

# Rent Setting Policy

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# 1. Introduction

Rent setting refers to a system of setting rents to ensure that rents are in accordance with national and state-based requirements and obligations and the vision and mission of Building Communities (Vic) Limited (BCVL) as an affordable, social and community housing provider. BCVL practises clear and transparent processes when setting customers' rents.

## 2. Aim and scope

This policy applies to Building Communities (Vic) Limited.

For its social and affordable portfolio, BCVL aims to offer properties for rent at affordable rates, so that the rent a customer will pay is determined with consideration of the customers household income, the customers capacity to pay and relieves housing stress for our customers.

For its market housing portfolio, BCVL aims to offer its build-to-rent product to market customers.

## 3. Principles of BCVL's Rent Setting Policy

### 3.1. Agreements with State and Federal Governments

BCVL manages many of its properties according to agreements with State and Federal Governments, partners or investors. BCVL is required to observe its contractual or program obligations in relation to setting rents for all properties that are managed under such agreements.

BCVL representatives are responsible for ensuring that these agreements are upheld and rent amounts are set as per its contractual arrangements in the first instance.

BCVL complies with Australian Taxation Office (ATO) requirements regarding rent setting, to ensure it maintains its charitable tax concessions.

### 3.2. Rent setting and gross household income

#### Social Housing

For properties BCVL manages which are not subject to rent setting agreements with State and/or Federal Governments, partners, or investors, BCVL sets rent to ensure affordability at:

- Up to 30% of gross household income inclusive of all sources, plus
- 100% of any Commonwealth or Department of Veterans Affairs Rent Assistance for which the customer is eligible,
- With the total amount being capped as per the market rent ruling defined by the Australian Taxation Office for GST compliance

#### Affordable Housing

The maximum rent charged will be calculated at 74.99% of the of the GST-inclusive applicable market rent. BCVL will set its market rental valuation in accordance with the ATO guidelines. BCVL will endorse using either the benchmark market value or obtain an independent market value.

## **Market Housing**

BCVL will utilise the ATO benchmark market valuation, independent market valuation and will also conduct its own comparative market analysis (CMA) against similar properties, taking into consideration the location, age, size construction, style and any other factors and make a rental charge recommendation to BCVL.

## **Specialist Disability Accommodation**

For Specialist Disability Accommodation (SDA) properties, BCVL sets rent as per sector guidelines of Reasonable Rent Contributions being:

Whether or not the participant receives the Disability Support Pension under the Social Security Act 1991, the SDA Renter's rent shall be capped at:

- 25% of the maximum basic rate of the Disability Support Pension for a person who is not under 21 and not a member of a couple
- Plus 25% of the maximum rate of the Pension Supplement payable for a person who is not under 21 and not a member of a couple
- Plus 100% of the maximum rate of Commonwealth Rent Assistance payable for a person who is not under 21 and not a member of a couple and not sharing.

## **General**

BCVL may, at its discretion, charge a lower rent amount. This may be for a specified timeframe and/or in exceptional circumstances deemed appropriate by BCVL and the amended rent charge must be approved by the Operations Manager. This may also include employing incremental increases to support customers in transitioning to increased rent payable amounts that may be significant.

To help achieve its aim of setting affordable rents, BCVL also makes every attempt to develop and manage safe, affordable, suitable, and quality housing that gives people stability to build their life and community.

### **3.3. Rental bonds**

Where applicable, BCVL will take a rental bond at the start of a new tenancy, up to an amount equal to 4 weeks rent. All bonds will be lodged with and held by state Bond Authorities until such time as a tenancy ends and the customer vacates the property.

Any bond amount paid will be released, minus any amount owing or applicable deductions, following the vacation of the property and the end of a tenancy as per state legislative requirements.

In the case of a customer transferring to a different BCVL property, the existing bond may, in some circumstances, be transferred to the new tenancy and property. If this occurs, all amounts owing, or applicable deductions relating to the previous property and tenancy, remain payable by the customer. Should the bond amount on the new property be more than the original bond held, the customer will be required to pay the difference which will be lodged with and held by the relevant state Bond Authority.

### **3.4. Communication regarding rent setting**

Customers are advised under which rent program their property is managed and how their rent is calculated at the time they sign their tenancy agreement with BCVL. BCVL is committed to ensuring its customers understand exactly what their rent charge is and how it is calculated at all times.

## **Building Communities (Vic) Ltd.**

To provide great service, BCVL requires its customers to communicate clearly regarding any changes to their circumstances at any time. Notification of any change of income and/or the household within 14 days of the change occurring is required to ensure BCVL customers continue to pay the correct amount and do not fall into rental arrears.

If customers have any queries, they are encouraged to contact their nearest BCVL office to discuss these in detail.

### **3.5. Rent decreases**

BCVL is aware that from time to time, its customers' household income encounters changes that may result in the rent amount payable decreasing for some customers paying income-based rent.

Any applicable rent decrease will be effective from the date BCVL was notified of the change in the customer's household income and provided all required documentation information and evidence has been received from the customer by BCVL within 7 days of notification, where practicable.

### **3.6. Backdating of rent decreases**

Where the customer has an acceptable and genuine reason for having been unable to provide the required documentation within the designated period of 7 days from the initial notification of change of circumstances, consideration may be given to backdating the rent decrease to the time of the change in gross assessable household income.

Approval can be sought from the Operations Manager up to one month in arrears. Applications for the backdating of rent decreases of more than one month requires the approval of Senior Management.

### **3.7. Rent and/or income reviews**

BCVL conducts Rent and/or Income Reviews for all of its tenancies at least once per calendar year, according to program requirements and relevant legislation in its operating jurisdictions.

#### **Social Housing and Specialist Disability Accommodation**

Income Reviews for social housing and Specialist Disability Accommodation (SDA) renters will be conducted twice per calendar in six monthly intervals. The rent payable by the customer will be reviewed by assessing their gross household income should they be on an income-based rent, or against market rental and/or discount market rental values, in line with the program guidelines under which the property is managed. These reviews may result in the rental amount payable by a customer changing and may result in either increasing or decreasing, depending on their circumstances at the time of the review.

Customers will be notified in writing of the outcome of the review and any changes to the amount of rent payable with adequate notice provided, as determined by the relevant governing legislation and/or contractual obligation under which the property is managed. This includes if there are no changes to the current amounts payable by the customer.

#### **Market and Affordable Housing**

When a rent calculation is required, and a valuation is more than a year old, BCVL will calculate the market rent using a CPI adjusted market valuation. The CPI adjusted market valuation will be calculated using the All-Group CPI for last quarter.

Rents will be reviewed at least annually, and any increases will be implemented in accordance with the relevant State Residential Tenancies legislation notice requirements.

Benchmark market values are amounts the ATO consider reasonable GST-inclusive market values for accommodation. The benchmark market values are updated annually and take effect from 1 July each year. An organisation cannot use benchmark market values if they have obtained an independent market valuation for the supply within the last 4 years.

### **3.8. Assistance for customers experiencing difficulties with rent**

BCVL has developed a range of policies including its 'Hardship Policy', 'Sustaining Tenancies Policy' and 'Linking Renters to Supports Policy', to assist customers whose circumstances have changed or who have incurred additional costs associated with their health, disability, remote location or other circumstances that impact on their cost of living.

BCVL is committed to working with its customers to assist and refer them to access appropriate supports to sustain their tenancy and maintain a stable and secure home. Customers are encouraged to use the provisions of the supporting policies in the case of rent difficulties.

### **3.9. Rent increases when household incomes changes due to employment**

BCVL seeks to assist its customers to increase their financial confidence and capacity to participate economically and in their communities. For customers who advise BCVL, outside of a Rent Review process, that their household income has increased due to the securing of employment, BCVL will provide a transition period of up to 6 months before increasing the rent payable, if they are on an income-based rent.

### **3.10 Customer Feedback and Appeal of Decisions**

BCVL welcomes its renters to query any decisions it makes and/or ask questions about our work practices. If a renter wishes to provide feedback to BCVL and/or believes a decision made by BCVL is incorrect, they can lodge customer feedback and/or an appeal using the BCVL Customer Feedback Policy or the BCVL Appeals Policy.

## **4. Related legislation, industry frameworks and standards, BCVL policies and procedures**

### **4.1 Legislation**

Housing Assistance Act 1996 (COM)
Housing Act 1983 (VIC)
Residential Tenancies Act. 1997 (VIC)
Residential Tenancies Amendment Regulations 2021 (Vic)
Planning and Environment Act 1987 (Vic)
Charter of Human Rights and Responsibilities Act 2006 (VIC)
National Disability Insurance Scheme

## 4.2 Codes, frameworks and agreements

The National Affordable Housing Agreement
OOH, Homelessness Assistance Program Guidelines and Conditions Funding 2006-2009 (VIC)
Consumer Charter for Community Managed Housing and Homelessness Services
Victorian Community Housing Regulatory Framework
National Community Housing Standards
Department of Human Services Standards
NDIS Practice Standards and Quality Indicators
NDIS Code of Conduct

## 4.3 BCVL related policies and processes

BCVL Housing and Homelessness Policies and Procedures
BCVL Customer Feedback and Appeals Policy and Procedures
BCVL Privacy Policies and Procedures

# 5. Monitoring and review

This document should be periodically reviewed and revised. Revisions should be made as and when required. The period between reviews must not exceed two years. The date for review of this document is on or before April 2025. Training will be provided to each staff member and the Board as a component of their induction.

### Review history

Date and version	Reason for review	Review frequency	Owner	Approver
Version 1.0, April 2025	New	Every two years	Company Secretary	Chief Executive Officer

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