



Government of **Western Australia**
Department of **Housing**

Community Housing

Rent Setting Policy

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1: Introduction

This policy establishes new rent setting rules for community housing that allow providers the flexibility to set rents that suit their individual organisation's requirements. At the same time affordability for tenants will be protected.

2: Purpose

The purpose of this policy is to:

- Introduce greater flexibility for community housing organisations to establish their own rent setting procedures;
- Introduce rent setting rules that ensure the financial viability of community housing organisations (CHOs) and support growth;
- Introduce the ability for providers to set place based rents; and
- Ensure rents are set at a level that is affordable for tenants.

3: Eligible Community Housing Organisations

The rent setting rules contained in this policy are only available for use by the following types of registered community housing organisations:

- Growth Providers;
- Preferred Providers; and
- Registered Providers.

Unregistered community housing providers must comply with public housing rent setting rules.

Eligible CHOs will house a mix of Band A (Public Housing) and Band B (Community Housing) tenants and apply the rent rule appropriate to the particular Band. See Community Housing Income and Asset Limits Policy for details of limits.

4: Related Policies

This policy should be read in conjunction with:

- Community Housing Social Mix Entitlement Policy (yet to be endorsed);
- Community Housing Income and Asset Limits Policy; and
- Community Housing Allocation Policy.

5: Rent Setting Rules

The following rules apply for long term and transitional community housing:

- Providers must charge an affordable rent of no less than 25% and no higher than 30% of a households *net* (after tax) income;
- No rent can exceed the current Market Rent for any property;

- Commonwealth Rent Assistance (CRA) must be factored in to any determination of rent;
- Rents should preferably not exceed the maximum amount allowed so as to constitute a Goods and Services Tax free supply as provided for in the GST Act, including but not limited to subdivision 38-G thereof. In respect to this provision, Providers should seek advice from the Australian Taxation Office of any implications if their rents exceed the maximum amount allowable under the GST Act;
- Providers may adjust rents to reflect amenity and location factors, subject to not exceeding affordability ceiling limits;
- The specific methodology adopted by providers within this framework to calculate the rent is the responsibility of providers, including what and how they treat as “assessable income”;
- The Department will monitor rent setting and rental charges through its Regulation and Compliance Unit (RCU). Any identified breaches of these rules will be discussed directly with providers; and
- The CH Registrar has the power under the Service Level Agreement and the Registration Policy to down grade the provider’s registration to provisional or to de-register providers that fail to respond to the Registrar’s direction to operate within the Community Housing Policy Framework. De-registration will render the provider ineligible to receive funding from the Department.