Rent Setting Policy

Contents

Overview

Purpose	This policy provides guidance on the rental calculation process and determination, including relevant definitions and explanations. Salvation Army Housing (SAH) and Salvation Army Housing (Victoria) (SAHV) referred to as SAH, offers a full and transparent rental calculation process for all tenants. We seek to ensure that the rent payable is affordable and determined in accordance with applicable legislation and regulatory requirements.
Who does this apply to?	This policy applies to All Salvation Army Housing (SAH)-personel, and all housing programs and properties owned or managed by SAH This policy applies to all Salvation Army Housing (SAH) employees and to all housing programs and properties owned or managed by SAH. Specifically, assistance provided for the following types of accommodation: social housing, affordable housing, transitional housing, and crisis accommodation. This policy does not apply to properties managed by SAH on behalf of other property owners where the owner retains responsibility for determining rent.
Effective date	03/12/2025

Policy Statement

Salvation Army Housing (SAH) is a not-for-profit registered housing provider that offers housing to people on low to moderate incomes, as well as individuals and families with additional needs. This includes those experiencing disadvantage due to disability, escaping domestic and family violence, or other barriers to securing long-term housing.

Our Rent Policy ensures that rent is set and managed in a way that is fair, transparent, culturally safe, and sustainable, supporting tenants to maintain long-term housing stability.

Guiding Principles

- **Mission driven rent setting**
  SAH sets rent to fulfill its social mission and to ensure that its housing relieves households from rental stress.
- **Affordability and transparency**
  SAH will:
  - Set rent in accordance with established affordability benchmarks
  - Communicate clearly, using a variety of formats, with applicants and tenants about how rent is set, affordability is assessed, and rent is reviewed
  - Respond appropriately to changes in household circumstances to prevent undue hardship; and
  - Comply with all contractual, legal, regulatory and policy obligations relating to rent affordability

The Importance of Information and Communication

- **Clarity in rent charges**
  The process of setting rents and other tenancy-related charges can be complex. At every stage, it is important that tenants are supported with clear, accessible information to help them understand what is happening, and why
- **Transparent communication**
  SAH will provide tenants with clear information about how their rent is determined and will inform them of their right to request a rent review when there is a change to their circumstances

Rent is to be determined at the commencement of the tenancy, reviewed at regular intervals throughout the tenancy, and may also be reassessed upon request.

Rent Setting Approach

There are two methods to set rent in community housing properties managed nationally by SAH:

- Household Income - Based Method
- Discounted Market Rent Method

Applicants will be advised as part of their offer of housing which rent setting method applies to their tenancy. Tenants are also reminded about which rent setting method applies to them during Rent Reviews.

Determining Market Rent

Market rent for each property is reviewed annually and determined through independent valuations. For Salvation Army Housing properties, these assessments are based on Australian Taxation Office (ATO) market rent benchmarks, respective State Government rent assessments (where applicable), or other recognised valuation sources.

To calculate the rent payable, SAH will apply 100% of the ATO market rent benchmark unless program-specific requirements stipulate a different rate - such as 74.9% - in accordance with funding or regulatory guidelines.

SAH sets rent at the lowest amount determined by one of the following methods: a discount to market rent, a household income-based rent calculation, the government-prescribed rent payable (where applicable), or 100% of market rent.

SAH will determine the approach to the rent payable that applies to the property or tenancy prior to an offer of a tenancy being made.

Program - Specific Rent Setting

- Where a property is owned by, or agreements exist that binds SAH to specific government policies, the rent that is charged will be based upon the requirements of the jurisdiction for that property
- As a general principle, social housing properties will be based upon an "Income-Based-rent", whilst affordable housing properties will be based upon a 'Discount-to-Market-rent' basis

Exceptions to Market Rent Determination

SAH acknowledges that in some cases, tenants may be financially disadvantaged by market rent settings-particularly when:

- The condition or location of the property does not reflect the assessed market value
- The property is non-standard (e.g. large multi-bedroom dwellings not covered by ATO benchmarks)

In such cases, market rent may be determined by exception upon request from the Regional Manager or Rent Coordinator. The Property Infrastructure team, in consultation with the respective State Manager, will assess the property using current market data from the private rental market, including RP Data and other relevant real estate sources.

Any variation from policy market rent benchmarks must be approved by the State Manager to ensure consistency, objectivity, and transparency.

Compliance with Legal and Contractual Obligations

In determining the rent approach applicable to a property or tenancy, SAH will comply with all relevant legal, contractual and program-specific obligations associated with that particular property.

Assessment of Rent Affordability Prior to Tenancy Offer

SAH will not offer a tenancy to an applicant unless it is satisfied that the proposed rent is affordable and sustainable for the household, in line with SAH's commitment to housing stability and financial wellbeing.

In setting rents for individual properties, Salvation Army Housing (SAH) aims to ensure affordability in accordance with the applicable rent-setting model. For income-based tenancies, rent is generally calculated at between 25–30% of household income, inclusive of Commonwealth Rent Assistance (CRA)1, which ensures affordability for most tenants.

For properties under a discount-to-market rent model—such as affordable housing—rent is set at a percentage of market rent (e.g. 74.9%), in line with program or funding requirements. In these cases, SAH acknowledges that some tenants may still experience financial disadvantage due to market rent levels or property conditions. Where this occurs, SAH will consider alternative options or refer tenants to more suitable housing programs, where available.

Discount to Market Rent Method

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 affordable rents.
2. Some SAH Affordable Housing Programs apply a percentage of the market rent as a rent charge

Household Income-based Rent Method

1. SAH income -based rent is based on between 25% and 30% of a household's gross income. The percentage applied depends on the contractual obligations of the property program and vary between state jurisdictions.

   The following table provides an overview of different property programs available, and the percentage of household income used to calculate the rent payable.

Property Program	Additional Information
Long-term Housing Program These properties may or may not be targeted to people with specific needs. Allocated from the State's Housing Wait List. Residents in this program are generally eligible for Commonwealth Rent Assistance (CRA); however, some tenants may not qualify depending on their individual circumstances.	**Rent Setting is:** Between 25 % and 30% Household Income + 100% of CRA (percentages for individual income components can vary between jurisdictions and will be included as per the respective State prescribed guidelines and legislation) If household income changes during the tenancy the rent payable is re-assessed.

1 Some tenants may not be eligible for Commonwealth Rent Assistance

Property Program	Additional Information
Supported Housing Program Supported Housing Properties are properties targeted for people with specific needs Residents in this program may or may not be eligible for CRA subject to the respective state legislation.	**Rent Setting is:** Between 25% and 30% Household Income + 100% of CRA (if eligible). (Percentages for individual income components can vary between jurisdictions and will be included as per the respective State prescribed guidelines and legislation.) If household income changes during the tenancy the rent payable is re-assessed.
Transitional Housing Program These properties are short to medium term properties targeted for people who are experiencing homelessness and have specific support needs. These properties are usually managed on behalf of a third party. Residents in this program are eligible for Commonwealth Rent Assistance (CRA).	**Rent Setting is:** Between 25 % and 30% Household Income + 100% of CRA (if eligible). (Percentages for individual income components can vary between jurisdictions and will be included as per the respective State prescribed guidelines and legislation.) If household income changes during the tenancy the rent payable is re-assessed.
Affordable Housing Program These properties are appropriate for the needs of low to moderate income households and priced so that these households can meet other essential living costs. These properties are managed by SAH and may be delivered in partnership with government or private sector initiatives. Where The Salvation Army is a support provider, tenants may also receive additional support services to sustain their tenancy and improve wellbeing. Residents in this program may be eligible for Commonwealth Rent Assistance (CRA).	**Rent Setting:** **Income Based method** 30% of household income + 100% of CRA (if eligible) (Percentages for individual income components may vary between jurisdictions and will be applied in accordance with respective State prescribed guidelines and legislation). If household income changes during the tenancy, the rent payable is re-assessed. **Discount to Market Rent** Between 74.9% and 80% of market rent subject to Program or State legislative requirements.

2. SAH refers to the respective state rent setting and eligibility guidelines and policies to determine:

   - Income types and assets assessed
   - Information required to complete the assessment

3. Rent payable is calculated as follows:

	Category	Explanation
A	**Market Rent**	The amount of rent charged per week if the property was rented in the private rental market.
B	**Maximum rent payable to SAH**	100% of Market Rent If the household is eligible for a discounted rent but does not provide income details, SAH may make the determination to charge Market Rent (A).
C	**Rent based on a percentage of income**	Calculated as between 25 % and 30% of household gross income in line with program and state guidelines
D	**Commonwealth Rent Assistance (CRA)**	The amount of CRA the tenant is eligible to receive based on the rent being charged.
E	**Rent Payable**	E (Rent Payable) = C + D This is the weekly rent the tenant/s have to pay. Note that if exceeds B and income details have been provided SAH will charge B.
F	**Rent Rebate**	F (Rent Rebate) = A - E This represents the difference between Market Rent and the rent charged to the tenant. It is the subsidy provided by SAH and is not paid to the tenant. **The rebate does not affect the calculation of rent payable.**

Commonwealth Rent Assistance (CRA)

Rent Calculation

Salvation Army Housing calculates rent based on verified gross household income. This assessment also considers whether the tenant is eligible to receive Commonwealth Rent Assistance (CRA), in accordance with relevant federal guidelines.

Tenant Communication

The tenancy manager will explain the rent calculation to the tenant and provide a written copy of the calculation along with the CRA fact sheet.

CRA Eligibility and Rent Adjustment

If a tenant is found to be ineligible for CRA, their rent must be recalculated promptly to reflect the correct payable amount.

*Note**:** If a tenant chooses not to apply for CRA despite being eligible, they are still required to pay the rent inclusive of the CRA component. It is the tenant's responsibility to apply for CRA and maintain their eligibility.*

Household Income Information Provision

Income verification requirement

Tenants and applicants are required to provide reasonable evidence of their total household income to SAH:

- Prior to being offered a tenancy; and
- During planned rent reviews conducted by SAH

Impact of Non-compliance and Program Requirements

If a tenant fails to provide up-to-date income information or meet other program requirements within the specified timeframe, SAH may revoke any rent rebate and charge market rent.

Note: *Refer to the Arrears Management Policy and Hardship Policy.*

Changes in Household Circumstances

Notification of changes

Tenants must notify SAH of any changes to household income or family circumstances as soon as practical and provide appropriate supporting documentation, in accordance with applicable state legislation.

Reassessment of rent

Where a change in household income is reported, SAH will reassess the rent payable based on the updated income information. The revised rent will generally take effect from the next rent charge cycle, in accordance with applicable state legislation. If the rent has increased, SAH will provide the required notice period as prescribed under relevant tenancy laws.

SAH Response to changes

Upon receiving notification of a change in household circumstances, SAH may:

- Recalculate the tenant's rent in accordance with this policy
- Determine that an alternative rent-setting approach is applicable to the tenancy; or
- Apply a retrospective adjustment to the rent payable, where appropriate under this policy

Delayed notification of reduced Income

If a tenant provides information about a reduction in household income after a scheduled rent review, any adjustment will only take effect from the date the tenant contacted SAH and submitted sufficient evidence.

Rent Reviews

Planned Rent Review process

Salvation Army Housing (SAH) conducts rent reviews in accordance with state-specific requirements. In some states, reviews are completed annually; in others, they align with tenancy lease renewals; and in certain jurisdictions, such as South Australia, reviews occur at set times twice a year. This process ensures that any changes in household income or composition are accurately captured.

Participation in the rent review is mandatory. Failure to provide the required information may result in the tenant being charged market rent.

Note: Refer to the SAH Rent Review Policy and Procedure for further details.

Short-term tenancies

For Crisis and Transitional Accommodation programs, where tenancies are typically short-term, the rent review process will only apply if the duration of the tenancy extends beyond 12 months.

Additional Property Costs

Certain properties managed by SAH include access to facilities and utilities that are typically paid for separately by tenants in the private rental market. These may include, but are not limited to:

- Electricity
- Gas
- Water
- Central heating
- Laundry facilities
- Other shared services or amenities provided to residents,

Where a property is co-tenanted or lacks individual metering, an additional charge - referred to as a service charge may be applied (e.g. for utilities, gardening, parking etc.). This charge is separate from the base rent and is clearly outlined in the tenancy agreement.

Note: *Refer to the Service Charge Procedure.*

Transparency

Clear communication of rent calculations:

Salvation Army Housing (SAH) is committed to transparency and will provide tenants with a clear explanation of how their rent has been calculated.

Right to request a review:

Tenants have the right to request a review of their rent assessment and to receive a further explanation if they have any concerns or require clarification.

Note: Refer to the TSA Feedback Complaints Policy and SAH Appeals Policy

Appeals Over Rent Charge

Right to Appeal:

Tenants who believe that the rent charged is unfair or inaccurate may lodge an appeal with the Regional Manager, either directly or through their case worker. The appeal will involve a review of the rent calculation and consideration of any special circumstances relevant to the tenancy.

Appeal Process:

All appeals will be managed in accordance with SAH’s Appeals Policy to ensure fairness, transparency, and consistency in decision-making.

Note: Refer to the TSA Feedback and Complaints Policy and SAH Appeals Policy

Roles and Responsibilities

The roles associated with execution of this policy are indicated in the table below.

Roles	Responsibilities
Housing Worker	▪ Communicate rent calculations and CRA eligibility to tenants ▪ Collect and verify household income information ▪ Support tenants through rent reviews and changes in circumstances
Regional Managers	▪ Oversee tenancy operations and rent reviews- Manage appeals and escalations related to rent charges ▪ Ensure staff follow procedures consistently
State Managers	▪ Approve exceptions to policy rent setting methods ▪ Ensure state-specific legislative compliance ▪ Support regional teams in policy execution
Rent Specialist	▪ Calculate rent in accordance with policy guidelines ▪ Ensure accurate application of CRA and income-based rent methods ▪ Support tenant managers with rent-related queries and reviews
Quality and Compliance	▪ Monitor adherence to rent setting procedures and regulatory requirements ▪ Lead policy document reviews and updates ▪ Provide training and guidance to staff on compliance matters
CEO	▪ Provide strategic oversight of rent setting policy implementation ▪ Ensure alignment with organisational mission and financial sustainability

Related Documents and References

Related Policy Documents	TSA Service Delivery Policy SAH_Arrears Management Policy SAH_Hardship Policy TSA Feedback and Complaints Policy SAH_Appeals Policy
Related Procedure Documents	SAH_Rent Review Procedure SAH_Initial Rent Stetting Procedure TSA Feedback and Complaints Procedure SAH_Service Charge Procedure (VIC)
Related Supporting Documents	Notice of Rent No Change Letter Notice of Rent Decrease Letter Notice of Rent Increase Letter Multiple Consent Form Centrepay Deduction Authority CAV Notice of proposed rent increase to renter of rented premises CAV Notice of proposed rent increase to resident of rooming house

Related Legislation	National Regulatory System for Community Housing (NRSCH) 1a, 1b Victorian Registrars Housing Standards 1.1.3, 1.1.4, 1.1.5, 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.3.2
Other Relevant Documents /Resources	National A guide to Australian Government payments, Service Australia ACT/NSW Assessable and non-assessable income and assets tables June 2024 Community Housing Rent Policy July 2021 Community Housing Assistance Agreement (CHAA) July 2014 NT Rent Policy May 2024 QLD Community housing rent policy November 2024 Community housing rent policy guideline August 2024 QLD governments Community Housing Rent Calculator (CHRC) SA Assessable types of income Dec 2024 Community housing rent policy July 2021 Rent Procedure for General Tenancies July 2023 Community housing rent procedure for affordable tenancies July 2021 Community housing rent procedure for supported tenancies July 2021 TAS Assessable Income Table Application Eligibility and Rent Setting Feb 2024 VIC Rent setting and rebate operational guidelines overview Feb 2025 Rent setting and rebate operational guidelines assessable income Sept 2023 WA Community Housing Rent Setting Policy July 2025 Community Housing Rent Setting Guidelines July 2025 Housing Authority Rental Policy Manual March 2026

Definitions

Definitions are located in the Glossary of Terms and Definitions (Salvos Dictionary).

Term	Definition
SAH	Salvation Army Housing
SAHV	Salvation Army Housing (Victoria)
Rent Rebate	The difference between the market rent and the rent payable by the tenant. It represents the subsidy provided by SAH and is not paid to the tenant but deducted from the market rent.
Rent Payable	The actual amount of rent the tenant is required to pay weekly, calculated as the sum of the income-based rent and Commonwealth Rent Assistance (CRA), if applicable.
Service Charge	An additional charge applied to cover shared utilities or amenities (e.g., electricity, water, heating) in properties without individual metering. This charge is separate from base rent and outlined in the tenancy agreement.
Affordable Housing	Housing that is priced to be affordable for low to moderate income households, allowing them to meet other essential living costs.

Rent Review	The process of reassessing rent payable based on updated household income or changes in circumstances, typically conducted annually.
CRA Fact Sheet	A document provided to tenants explaining Commonwealth Rent Assistance eligibility, calculation, and impact on rent payable.
DFFH	The Department of Families, Fairness and Housing (DFFH)
DFFH Property rent	The property rent determined by DFFH and notifies SAHVV on a regular basis
Gross household income	Means the total household income assessed in accordance with the Income Assessment Guidelines
Assessable Income	Income which is included in assessments undertaken by SAH/V 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.
Market Rent	Market rent can be estimated by: Comparison to rents charged by local real estate agents for a property of similar type, age, size, and location. VIC Formal valuation DFFH: Use of DFFH property rent – this has been valued by DFFH. One of the other two methods should also be used if there are doubts about accuracy
Tenant	The Residential Tenancies Act (RTA) refers to the individual/s as ‘tenant’, ‘resident’, ‘occupant’ or ‘renter’ that is dependent on the type of legal agreement in place between the individual, SAH/V and the type of premises. For the purpose of this policy all individuals are referred to as a tenant.
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.
Maximum CRA	The maximum amount of Commonwealth Rental Assistance to which the household is entitled
Transitional Housing	The State Government program to provide housing on a short-term basis to people at risk of homelessness seeking long term housing options.
Social Housing	Short and long term rental housing for those on low incomes who need housing, especially those who have recently experienced homelessness, family violence or have other special needs.
Long Term Housing	Housing programs that are not time limited.
Crisis Housing	Short term supported accommodation (funded for an average stay of six weeks) for people in immediate crisis who require intensive support to stabilise their situation in order to determine further options
The Agreement	The Residential Tenancies Act (RTA) defines different types of agreements that is dependent on the type of premises and legal arrangement, such as residential agreement, rooming house agreement, lease agreement, or rental agreement. For the purpose of this policy, all agreements will be referred to as ‘the Agreement’.

Document Control Information

Theme	Business Support
Category	Tenancy & Housing
Policy Owner	State Manager – VIC/TAS State Manager – SA/WA/NT State Manager – QLD/NSW/ACT
Policy Implementer	Quality, Compliance and Policy Specialist
Approval Authority	General Manager Strategy, Compliance and Finance
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Next Review Date	Business Support
Previous Documents	Rent Setting Policy (SAH) Rent Setting Policy (SAHV)

Document History

Date	Summary of Changes
01/07/2018	Inaugural
08/10/2020	Updated for SAHV
03/12/2025	Updated into National Policy