Central East Accommodation & Care Alliance Inc

RENT SETTING POLICY

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INTRODUCTION

The CEACA Rent Setting Policy is in three parts:

1. **Current CEACA model** – relating to the houses constructed with Royalties for Regions funding (90%) and Local Shire funding (10%) during 2018-19. This model refers to the 69 CEACA houses across 10 Wheatbelt Shires.
2. **Band A rents** – relating to the houses to be built in the future, with funding wholly or partly from the Department of Communities.
3. **Band B rents** – relating to the possibility of houses to be built in the future, with funding wholly or partly from the Department of Communities, should Band B tenants be eligible.

DEFINITIONS

Affordable Housing means housing that must be leased to Eligible Persons at a rent less than 75 per cent of Market Rent or in accordance with the relevant policies.

Band A refers to households who meet the Public Housing eligibility criteria.

Band B refers to households with income exceeding the eligibility criteria for Public Housing and not exceeding the eligibility criteria for entry to the National Rental Affordability Scheme (NRIS).

Community Housing means Social Housing and/or Affordable Housing owned or otherwise under the legal control of a Community Housing Organisation. Community Housing is affordable housing for people on low to moderate incomes with a housing need.

Community Housing Organisation means any not-for-profit organisation incorporated under the Law of the Commonwealth of Australia or the State of Western Australia, or a Local Government, whose primary objective is to provide Crisis Housing, Social Housing and/or Affordable Housing to Eligible Persons in Western Australia.

CHEP - Community Housing Eligibility Policy.

Market Rent is as published in the ATO Detailed Benchmark Market Values, or if the relevant location is not covered by the ATO, set by the CEACA Management Committee with reference to advice from a firm of Property experts in the Central and Eastern Wheatbelt region of WA.

Non-Affordable Tenant means a person who does not qualify for Affordable Housing.

Public Housing is rental housing owned and operated by the Housing Authority.

Social Housing refers to rental housing by the Housing Authority and Community Housing Organisations for Band A households.

CURRENT MODEL

The current rent setting model applies to the houses constructed during 2018-19, funded by the Royalties for Regions Program (90%) and the Wheatbelt Shires (10%). This model refers to the 69 CEACA houses across 10 Wheatbelt Shires.

Regional Groupings

Accommodation is grouped according to Town population size and level of amenity.

- Group A is Merredin, Kellerberrin and Yilgarn
- Group B is Bruce Rock, Mukinbudin and Wyalkatchem.
- Group C is Westonia, Mt Marshall, Nungarin and Koorda.

Establishment of Market Rent

1. The Market Rent in each Shire across the 3 Groupings will be ascertained annually with reference to advice from a firm of Property experts in the central and eastern Wheatbelt region of WA.
2. The Market Rent figures will be ascertained as a part of the annual budget process, prior to 30 June each year.
3. Unless exceptional circumstances exist, annual rent increases in percentage terms will be restricted to the latest annual CPI figure for regional WA.
4. Any rent increases require the approval of the CEACA Management Committee.
5. In accordance with the *WA Residential Tenancy Act*, there must be a maximum of one rent increase per annum.

Tenants assessed as Low Income or Very Low Income – "Affordable" Tenants

1. Rents for tenants on 'low income' or 'very low income' ("Affordable"), in accordance with the CEACA Eligibility Matrix ("Matrix"), are set at less than 75% of Market Rent.
2. In accordance with the Matrix, tenants on 'low income' or 'very low income' are the priority for CEACA.
3. A tenant is assessed as '**very low** income' by reference to the figures published from time to time for Public Housing eligibility criteria Community Housing Eligibility Policy (CHEP). These are the Band A income eligibility limits.
4. A tenant is assessed as '**low** income' by reference to the figures published from time as eligibility criteria for entry to the National Rental Affordability Scheme (Community Housing Eligibility Policy - CHEP) . These are the Band B income eligibility limits.

Tenants **not** assessed as either Low Income or Very Low income – "Non-Affordable" Tenants

1. If there is a tenancy vacancy with no Low Income or Very Low-Income tenants on the waiting list, a house may be offered on a short-term basis to a "Non-Affordable" tenant.
2. Non-Affordable tenants will pay the Market Rent.
3. Non-Affordable tenants may be offered a short-term (usually 6-months) lease, at the end of which the house may be offered to an Affordable tenant ('low income' or 'very low income').

<u>Social Housing Provided by CEACA (Band A)</u>

CEACA intends to build additional houses in the future, funded partially by the WA Government Department of Communities ("Communities") and Housing Australia.

Houses constructed with funding (wholly or partially) from Communities may be classified as Social Housing (**Band A**).

Rent setting for Social Housing (Band A) will be in accordance with the WA Community Housing Rent Setting Policy and Community Housing Rent Setting Guidelines, as amended from time to time. Refer *community-housing-rent-setting-policy-chrsp.pdf* and *community-housing-rent-setting-guidelines.pdf*

Social Housing Rent Setting

The total rent payable for Social Housing (Band A) tenancies is 25% of the gross household assessable income plus the eligible rent assistance. Rent should not exceed the maximum net rent set at 74.99% of market rent.

Calculations:

Rent is calculated at the **lower of**:

- **25%** of gross assessable Household Income (before tax), plus any Commonwealth Rent Assistance ("CRA) received, or
- **74.99%** of Market Rent.

Assessable Household Income is defined as:

- Any income of all Tenants and non-dependent Householders who have reached 16 years of age, which is regular, ongoing and provided to meet the general costs of living, is considered assessable income for the purpose of calculating rent.
- Benefits provided by the State Government, including pension.
- Benefits provided by the Federal Government, including pension.
- Private pensions.
- Investment income, including interest, dividends and rent.
- Income from provision of goods or services.
- All categories of income after taxation.

Household Income includes:

- Age Pension, Carer Payment, Disability Support Pension, Newstart Allowance, Parenting Payment. Service Pension from Veterans' Affairs, Special Benefit, Widow Allowance, Youth Allowance, Abstudy, Austudy.
- Family Tax A and B, child support payments, business income, income from investments, foreign pensions.
- Salaries and wages.
- Any other earned or unearned income.

Commonwealth Rent Assistance

CEACA must add the rent assistance for which all Householders are eligible, to the rent assessment. Commonwealth Rent Assistance (CRA) is not considered income and therefore is not assessed in the percentage of Household Assessable Income calculation.

Non-Assessable Income

Non-assessable income is one-off or irregular payments and is not used in calculating rent payable.

<u>Market Rent</u>

The total rent payable must not exceed 74.99% current market rent value.

Definitions

For definitions of terms used when applying the Community Housing Rent Setting Policy, refer to the Community Housing Policy Definitions **community-housing-policy-definitions.pdf**.

CEACA or CEACA's Property Managing Agent may have a Centrelink Agreement ("Centrepay"), which the full rent paid direct to CEACA or CEACA's agent by Centrelink.

Household Income figure will be reviewed annually by CEACA. Rents may be adjusted annually in accordance with WA residential tenancy rules.

Market Rent is as published in the ATO Detailed Benchmark Market Values, or if the relevant location is not covered by the ATO, by reference to advice from a firm of Property expert in the Central and Eastern Wheatbelt region of WA.

Community Housing Provided by CEACA (Band B)

Should CEACA build additional houses in the future, funded partially by the WA Government Department of Housing & Works and Housing Australia, which are classified as Community Housing (Band B) the rent setting policy to be applied will be as follows:

Rent setting for Community (Affordable) Housing (Band B) will be in accordance with the Community Housing Rent Setting Policy, as amended from time to time.

Rent is calculated at the **lower of**:

- In the range, **25% to 30%** of net assessable Household Income (after tax), plus any Commonwealth Rent Assistance ("CRA) received, or
- **74.99%** of Market Rent.

Assessable Household Income is defined as:

- Benefits provided by the State Government, including pension
- Benefits provided by the Federal Government, including pension
- Private pensions
- Investment income, including interest, dividends and rent
- Income from provision of goods or services.
- All categories of income after taxation.

Assessable Household Income includes:

- Age Pension, Carer Payment, Disability Support Pension, Newstart Allowance, Parenting Payment. Service Pension from Veterans' Affairs, Special Benefit, Widow Allowance, Youth Allowance, Abstudy, Austudy.
- Family Tax A and B, child support payments, business income, income from investments, foreign pensions.
- Salaries and wages.
- Any other earned or unearned income.

Commonwealth Rent Assistance ("CRA") should be excluded from Household Income. CRA must be paid directly to CEACA.

CEACA or CEACA's Property Managing Agent may have a Centrelink Agreement ("Centrepay"), which the full rent paid direct to CEACA or CEACA's agent by Centrelink.

Household Income figure will be reviewed annually by CEACA.
Rents may be adjusted annually in accordance with WA residential tenancy rules.

Market Rent is as published in the ATO Detailed Benchmark Market Values, or if the relevant location is not covered by the ATO, by reference to a firm of Property experts in the Central and Eastern Wheatbelt region of WA.