

# 1. Launch Housing Rent Setting Policy

## 2. Identification Grid

<b>Date first approved:</b> 20 May 2015	<b>Date of effect:</b> 29 <sup>th</sup> March 2021
<b>Date last amended:</b> 30 May 2019	<b>Date of next review:</b> 29 <sup>th</sup> March 2023
<b>Owner:</b> General Manager, Keeping Housing	<b>Author:</b> Group Manager, Tenancy & Private Rental

## 3.0 Purpose

This policy establishes the approach of Launch Housing to determine rental charges in the Education First Youth Foyers, THM properties and community housing rental properties.

## 4.0 Definitions

Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled.
DFFH	The Department of Families, Fairness and Housing
HGRE	HomeGround Real Estate.
Transitional Housing Management (THM)	Transitional Housing Management.
Gross Household Income	Total household income before tax.
FTB	Family Tax Benefit – financial help to eligible families to support their income.
True Market Rent	The rent that you would pay for the property if it was available in the private rental market.
ATO Benchmark Rent	The amount set by the Australian Taxation Office under the <a href="#">GST and non-commercial rules - benchmark market values for Long-term accommodation</a> .
NRAS	National Rental Affordability Scheme.
VHR	Victorian Housing Registrar

## 5.0 Policy details

### 5.1 Scope:

This policy outlines how Launch Housing sets rent for its properties, based on the following principles:

- Rent is set at a rate that is affordable for renters.
- Rent charges and rent collection practises will maintain the financial sustainability of the organisation.

This policy applies to all THM, foyers, head lease and long-term rental properties owned or managed by Launch Housing. This policy does not apply to temporary or crisis accommodation.

### 5.2 Policy statement

#### 5.2.1 Guiding principles for setting rent

Launch Housing provides subsidised rent to fulfil its social mission and to ensure that its housing is affordable and relieves households from rental stress.

Accordingly, Launch Housing will:

- Set subsidised rents in accordance with State Government housing affordability benchmarks;
- Communicate clearly, in a variety of formats, to applicants and renters as to how Launch Housing sets rent, assesses affordability, determines rental subsidies and reviews rent;
- Respond appropriately to changes in household circumstances to prevent undue hardship; and
- Comply with its contractual, legal, regulatory and policy obligations relating to affordability of rent.

#### 5.2.2 Determining the approaches to affordable rent

Launch Housing will determine the approach to rent charge / rental subsidy 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, Launch Housing will comply with legal and contractual obligations that may apply to a particular property.

Launch Housing 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.

#### 5.2.3 Household-income based social rent

Gross Household Income is determined in accordance with the DFFH Assessable Income guidelines. The income based social rent charge after the subsidy is provided is determined as follows:

Housing Type	Description	Rental Charges
Long Term Housing properties	Community and affordable housing, including those within scope for the VHR.	30% (excl. General Lease) of gross income, 15% of FTB, maximum CRA, plus utility costs where applicable.
General Lease properties	Properties owned by DFFH that Launch Housing manages.	25% of gross income, 15% of FTB, plus maximum CRA.
Transitional Housing	Short to medium term transitional properties managed on behalf of DFFH.	25% of gross income, 15% of FTB
Youth Foyers	Education First Youth Foyers for young people aged 16 – 25 for up to two years.	25% of income plus \$10 per fortnight for utilities.
Head Lease Properties	Properties leased by Launch Housing in the private market that are then sublet to a Launch Housing tenant.	Ranges from 30% of income up to 100% or market rent, 15% of FBT, plus maximum CRA.

#### **5.2.4 Discount to market-based affordable rent**

This is determined as 74.99% of the true market rent. The subsidy received by the renter is 25.01% of the true market rent.

#### **5.2.5 Additional Property Charges**

Some Launch Housing properties provide facilities and utilities to renters that would normally be paid for by renters in addition to rent. Examples of these additional services include:

- Electricity
- Gas
- Water
- Central heating/air-conditioning
- Laundry facilities
- Other services or facilities made available to renters

The cost of providing these items will be incorporated into the calculation of the Rooming House rent, as explained in the materials given to each resident at the beginning of the tenancy. This additional charge will reflect the actual costs to Launch Housing of providing these facilities and utilities. The total rent charges will not be greater than for a similar room or apartment in a similar building in a similar location in the private rental market that provides the same facilities and utilities.

Additional property charges incurred by Launch Housing in other housing types will be listed as a separate service fee on top of the rent charge.

#### **5.2.6 Provision of information about household income**

Renters and applicants are obliged to provide to Launch Housing reasonable evidence that establishes their total household income when requested:

- Before being offered a tenancy with Launch Housing and;
- When Launch Housing conducts their annual rent review / determines rental subsidies.

Launch Housing may refuse to provide a rental subsidy if the renter does not provide the information within the timeframe required – that is, within 14 days of the original request.

If a renter's household income or family circumstances change at any time, the renter must advise Launch Housing and provide evidence of this change.

If a renter's household income increases or decreases, the household income will be re-assessed, and the rent subsidy will be recalculated and made effective from the date the renter advised Launch Housing of the change to income occurred based on the documents provided.

If a renter subsequently provides information about reduced household income after a rent / rental subsidy review, changes will only take effect on and from the date the renter contacted Launch Housing and provided reasonable details of the household income. Launch Housing may agree to back-date changes in rental subsidies in circumstances where Launch Housing determines that the hardship provision of this policy applies. See [Hardship Policy](#).

If the property is an NRAS dwelling, an additional household income test applies at point of entry and thereafter on every 12-month anniversary. The gross income limits for different household compositions are specified in the NRAS Regulations and are updated annually on 1st May. Renter eligibility for NRAS dwellings is to be assessed in conjunction with the Launch Housing NRAS compliance team. All NRAS subsidised renters must provide income statements annually.

#### **5.2.7 Response to changes in household circumstances**

If a renter contacts Launch Housing and is facing financial hardship, Launch Housing may:

- Re-assess the renter's rent / rental subsidy based on this policy and the Hardship Policy;
- Determine that a different approach to rent / rental subsidy should apply to that tenancy; or
- Back-date an adjustment to the rent payable by the renter / rental subsidy to which the renter is entitled in accordance with this policy.

Changes will only take effect on and from the date the renter contacted Launch Housing and provided reasonable details of the change in the household circumstances. Launch Housing may agree to back-date changes in rent payable in circumstances where Launch Housing determines that the renter ought to be granted relief from hardship.

Launch Housing determines hardship by considering the overall circumstances of the household, including:

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

### **5.2.8 Review of rent charge / rent subsidy**

Launch Housing will provide renters with a clear and transparent explanation as to how their rent / rental subsidy has been calculated.

All renters have the right to ask Launch Housing to review the rent calculation that Launch Housing has determined and to provide a further explanation.

### **5.2.9 Determining the property/true market rent that applies to a property**

To determine the true market rent that applies to a property, Launch Housing will carry out an independent open market rent valuation of all properties every three years.

Launch Housing may also from time to time adjust market/property rents based on a review of publicly available data on market rents for comparable properties. For properties owned by the Director of Housing and managed under a General Lease, DFFH determines the property rent.

### **5.2.10 Communication**

Launch Housing will provide clear information to renters of how their rent / rental subsidy has been determined and inform renters of their right to have their rental calculation reviewed:

- At the beginning of the residency/tenancy;
- At regular intervals during the residency/tenancy;
- Upon request.

### **5.2.11 Policy Changes**

Launch Housing 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.

Launch Housing will implement strategies to mitigate the effect of any changes of this policy on renters and households.

### **5.2.12 Procedures**

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

- Rent setting and reviews of the affordable rent / rental subsidy;

- Communication with applicants and renters regarding how Launch Housing has determined their rent;
- Identification of the rental approach that applies to a particular vacancy, property or tenancy; and;
- The process for renters to request a review of determination of rent / rental subsidy.

## 6.0 Responsibilities

General Manager	Maintain oversight of this policy and its implementation
Group Manager	Ensure the policy is updated as per the regular policy review cycle or if there are changes to the compliance environment.
Coordinator	Implementation of this policy and monitor staff adherence to the policy.
Tenancy Manager	Responsible for the application and adherence to this policy.

## 7.0 Legislation and standards

This policy implements the obligations of Launch Housing under:

- Housing Act 1983 (Vic)
- [Guidelines for Registered Housing Agencies published by DHHS](#)
- Performance Standards for Registered Housing Agencies

## 8.0 Related policies

[LH Hardship Policy](#)

[LH Allocation of Long Term Housing Policy](#)

[LH Eligibility for Long Term Housing Policy](#)

## Transparency and accessibility

This policy will be available on the Launch Housing website

<https://www.launchhousing.org.au/housingsupport/renter-resource>

## 9.0 Version Control Information

Version Control	Date Effective	Approved By	Summary of Amendment
V1	March 2019	GM Keeping Housing	
V1.1	March 2021	GM Keeping Housing	As per RTA changes March 2021 Changes DHHS to DFFH