

Policy name	Rents, Bonds and Other Charges
Policy date	August 2020
Authorisation	General Manager, Operations
Policy owner	National Manager, Housing Services
Policy type	Mission Australia Housing Operational Policy
Policy setting	

1 Purpose

1.1 Overview

1.1.1 This policy sets out the principles to be followed in establishing and reviewing rents, bonds and other charges payable by tenants for housing managed by Mission Australia Housing (MAH). Our aim is to ensure a process that:

- Is fair and transparent;
- Is understood by tenants and their families;
- Protects the assets managed by MAH; and
- Complies with the specific legal and contractual obligations placed upon MAH by government, funders and other housing partners.

1.2 Coverage

1.2.1 This document is a national policy and covers both Mission Australia Housing (MAH) and Mission Australia Housing Victoria (MAHV). All references to Mission Australia Housing, MAH and Housing include both MAH and MAHV unless specifically stated otherwise. Where state based variations exist in policies and procedures, these will be identified in the document.

1.2.2 This policy applies to all forms of housing provided by MAH including social, affordable and transitional housing.

1.2.3 MAH is required to meet the legal requirements set out in tenancy legislation in each state or territory, as well as requirements set by housing authorities and other funders, leading to some complexity and variation in rent-setting policies and procedures. This policy provides high-level guidance on the differing rules that affect the setting of rents and other charges.

1.3 Information on procedures and other related policies

- 1.3.1 This policy focuses on why certain things need to be done. It is supported by procedures that provide more detail on the what to do, the steps involved in establishing and reviewing rents, bonds and other charges payable by tenants for housing managed by MAH.
- 1.3.2 This policy is one of a number of interlinked policies that support MAH's delivery of housing services. To assist you, these are identified where relevant in this policy and supporting procedures.

2 Scope

2.1 Parts of Mission Australia that this policy covers

- 2.1.1 This policy applies to MAH staff responsible for working with MAH clients, tenants and properties.

2.2 Definitions

- 2.2.1 Key terms used in this policy are defined in the following table.

Term	Definition
Affordable housing	Housing for individuals or families on low to moderate incomes who are having difficulty affording housing in the private rental market. It is generally targeted at working households. Rent for affordable housing is usually calculated as a discounted market rent.
Assessable income	Income which is included in assessments undertaken by MAH in order to determine a suitable amount of rent for a tenant and, where applicable, their household. Assessable income includes earned income and some government payments.
Bond	An amount equating to two weeks' rent paid by the tenant at the start of their tenancy as a form of financial security in the event of rental arrears, property damage or neglect.
Commonwealth Rent Assistance (CRA)	An Australian Government subsidy paid to those in receipt of some form of Commonwealth benefit, to assist them to rent in the private marketplace. Community housing is classified as private housing for the purposes of CRA payments.
Condition report	A report form that is used to detail the condition of a property at the start and end of a tenancy. Condition reports are used to gauge changes in the condition of a property during a tenancy.

Term	Definition
Eligibility	Criteria such as income limits that must be met by applicants to obtain housing through a specific program.
Household member	Any person who resides in a property as an approved occupant. Unauthorised occupants and visitors are not considered household members.
Lease or rooming accommodation agreement	A legal contract which sets out the terms and conditions for living in an MAH property, in return for payment of an agreed rent.
Market rent	The amount a property would be leased for in the private rental market. This represents the maximum rent that can be charged for a property.
Reduced rent	MAH charges a reduced rent in special circumstances, down to a minimum of \$5 a week for a limited period, to reduce hardship on tenants and household members. This is available on a one-off basis.
Rental rebate	A subsidy made available specifically to eligible tenants housed under social housing and supported tenancy programs. Tenants in receipt of a rental rebate will pay a percentage of their income as rent, up to the market rent.
Rent review	A reassessment of household income, assets and household composition during a tenancy in order to detect rental fraud and ensure that rental charges are fair and compliant with the obligations placed upon MAH.
Social housing	Subsidised housing for individuals and families on very low and low incomes. Social housing applicants are generally in receipt of Centrelink benefits.
Tapered rent	A special rent arrangement intended to assist tenants to move from social to affordable housing.
Tenant	Under state-based residential tenancy and rooming accommodation legislation, a tenant is a person who has specifically entered into a lease agreement. The term is used more broadly in this policy to refer to tenants and residents under rooming accommodation agreements, unless explicitly distinguished.

Term	Definition
Transitional housing	Short- to medium-term accommodation (generally three to twelve months) with access to support services. It acts as an interim step to more permanent public, community or private market housing.

3 Policy

3.1 Guiding principles

3.1.1 The MAH rental process is tenant-focused:

- MAH assists applicants to understand and meet the requirements applying to them, thus creating sustainable tenancies.
- MAH seeks to establish a shared understanding of rights and responsibilities.

3.1.2 The MAH rental process is fair and transparent:

- MAH makes the process as clear and simple as possible.
- MAH upholds accountability and transparency through its record keeping practices.
- MAH ensures that tenants understand and have access to complaints and appeals mechanisms.

3.1.3 The MAH rental process complies with relevant laws and procedures:

- MAH fully complies with the jurisdictional requirements of the states and territories in which it operates.

3.2 The importance of information and communication

3.2.1 The setting and collection of rents, bonds and other charges can be a sensitive area, in part because tenants can find the process complicated. At each stage in the process it is important that tenants are supported and given the information they need to understand what is happening, and why it is happening.

3.3 Market rent

3.3.1 Market rent, the amount that tenants would pay for the property in the private marketplace, is central to the rent setting process. Market rent sets the maximum rent that tenants can be charged, and provides the base for the calculation of subsidised rents.

3.3.2 Market rent can be determined in different ways. It may be determined by an examination of comparable rents for similar properties in the same area. This may be done by inspection, or by using statistical data such as the NSW Department of Family and Community (FACS) Rent and Sales Reports, a requirement set by FACS for NSW

social housing properties covered by Community Housing Agreements. In some cases, Australian Taxation Office rent tables may be used.

- 3.3.3 Information on the processes used by MAH to determine market rent can be found in the **Rents, Bonds and Other Charges Procedure**.

3.4 Setting social housing rents

- 3.4.1 Social housing rents start with market rents. This is the rent entered into the lease agreement and represents the maximum amount tenants can be charged. Tenants housed through a social housing or supported tenancy scheme may then be eligible to apply for a rental rebate, a subsidy on the market rent that determines how much they actually pay. This is normally done automatically as part of the process of establishing a tenancy.
- 3.4.2 The maximum subsidised rent that eligible tenants should pay for their property is capped at approximately 25 per cent of their assessed household income, plus 100 per cent of their maximum entitlement to Commonwealth Rent Assistance (CRA). CRA is included in the rent since it is a payment intended to assist eligible recipients to meet rental costs. Household income includes income earned by all members of the household.
- 3.4.3 The exact rules to be used in calculating income for the purposes of subsidised rent vary across jurisdictions and over time. For example, the items that must be included in income vary, as do the assessment rates applied to individual items. Further information can be found in the **Rents, Bonds and Other Charges Procedure**.
- 3.4.4 CRA payments also vary depending upon the household classification, which affects both the lower rent threshold at which rent assistance is paid, and the upper rent threshold which determines the maximum rent assistance that can be paid. Details are included in the **Rents, Bonds and Other Charges Procedure** and information sheets. These also explain the workings of the rent calculator used to calculate social housing rents.
- 3.4.5 Upon calculation of the subsidised rent, a copy of the rent calculation and a breakdown of payments should be supplied to the tenant for their records.

3.5 Setting affordable housing rents

- 3.5.1 The requirements for setting affordable housing rents vary between jurisdictions and programs.
- 3.5.2 Generally, affordable housing tenants are charged rent up to 80 per cent of the market rent (usually just under 75 per cent) for their property. However, variations do exist.
- 3.5.3 In some cases, tenants may pay a percentage of their income. For example, an MAH social housing tenant moving into affordable housing might remain on an income-based rent, or alternatively may be offered a tapered rent arrangement to ease the transition from social housing to affordable housing rents.

- 3.5.4 In other cases, rents may combine the two. In New South Wales, affordable housing rents are set at 75 per cent of the market rent, but should not exceed 30 per cent of a household's gross income. This effectively provides two rental caps – one based on market rent, and the second on household income.
- 3.5.5 Where rent is based on a straight percentage of market rent, that rent should be included in the lease agreement, as the subsidy element is fixed. However, where rents are income-based or contain a significant income component, then it may be more appropriate to insert the market rent and then treat the subsidy calculation as a separate process, in a similar way to social housing.
- 3.5.6 Variations in affordable housing rental arrangements means that staff should always check the relevant contract or program arrangement for guidance. See the **Affordable Housing Policy** for further details.

3.6 Responsibility of the tenant to advise MAH of changed circumstances

- 3.6.1 Tenants are responsible for informing MAH of any changes to their circumstances that may impact upon the amount of rent they are charged within 28 days of a change, including:
- Household composition changes; and
 - Income changes for any household member.
- 3.6.2 Where a tenant does not provide this information and MAH becomes aware of the change, they may be required to back pay the additional rent from the date of the income change. Otherwise, MAH will charge the new rent from the date of the tenant notice.

3.7 Frequency of rental payments

- 3.7.1 MAH generally charges rent on a weekly basis. Tenants are expected to pay rent as outlined in their lease agreement.

3.8 Special rental circumstances

- 3.8.1 MAH may charge social housing tenants a reduced rent in certain special circumstances.
- 3.8.2 Where an adult household member, excluding the tenant, is not eligible to receive a statutory income (for example because of migration restrictions), MAH may charge a reduced rent of a minimum of \$5 per week for a maximum of six months. This rate will only be charged for the household member's portion (not the tenant), and with the approval of the National Manager, Housing Services.
- 3.8.3 Where a tenant or household member is in custody, rehabilitation, a refuge, or other safe accommodation, MAH will charge a reduced rent of a minimum of \$5 per week for a maximum of three months as per the **Absence from Dwelling Policy**. Time extensions will require the approval of the National Manager, Housing Services.
- 3.8.4 Reduced rent is available on a one-off basis only.

3.9 Rental arrears

- 3.9.1 Early intervention is the best way to manage rental arrears and sustain tenancies. Staff will work with tenants who experience difficulty paying their rent, and where required will seek to enter them into a payment plan and make referrals to support organisations. See the **Arrears Management Policy** for further details.
- 3.9.2 Where tenants are in arrears, MAH may seek to recover costs through state-based civil proceedings as per the **Arrears Management Policy**.

3.10 Bonds

- 3.10.1 Each new MAH tenant is required to pay two weeks' rent in advance, plus the equivalent of two weeks' rent as a bond. The rent amount for bond purposes is based on the subsidised or discounted rent rather than the formal market rent. The amount of the bond will be included in the lease or rooming accommodation agreement signed by the tenant. See the **Starting Tenancies Policy** for further details.
- 3.10.2 Where a prospective tenant cannot pay the two weeks' rent in advance plus the bond, MAH may agree to them signing up to Centrepay to pay their two weeks' rent in advance over time, in addition to their regular rent payments.
- 3.10.3 Where a tenant indicates that they will be unable to pay for their bond, staff will direct them to agencies which may be able to assist them to cover the costs of their bond. For more information, see the associated procedures and the **Client Products and Subsidies Policy**.
- 3.10.4 Arrangements and timeframes for lodging bonds with state authorities vary between jurisdictions. See the **Rents, Bonds and Other Charges Procedure** for further details.
- 3.10.5 During the tenancy, staff will work with tenants to assist them to manage issues that may affect the amount of bond that is refunded to them at the end of their tenancy. This includes:
- Supporting tenants where possible to mitigate problems identified through the routine inspections carried during each tenancy, or the pre-vacate inspection at the end of the tenancy;
 - Referring tenants to support agencies that may assist them to maintain a successful tenancy, where required and subject to tenant consent; and
 - Working with tenants who owe rental arrears or non-rent debts to put arrangements in place to repay the debts. See the **Arrears Management Policy** for further information.
- 3.10.6 Where, at the end of the tenancy, a tenant does not owe any money to MAH and there are no repairs, maintenance or cleaning issues identified at the property, staff will make arrangements to refund the bond. Should the tenant wish to transfer the bond to an

alternative MAH property, staff will arrange this where possible. Further information about bond refunds or transfers is contained in the associated procedures.

- 3.10.7 MAH may seek to retain part or all of a bond at the end of a tenancy where a tenant:
- Has a record of rental arrears, or owes a non-rent debt to MAH; and/or
 - Vacates their property without returning it to the condition it was in at the start of their tenancy (fair wear and tear excluded).
- 3.10.8 The procedures involved in retaining a bond in whole or in part vary to some degree between jurisdictions. Staff should refer to the associated procedures for more information.

3.11 Water usage charges

- 3.11.1 MAH adheres to state-based residential tenancy and rooming accommodation legislation in its water charging processes. In New South Wales, this includes compliance with the Community Housing Water Charging Guidelines.
- 3.11.2 With certain exceptions, the majority of MAH tenants will be charged for the water they use.
- 3.11.3 MAH installs water saving devices in its properties where possible to reduce water usage.
- 3.11.4 Charging for water usage:
- Tenants of social and affordable properties with individual meters in New South Wales, Tasmania and Queensland will generally be charged for water usage as per bills received from water authorities. However, in some instances MAH may not charge water usage where the property is not owned by MAH and the owner (eg the state government) requires that we do not charge for water.
 - Tenants of social and affordable properties in New South Wales with shared meters will be charged a proportion of the total property water bill, according to the number of bedrooms and household members in their unit. The same approach will be adopted where the water authority provides a bill based on the shared meter, even though the units have individual meters.
- 3.11.5 Tenants who are absent from their property temporarily and who are usually charged for water usage will be required to pay water usage charges in their absence. Tenants who are absent from their property for extended periods will generally be required to pay for their water usage unless there are exceptional circumstances, as per the **Absence from Dwelling Policy**.
- 3.11.6 Certain tenants will not be charged for water usage, including:
- Tenants of properties with shared meters in Queensland and Tasmania, where individual usage cannot be determined;
 - Tenants in crisis accommodation; and

- Tenants residing in a property not containing a water meter, or where MAH is not billed for water usage.
- 3.11.7 Tenants who will be charged for water usage will be provided with information on the charges at the start of their tenancy. All tenants required to pay for water usage will be encouraged to make regular small payments towards their water usage alongside their rental payments. See the **Starting Tenancies Policy** for further details.
- 3.11.8 Senior managers may, subject to evidence, discount or remove water usage charges in exceptional circumstances. Examples include:
- Where tenants or household members require more water than usual due to a medical condition or disability (eg tenants or household members on dialysis); and
 - Larger families requiring more water than usual.
- 3.11.9 Where tenants experience difficulty in paying for their water usage, staff will work with them to assist them to understand and adhere to their obligations.

3.12 Rent reviews

- 3.12.1 MAH adopts a structured rent review process under which:
- Tenants are provided with transparent and clear information about the process;
 - The process is managed consistently across all operating states;
 - Rent is charged fairly and in line with property value and state- or program-based guidelines; and
 - Tenants are given the opportunity to appeal organisational decisions in order to ensure fair and transparent outcomes.
- 3.12.2 Market rents are reviewed annually to determine the current market rent for each property in the portfolio.
- 3.12.3 All tenants of MAH are required to participate in regular reviews of the rent they are charged for their property. Rent reviews will occur up to twice per year for social housing tenants, and annually for tenants of affordable housing programs. Rent reviews will also occur on tenant request, and where staff are made aware of a change in household circumstances.
- 3.12.4 Staff will inform tenants in writing of the upcoming rent review and provide them with supporting information and relevant forms.
- 3.12.5 Tenants will be required to provide up-to-date income details for each member of their household, including CRA where applicable, whenever a rent review has been scheduled.

3.13 Confidentiality

- 3.13.1 Staff will hold in confidence all personal and confidential information disclosed through the rental process unless disclosure is permitted under law or consented to by the person

subject to that information. See the **Mission Australia Enterprise Privacy Policy** for further information.

3.14 Appeals

3.14.1 Staff will inform tenants of their right to appeal organisational decisions and to complain about the services of MAH as per the **Appeals and Complaints Policy**.

4 Responsibilities

4.1 Housing staff including Housing Officers and Client Service Officers are responsible for:

- Supporting applicants to enter into a lease or rooming accommodation agreement for housing.
- Engaging guardians, advocates or family in witnessing and signing a lease or rooming accommodation agreement as required.
- Providing relevant renting information to tenants.
- Collecting any payments required of tenants at the start of their tenancy.
- Keeping records associated with establishing a tenancy in the tenancy management system and, where required, in original hardcopy tenant files.
- Recommending improvements to this policy and associated procedures.

4.2 Team Leaders/Regional Manager are responsible for:

- Incorporating this policy and associated procedures into staff induction and training.
- Ensuring staff are aware of and have access to this policy and associated procedures.
- Escalating feedback about this policy to the policy owner and/or policy writer.

4.3 The National Manager, Housing Services is responsible for:

- Ensuring that MAH complies with this policy and associated procedures.
- Recommending any changes to this policy and associated procedures.