

Rent Setting Policy

Version date: 29 June 2017
Review date: 29 June 2019
Policy owner: Director Operations

Purpose

To outline the way in which Unison sets rent.

Scope

This policy applies to:

- All long-term social or affordable housing properties

This policy does not apply to:

- **Crisis or transitional properties.**
Unison offers a referral and brokerage service to other services offering crisis accommodation and has no involvement in setting rents.
Unison acts as property manager for transitional properties owned or leased by the Department of Health and Human Services (DHHS) and rent is set in accordance with DHHS policies.
- **Private rental properties**
Unison manages private rental properties on behalf of private investors under the commercial division of Unison (UPC).
- **Public housing properties**
Unison manages public housing under contract with the Director of Housing.
Rent is set in accordance with DHHS criteria and the DHHS rent rebate manual.
- **National Rental Affordability Scheme (NRAS) properties**
Unison acts as tenancy manager for NRAS approved participants. NRAS properties are private affordable housing and rent is set no higher than 80% of market rent as determined by the Australian Government Department of Social Services (DSS).

Principles

To ensure:

- rents are set at an affordable level while maintaining Unison's financial viability
- the rents charged by Unison meet all state government and Australian Taxation Office (ATO) requirements
- the rent setting and review process is fair, consistently applied and non-discriminatory

Rent Setting Policy

- adequate flexibility is allowed to respond to individual hardship and change of circumstance
- rents are reviewed regularly to ensure fairness and consistency between tenants

Application

Social Housing

Unison social housing rents are set at 100% of the Commonwealth Rent Assistance (CRA) received by tenants and up to 30% of income in Victoria or 25% of income in South Australia. The basic formula for determining social housing rents is:

Up to 30% of income in Victoria / 25% of income in South Australia +
CRA + up to 15% of Family Tax Benefit (if applicable)

Income and eligibility criteria for Registered Housing Agencies (RHAs) such as Unison are set by the relevant state housing authorities. These criteria are updated regularly as benefits and allowances change. The most recent criteria are available via the links below:

- [Victorian current income and asset limits](#)
- [South Australian current income and asset limits](#)

The percentage of income charged as rent may vary with the following factors:

- Household Type (single, couple, sole parent with children or couple with children)
- Centrelink Income Type (Youth Allowance, Newstart, Disability Support Pension)
- Housing Type (Rooming House, Studio Apartment, 1 bedroom, 2 bedroom or 3 bedroom properties)

Affordable Housing

Affordable Housing rents are set no higher than 75% of market rent, up to a maximum of 30% of income. The basic formula for determining affordable housing rents is:

75% of market value up to a maximum of 30% of income

Initial income eligibility limits for Unison Affordable housing in Victoria are determined by the Department of Health and Human Services [Guidelines for registered housing agencies](#).

Rent Setting Policy

The percentage of income charged as rent may vary with the following factors:

- Household Type (single, couple, sole parent with children or couple with children)
- Housing Type (Rooming House, Studio Apartment, 1 bedroom, 2 bedroom or 3 bedroom properties).

GST

Unison provides housing as a “GST-free supply”, as it is deemed to be provided on a charitable rather than commercial basis. As such Unison does not charge GST on rent, but is allowed to treat the GST component of the various costs of providing the housing as GST Input Tax credits.

To qualify for “GST-free supply” Unison must charge tenants less than 75% of the “market rent”. The definition of the “market rent” may be based on Unison self-assessment using an ATO approved methodology or on the ATO published market rent figures for different regions of Australia and different property types.

Income

When calculating rent only assessable income is considered. Assessable incomes are general income such as wages, pensions, benefits and allowances, child support payments, Department of Veterans’ Affairs income support payments and investments. Rent is determined by calculating up to 30% of primary payments such as pensions and wages, and up to 15% of family payments, such as Family Tax Benefit. Current documentation covering a twelve (12) week period is required as proof.

Commonwealth Rent Assistance (CRA) is not considered income and therefore is not assessed at a percentage. If a household is eligible for CRA the total amount is added to the rent calculation.

Non-Assessable Income is not included in the calculation of rent. Non-assessable incomes are usually payments that are provided for a specific purpose such as pharmaceutical allowance or large family supplement.

Service Charge

Many Unison properties provide services to tenants that would normally be paid for by tenants in addition to rent. The cost to Unison of providing these services is added to the rent and is referred to as the service charge. Examples of these additional services include:

- Electricity
- Gas

Rent Setting Policy

- Water
- Fridge
- Furniture
- Communal laundry facilities.

Different properties provide different additional services to different types of units. The service charge is calculated for each unit and then added to the rent. Service costs are based on actual costs associated with providing the services and are reviewed annually.

Rent Review

Review of household incomes and rents are conducted every 12 months in Victoria, and every 6 months in South Australia. Failure to provide income confirmation as requested will result in rent being increased to the highest rate for that property.

It is the tenant's responsibility to advise Unison of any changes to household income as soon as they occur.

Upon request, Unison can review rent outside of these timeframes if a change in household income has resulted in financial hardship. Refer to the [Change in circumstances policy](#)

Related policies and links

Eligibility policy

Tenant income verification procedure

Change in circumstances policy

Review of policy

This policy will be reviewed every two years as delegated by the responsible Director