 12 months and give Tenants 14 days' notice of any change. We set the charge each year based on the cost of utilities at the building or complex over the previous 12 months.

Rent Reviews

Tenants may ask for a rent review at any time and we will review it for them. In the absence of any requests for review by the Tenant, we review the Rent we charge Tenants no more frequently than six-monthly.

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

Tenants' responsibilities

When we ask, Tenants must give us details of their income so that we can review their Rent.

Under our 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.

Bonds

We charge a Bond, as set out under the Residential Tenancies Act 1987. The Bond is the equivalent of four weeks' Rent. Applicants must pay the Bond at the Property sign-up meeting.

We charge a pet bond of \$200 to Applicants / Tenants who have pets, to cover the cost of fumigating the property, if this is necessary, when the tenancy ends.

Rent Statements

Tenants may request a rent account statement at any time. We send rent account statements via post to all Tenants every six months.

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 and Regulations

Residential Tenancies Act 1987

Community Housing Income and Asset Limits Policy 2013 (Housing Authority WA)

Community Housing Rent Setting Policy 2009 (Housing Authority WA)

GST and non-commercial rules – benchmark market values (Australian Tax Office)

Non-commercial activities of charities, cost of supply and market value tests 2013 (Australian Tax Office)

Related documents

Appeals Policy

Service Users Complaints and Feedback Policy

Transfer Policy

How we review your rent information sheet

How we set your rent information sheet

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