

Rent Setting Policy (UnitingSA Housing)

1. PURPOSE AND SCOPE

- 1.1. The scope of this procedure applies to all tenants residing in UnitingSA Housing properties including properties managed under:
 - 1.1.1. The Community Housing Master Agreement between UnitingSA Housing and the South Australian Housing Trust, including any associated Project Agreements.
 - 1.1.2. Affordable Housing programs funded by Commonwealth or State initiatives, including but not limited to former NRAS and HAFF funded developments; and
 - 1.1.3. UnitingSA Housing-owned or otherwise managed properties that are not subject to a Master Agreement or Project Agreement,
- 1.2. The purpose of this procedure is to establish a comprehensive framework for UnitingSA Housing to determine rents based on Tenancy Type across its entire housing portfolio.

USAH must adhere to the rent setting methodology for:

- 1.2.1. General Tenancies,
- 1.2.2. Supported Tenancies,
- 1.2.3. Affordable Tenancies (income based and fixed rent) and
- 1.2.4. NDIS-SDA Tenancies.

2. BACKGROUND

- 2.1. UnitingSA Housing is a Community Housing Provider registered under the Community Housing Providers (National Law) (South Australia) Act, 2013 and offers accommodation for tenants in both the social housing and affordable housing rental market.
- 2.2. USAH complies with the Australian Taxation Office requirements regarding rent setting as per the market rent ruling defined to ensure GST compliance.
- 2.3. It is the responsibility of UnitingSA Housing to ensure that:
 - 2.3.1. The rent is set at an affordable level for low income households.
 - 2.3.2. The rent is set at a level to reduce the gap between public and private rental costs for households with the capacity to transition to private housing.
 - 2.3.3. At the time of signing their Tenancy Agreement, ingoing tenants are made aware of their tenancy type and how their rent is calculated.
 - 2.3.4. This document is publicly available and made easily accessible to USAH tenants.

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3. DEFINITIONS

- 3.1. **USAH:** UnitingSA Housing – a registered Community Housing Provider.
- 3.2. **Master Community Housing Agreement:** Is a legal document between the South Australian Housing Trust and UnitingSA Housing which outlines the roles and responsibilities of each party when managing and providing affordable housing to eligible households.
- 3.3. **SAHT:** South Australian Housing Trust is a state government agency that is responsible for managing the state's public housing portfolio.
- 3.4. **Community Housing Rent Policy:** Is a set of guidelines and regulations that dictate the amount of rent that can be charged for Community Housing.
- 3.5. **NRAS:** The National Rental Affordability Scheme is an Australian government initiative designed to encourage the construction of new affordable rental properties for low to moderate-income households.
- 3.6. **NBESP:** National Building Economic Stimulus Plan.
- 3.7. **NDIS:** National Disability Insurance Scheme.
- 3.8. **SDA:** Specialist Disability Accommodation.
- 3.9. **Rent Review:** Is the process for assessing and adjusting the rental amount charged to tenants who live in social and affordable housing.
- 3.10. **Rent:** Regular payment made by a tenant to UnitingSA Housing (Landlord) to remain in occupancy of a property.
- 3.11. **RentRight SA:** An independent free service providing advice and advocacy helping people sustain their tenancies in private rental, community housing, rooming houses or public housing.
- 3.12. **SACAT:** South Australian Civil and Administrative Tribunal resolves issues within specific areas of the law including residential letting.
- 3.13. **Chintaro:** Data Management system developed for Community Housing Providers to assist with all aspects of tenancy and property management.
- 3.14. **ASL:** Additional Service Levies are generally small mandatory charges applied by UnitingSA Housing primarily for maintenance of items exempted under the Residential Tenancies Regulations (General) 1995, Regulation 11, exemption list.
- 3.15. **CRA:** Commonwealth Rental Assistance is a form of financial assistance provided to the Commonwealth Government aimed at providing financial support to individuals and families renting who may require assistance to afford suitable accommodation.
- 3.16. **Market Rent:** Refers to the rental amount that a landlord or property owner can expect to receive for a particular property in the current private rental market. Market rent is influenced by location, property size, supply and demand as well as economic conditions.

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- 3.17. **RCC:** The Reasonable Rent Contribution is an important component of the Specialist Disability funding model. It is the amount that an NDIS participant is expected to contribute towards the cost of their accommodation in an SDA property.
- 3.18. **HAFF:** Housing Australia Future Fund – a Commonwealth funding program supporting the delivery of social and affordable housing, including discounted market rent housing subject to income eligibility requirements
- 3.19. **Fixed Rent:** A rent amount set by reference to assessed market rent and applicable discounts, which is not recalculated based on household income fluctuations.

4. POLICY/PROCEDURE

4.1. Eligibility

- 4.1.1. Prior to offering a prospective tenant a property, it is important to establish that the person is eligible for the particular tenancy type.
- 4.1.2. For further information, please refer to UnitingSA Housing Eligibility Policy as well as the Community Housing Eligibility Policy.

4.2. Rent Charges

- 4.2.1. USAH is responsible for managing properties under agreements with various entities. USAH will adhere to contractual obligation when setting rent for these properties to ensure compliance with obligations and establish rent charged accordingly.

4.2.2. Rent may be determined by using either:

- An income-based rent model, or
- A discounted market rent (fixed rent) model,

Depending on the tenancy type and applicable funding or ownership structure.

4.2.3. General Tenancy Type

- For low-income households, the income-based rent is calculated at 25% of the tenant's assessable household income, along with any Additional Services Levy (ASL) and 100% of Commonwealth Rent Assistance (CRA).
- The rent charged must be no more than 30% of assessable household income, up to a maximum of Market Rent.
- From 1 July 2021, General Tenancy households with a moderate income will pay 26% of their assessable household income in rent. This will be increased at 1% increments each 6 months, until 30% is reached in 2023.
- To be determined as having a moderate household income both of the following must apply:

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- Total assessable household income before tax is equal to or more than the moderate rent limits.
- The tenant or their partner don't receive any income support payment from Centrelink or Department of Veteran's Affairs, for example JobSeeker, Disability Support Pension, Age Pension.
- If household income is no longer eligible for subsidised rent, tenants will be charged market rent. Market rent charges are based on the market rent component plus any applicable Additional Service Levies and must be no more than 30% of assessable household income.
- The information provided above in relation to calculating income-based rents is a general overview. More specific details in relation to the intricacies of assessing income for income-based rent can be found on the sa.gov.au website "Addendum 1: Community Housing Rent Procedure for General Tenancies".

4.2.4. Supported Tenancy Type

- Supported tenancy households will not be charged more than 25% of their gross income (excluding Commonwealth Rent Assistance) plus eligible CRA, up to a maximum of market rent. Market rent is determined by the property's rental value in the private market and is the maximum amount of rent that can be charged. Tenants will be charged whichever is lower between income-based rent and market rent.
- Special conditions are in place for charging Additional Services Levies as to when they can or won't apply. The rent charged for a Supported Tenancy Type property (including any Additional Services Levies) cannot be more than 25% of the tenant's gross income (excluding CRA) plus any eligible Commonwealth Rent Assistance.
- As a condition of the tenancy, any Additional Services Levies (ASL) are included in the total rent payable. The Tenancy Agreement clearly states the purpose of the ASL to ensure transparency for both the tenant and the South Australian Civil and Administrative Tribunal (SACAT). For further information please refer to the sa.gov.au website "Addendum 2: Community Housing Rent Procedure for Supported Tenancies".

4.2.5. Affordable Tenancy Types

USAH owned or managed Affordable Tenancies

Affordable housing properties operate under a discounted market rent model, unless a funding agreement explicitly requires income-based rent. Rent is set as a fixed percentage of assessed market rent, which may be set at up to 74.9% of market rent, in accordance with program requirements, funding conditions, charity and taxation obligations. Eligibility for affordable housing is assessed in accordance with the relevant program guidelines i.e. (HAFF income limits), however income eligibility does not determine the rent payable.

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For affordable housing properties not subject to the South Australian Community Housing Master Agreement, rent is not required to be capped at a percentage household income, including the 30% affordability benchmark. The affordability outcome is achieved through the discount applied to market rent, rather than through income-linked rent calculations.

Rent is reviewed annually in line with market rent movements and program requirements and is not adjusted in response to changes in household income during the tenancy, unless otherwise required by a funding agreement. Additional Service Levies will not be charged for fixed rent tenancies.

- Tenants are informed at allocation and lease commencement that:
 - the rent is fixed,
 - the rent is based on discounted market rent, and
 - the rent is not income-based
 - should the tenant no longer meet the income eligibility for two consecutive years, a lease extension may not be granted and alternative accommodation will need to be sought.

Master Agreement Affordable Tenancies

- Affordable tenancy households which includes former NRAS properties under the Master Agreement will not be charged more than 30% of their gross income (excluding Commonwealth Rent Assistance) plus eligible CRA, up to a maximum of market rent. Market rent is determined by the property's rental value in the private market and is the maximum amount of rent that can be charged. Tenants will be charged whichever is lower between income-based rent and market rent. For further information please refer to the sa.gov.au website "Addendum 3: Community Housing Rent Procedure for Affordable Tenancies".
- USAH decides to keep the highest amount of rent lower than the market rent, which may be set at 74.9% of the market rent, to offer more affordable options to tenants, and to comply with charity and tax rules.
- Special conditions are in place for charging Additional Services Levies as to when they can or won't apply. The rent charged for an Affordable Tenancy Type property (including any Additional Services Levies) cannot be more than 30% of the tenant's gross income (excluding CRA) plus any eligible Commonwealth Rent Assistance.
- The Tenancy Agreement clearly states the purpose of the ASL to ensure transparency for both the tenant and the South Australian Civil and Administrative Tribunal (SACAT).

4.2.6. SDA Tenancies

- USAH is a registered NDIS, Specialist Disability Accommodation Provider. Where the specific property has been enrolled as a SDA property, USAH

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will be in receipt of SDA Funding as per the participants NDIS Agreement. Rent calculation for tenants in SDA accommodation will follow the Guidelines as set by the NDIS Price Guide Specialist Disability Accommodation in relation to Reasonable Rent Contribution (RRC).

- If the participant receives the Disability Support Pension the RRC to be paid by a participant must not exceed an amount that is:
 - 25% of basic standard rate of the Disability Support Pension,
 - Plus 25% of the pension supplement should it be received,
 - Plus 25% of the youth disability supplement should it be received,
 - Plus 100% of the CRA should if the participant receives.
- If the participant is not in receipt of the Disability Support Pension, however receives another form of income – the RRC must not exceed an amount which is:
 - 25% of base rate of the Disability Support Pension,
 - Plus 100% of any Commonwealth Rent Assistance received.
- Additional Services Levies are not to be charged to SDA tenancies.

4.3. Market Rent Determination

- 4.3.1. For properties under the Master Agreement, USAH chooses to use Valuer General Market Rents made available by the SA Housing Authority approximately late July of each year.
- 4.3.2. USAH may also at their discretion choose to appoint an Independent Valuer to undertake Market Rental Valuation for some properties. This would generally apply to Affordable Housing properties.
- 4.3.3. USAH may also at their discretion choose to appoint an Independent Valuer to undertake Market Rental Valuations for their owned and managed fixed rent affordable properties. Alternatively, they may also choose to undertake annual desktop assessments. This will depend on market conditions.

4.4. Rent Reviews

- 4.4.1. The tenant's household income will be reviewed on a regular basis. These reviews may result in the rent changing with the rental amount either increasing or decreasing.
- 4.4.2. For Tenants in a UnitingSA Housing general tenancies, this review will be performed every six months. Normally rent reviews will occur in June and December each year as Centrelink payments change.

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4.4.3. Tenants in a UnitingSA Housing property classed as Affordable Housing will have rent reviewed annually and tenants will be provided with a 60 day notice advising of any increased amount of rent.

4.4.4. UnitingSA Housing will forward a Tenant Information Sheet to each household and the tenant will need to return the completed Tenant Information Sheet together with a copy of income from salary or wages (payslips for the last 6 weeks) and/or Centrelink payments by the advised date for every person in the household.

4.4.5. For income based rents, variations in household income of \$20 or more per week in income outside of rent review periods must be notified within 14 days to UnitingSA Housing so that a new calculation of rent can be carried out. Change in rent will be applied from the first date when rent falls due after the rent calculation when there is a decrease in rent being charged and at least 14 days if a rent increase will be charged, subject to meeting requirements under the Residential Tenancies Act.

4.4.6. Change in circumstances of the household will require a new rent calculation to be completed.

4.5. Privacy and Confidentiality

4.5.1. Details of income will be kept confidential by UnitingSA Housing and will only be divulged to a Support Worker or other third party with the prior written consent of the tenant.

4.6. Appealing decisions or actions

4.6.1. Tenants will be made aware of their right to appeal and be provided with written information explaining the process should they wish to exercise their right to lodge an appeal.

5. RECORDKEEPING

5.1. All records must be managed in accordance with the UnitingSA Information Management Policy and Records Management Procedure. USAH manages records using the Chintaro tenancy database as well as saving important information to secured, individual tenant files.

6. DOCUMENTATION

6.1. Residential Tenancy Agreement

6.2. UnitingSA Tenant Information Sheet

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- 6.3. Notice to Tenant of Rent increase Pursuant to Section 55
- 6.4. UnitingSA Housing Tenant Handbook
- 6.5. UnitingSA Housing Fact Sheets

7. REFERENCES

- 7.1. SA Housing Trust – Community Housing Rent Policy and Addendums
- 7.2. Master community Housing Agreement
- 7.3. UnitingSA Privacy Policy
- 7.4. Rent and Debt Management Procedure (UnitingSA Housing)
- 7.5. Eligibility Policy (UnitingSA Housing)
- 7.6. SA Housing Authority - Nation Building Economic Stimulus Package (NBESP) Rent Policy
- 7.7. Residential Tenancies Act 1995
- 7.8. SAGov website: <http://www.sa.gov.au/communityhousing>
- 7.9. South Australian Civil and Administration Tribunal (SACAT) website
- 7.10. UnitingSA Housing Tenant Handbook
- 7.11. National Disability Insurance Scheme Act 2013
- 7.12. NDIS (Specialist Disability Accommodation) Rules 2021 (SDA Rules)
- 7.13. SDA pricing arrangements and price limits
- 7.14. UnitingSA Portfolio Rent Calculations

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