

OBJECTIVE

To ensure a consistent process for rent setting agreements and tenant information and that no tenant is disadvantaged by the rent setting process.

This procedure covers:

- Determining Rent Calculations;
- Rent Setting;
- Assessable Income;
- Limiting Rent Charges;
- Utility Charges;
- New Tenancy;
- First Rent Payment – 2 weeks free rent;
- Rent in Advance;
- Rent Collection;
- Rent Review;
- Rent Arrears;
- Extreme Hardship;
- Rent Refunds;
- Debt Recovery;
- Debts Relating to Current Tenancy;
- Vacated Debt;
- Joint Liability of Tenants;
- Debt Subject to Dispute;
- Referral to Commercial Debt Collection Agency; and
- Old Debts.

1. PROCEDURE

1.1 Determining Rent Calculations

In accordance with the policy, Indigo Junction will use the following formula to calculate rent:



Rent is to be calculated using the Community Housing Rent Setting Calculator. This spreadsheet is provided by Community Housing Industry Association (CHIA) and calculates 25% (for families) and 30% (for youth) of assessable income (including income received by older teenagers living with their parent/s). It also factors in Commonwealth Rent Assistance.

1.2 Rent Setting

As a Registered Community Housing Provider, Indigo Junction must follow rules that dictate the amount of rent that can be charged for a property. These rules work in favour of the tenant to ensure their rent is affordable and they do not have to pay an amount that is higher than 25% - 30% of their total assessable income.

Rent is to be calculated using the [Community Housing Rent Setting Calculator](#). This spreadsheet is provided by CHIA and calculates 25% (for families) and 30% (for youth) of assessable income (including income received by older teenagers living with their parent/s). It also factors in Commonwealth Rent Assistance.

It is important to note that CHIA updates the calculator twice per annum to ensure the ATO Market Rent Figures and Centrelink payment amounts are always accurate (these can change over time). The Property and Tenancy Coordinator is responsible for ensuring we are using the most up to date version of the calculator which can be downloaded from the CHIA website.

The calculated rent must be inputted into Chintaro under the tenancy. A printout of the rent calculator spreadsheet that shows how the tenant's rent has been calculated is to be kept on the electronic and hard copy tenant's file and reviewed each time a new lease is signed.

If the tenant's circumstances have changed and their income has decreased or increased, a new calculation using their new assessable income figures needs to be made. The new rent amount is then included in the new lease agreement when it is presented to the tenant for signing. The Property and Tenancy Coordinator must keep printouts of the new rent calculator each time rent is reviewed. More information on changes to the rent charge can be found at [1.10 Rent review](#).

The Property and Tenancy Coordinator in conjunction with staff will also need to ensure that the tenant's Centrepay deductions are altered to match the updated rent charge.

1.3 Assessable Income

Indigo Junction will include the following as household assessable income:

- Aged pensions;
- Disability pensions;
- Carer payments;
- Widow pensions;
- Service pensions from the Department of Veterans' Affairs;
- Newstart allowances / Jobseeker Payment;
- Parenting payments;



- Youth allowances;
- Special benefits;
- Abstudy;
- Family Tax A and B;
- Maintenance payments;
- Earned income;
- Business income;
- Income from investments; and
- Foreign pensions.

Indigo Junction will not include:

- Carer allowance;
- Clean energy supplement;
- Large family supplement; and
- Pharmaceutical allowance or other supplementary payments intended to support.

Assessable household income includes income from all people living at the property aged 16 years or over.

Staff will support clients to access their Commonwealth Rent Assistance entitlements through Centrelink.

Tenants who are eligible for a Centrelink payment but choose not to apply will be deemed to be receiving the relevant Centrelink payment. Staff will offer support to tenants to access payments for which they are eligible.

1.4 Limiting Rent Charges

At Indigo Junction, no rent will exceed 75% the current Market Rent for any property. The market rent figure is obtained through the Australian Tax Office but is also updated in the Community Housing Industry Association (CHIA) Rent Calculator spreadsheet used by staff.

1.5 Water and Utility Charges

Tenants are required to create their own gas and electricity accounts.

In shared housing, young people will be charged a flat fee of \$34 per fortnight for gas and electricity.

Indigo Junction receives all water accounts and passes on a water usage fee to the tenant. This fee calculation is based on the number of people who will live at the property using average water consumption figures provided by Watercorp. The fee is lower than the actual cost for water consumption incurred by Indigo Junction.

The water usage fee for each household can be calculated using the table below:

Number of people in household (incl. children)	Fortnightly Fee
1*	\$2.00
2	\$4.50
3	\$6.50
4	\$8.50
5 or more	\$10.50

* Individuals living in share house arrangements are to be charged the single rate.

The Water Usage Fee rate will be reviewed, as required by Management, and may be increased in line with increases in the cost of water.

Staff are to add the cost of the Water Usage Fee to the rent amount to form one combined Centrepay deduction. However, when reporting rent to Centrelink or any other department, the water usage fee should not be included.

1.6 New Tenancy

Rents are to be assessed each time a new tenancy is signed. Should a household's income increase or decrease for whatever reason, the tenant must advise staff as soon as possible. The revised rent will be applied to the next payment wherever possible.

- Clients successful at their housing interview will be requested to provide an income statement;
- Before signing a new tenancy agreement, Indigo Junction staff must have a Centrelink Authorisation form (HP4023) completed by the tenant;
- The information requested must apply to the income of the tenant and every family member living with the tenant that is receiving an income (over the age of 16)
- The Centrelink Authorisation form (HP4023) must be returned by the tenant completed and accompanied by Centrelink Statements, Wages Slips or Employer Declarations.
- All tenants that fail to send these back in total must be contacted by Indigo Junctions support worker immediately and asked to supply these essential items.
- All the relevant returned items should be checked by the Property and Tenancy Coordinator before processing.
- The information provided in the income declaration batch must be entered by the Property and Tenancy Coordinator into the up-to-date Community Housing of Western Australia's Rent Calculator (HP4050).

- The result figures should be checked by the Property and Tenancy Coordinator to make sure that there are no anomalies with the Commonwealth Rent Assistance (CRA).
- The individual resulting figures must be entered by the Property and Tenancy Coordinator into Chintaro.
- The calculated rent payment is provided to the tenant advising of the rent charge for their tenancy. If there is a change to the rent payment the tenant will be supported to change their Centrepay deduction.
- When the completed Centrelink Deduction Form is returned from the tenant, authorised staff ensure this is provided to Centrelink.

Any changes to the way in which Indigo Junction calculates rent must be introduced in accordance with the appropriate notice periods and processes outlined in the Residential Tenancy Act 1987.

1.7 First Rent Payment – Up to 2 weeks rent free

New tenants are provided with two weeks free rent. The provision of two weeks rent free ensures that tenants have some funds available to help them purchase food and basic items for their household and also ensures that adequate time is allowed for Centrepay deductions to commence. This two week rent free period also ensures tenants who cannot afford to pay in advance are not behind in their rent from the outset of their tenancy, thus contributing to the success of their tenancy.

1.8 Rent in Advance

Indigo Junction strongly encourages tenants to pay a small amount on top of their required rent payment each fortnight. This provides a small scope of funds for use in the event a tenant requires additional funds to meet associated tenancy costs. Any credits can be refunded at the end of the tenancy.

While getting ahead in rent payments is encouraged, it is important to note that tenants should not accumulate a large sum of money in their rent account. The amount of funds in credit should not exceed \$1,000. Tenants do not receive interest on funds in credit and can only access their funds in credit through discussion with their Case Worker and by completing a rent refund request form. Tenants who wish to have more than \$1,000 in credit should be encouraged and supported to open a bank account. Money Support Hub staff, based at Karnany Resource Centre, can support tenants to do this.

1.9 Rent Collection

Tenants receiving Centrelink payments are strongly encouraged to arrange a Centrepay deduction for the amount of their rent. At the sign up meeting, staff provide the Centrepay paperwork and assist tenants to complete it OR provide support to sign up online.



Indigo Junction's Property and Tenancy Coordinator and Accounts staff receive regular information regarding the status of Centrepay deductions via email. Indigo Junction staff must monitor these emails and track any alterations to the payment schedule (missed payments, cancelled payments, part payments etc.). If the scheduled rent payment is cancelled or altered and put the tenant in rent arrears, staff need to discuss this with the tenant within 24 hours and advise the tenant that they are in breach of their agreement. If rent is paid via Centrepay the tenant must be strongly encouraged to reinstate this as soon as possible and address any arrears accumulated during that period.

Rent payments are tracked through the Chintaro program and successful payments will appear as a credit against each tenants account. Indigo Junction accounts staff check the rent statements for each property every week to ensure that all tenancy payments are being credited as required.

Rents can also be paid by cash or cheque to Indigo Junction staff, although the preferred method is via Centrepay. Any cash is to be handled and receipted as per the "Cash, Credit Card and Voucher Handling" procedure (MA5018).

Tenants are to be provided with copies of their rental statements at the completion of each tenancy agreement and upon request. Any arrears are to be highlighted and discussed with the tenant immediately. Statements will generally be delivered by hand or may be mailed. It is good practice to review the tenant's rent statement each time a new tenancy agreement is signed. This is an ideal opportunity to discuss arrears if there are any.

1.10 Rent Review

As a transitional accommodation provider, Indigo Junction offers short, fixed term tenancies. The maximum rent for tenants staying in Indigo Junction community houses is capped at 25% for families and 30% for youth of the assessable tenant's income. In order to provide a fair and equitable way of setting rent, that is responsive to the changing needs of tenants, it is important for Indigo Junction to have the ability to increase or decrease the rent in line with changes to the tenant's income. Rent reviews must be re-evaluated every six months and changes to the amount of rent should only be made when one tenancy agreement has expired and a new one is being entered into. In exceptional circumstances where a tenant is eligible for a significant decrease in rent payments during a tenancy period, Indigo Junction may choose to decrease the rent payment during the tenancy agreement when assessed and approved by the Property and Tenancy Coordinator.

Tenants must be made aware that changes in their income or people living at the property will have an impact on the amount of rent they pay.



Being able to regularly review rent ensures that:

- Rent can be decreased when a tenant's income decreases (for example, if a partner leaves and the remaining tenant receives reduced payments); and
- Rent can be increased if a tenant commences work or has a partner move in. This creates a more equitable environment amongst tenants because it ensures that all Indigo Junction tenants are paying the same proportion of household income in rent as other tenants.

In the spirit of support, regular rent review does not mean Indigo Junction seeks to continuously increase rent. In fact, in many cases a rent decrease may result from the review.

To calculate the lowest rent payable, staff must again follow the guidelines at 1.2 Rent setting using the CHIA Rent Setting Calculator. A printout of the spreadsheet with the new income/rent figures must be added to the tenant's file.

1.11 Arrears

The payment of rent is fundamental to fulfilling the requirements of a tenancy agreement. Non-payment of rent is a breach of the tenancy act and may result in eviction. It is essential that this reality of the private and public rental market is reinforced by ensuring that rental arrears are addressed as firmly and quickly as possible.

The use of Centrepay has automated the rent collection process and helps ensure rent gets paid on time, every time. However, some rent deductions can be missed or reduced due to:

- Technical errors;
- The tenant altering their payment dates; or
- The tenant receiving a reduced payment.

Cash payment of rent can be more problematic and must be carefully monitored.

If a tenant falls behind in their rent payments, all relevant staff and the tenant are to be advised as soon as possible from the first missed payment.

The Tenants Case Worker will then meet with the tenant as soon as possible to discuss the rent arrears and make arrangements for missed payment to be recovered. The tenant may be able to pay this amount quickly as an additional cash payment. If not, an additional Centrepay deduction of a small amount (e.g. \$20 per week) that will bring the tenant back up to date over time may be required.

If this does not occur or if rent payments continue to be missed, the Case Worker must alert the Service Manager. In serious cases, the Service Manager in consultation with the Program Manager may:

- Provide the tenant with a Breach notice;
- Provide the tenant with an eviction notice; or
- Not offer the tenant the option to sign a new agreement when the current one expires.

Any breach process will be managed by management in consultation with the Property and Tenancy Coordinator. The process is clearly documented in the RTA and for legal reasons must be followed precisely. More information about this process can be found in the booklet "Renting Out Your Property; A Lessors Guide". Copies of forms used throughout the breach process can be found on the share drive or downloaded from www.commerce.wa.gov.au.

During the breach process, staff are to continue to engage and support tenants. The primary goal being that the rental arrears can be resolved before tenants are legally required to move from the property. More information about the breach process and how to support tenants through the breach/termination process can be found at point 1.5 of the 'Tenant Engagement' procedure (HP4012).

1.12 Extreme Hardship

In cases of extreme financial hardship or crisis Indigo Junction can negotiate around rent payments on compassionate grounds. These cases are to be referred immediately to the Program Manager, or if unavailable the CEO, who will assess the case and make decisions around reduction or suspension of rent payments.

1.13 Refunds

When an offer of alternative housing has been made, a tenant must act quickly to accept the offer. This may mean they leave the Indigo Junction property with a credit. A credit occurs when;

- A tenancy payment has been paid up to a certain date but the tenant leaves before that date; or
- The tenant is in credit.

In these cases, Indigo Junction can refund the credit amount. To do this, Indigo Junction staff need to calculate the amount owing then complete the rent refund request paperwork and submit it for approval by senior management and then for processing by Accounts staff.

REFUND STEPS:

1. The Property and Tenancy Coordinator and accounts staff are responsible for Chintaro updates will determine if a rent refund is owing. If so, they will calculate the amount, complete the rent refund paperwork (form entitled Rent Refund Request) and attach a current rent statement. This will be forwarded to senior management who will check and authorise refund paperwork.



2. Once authorised by senior management, the signed paperwork is to be sent on to accounts for processing.
3. Accounts staff will process paperwork and refund any credit owing as per the completed rent refund request form.
4. If a refund is provided via a cheque, when the tenant collects the cheque, they must sign the receipt paperwork to say they have received the cheque.
5. Staff should make a photocopy of the receipt paperwork.
 - The copy is to be retained by the Property and Tenancy Coordinator who will then enter the rent refund amount and cheque number onto the tenant's rent statement in Chintaro. The copy is then filed on the tenant's file.
 - The original receipt paperwork must be returned to Corporate Services along with an updated copy of the tenant's rent statement that shows the rent refund has been processed.

Tenants should be advised that rent refund is not instant and the process can take up to ten working days. Tenants should be encouraged to give as much notice as possible to allow staff time to arrange the refund.

1.14 Debt Recovery

Indigo Junction will take all necessary steps:

- To recover moneys owed by tenants or former tenants, whether such debt is the result of unpaid rent, unpaid utility accounts or from the cost of making damage to its property, fixtures or chattels; and
- To prevent, by means of counselling in the first instance, and prompt legal action thereafter, the accumulation by tenants of large amounts of debt. It is considered a large amount of debt if it exceeds \$1,000.

Refer to 1.19 of this procedure for further information.

1.15 Debts Relating to Current Tenancy

These debts include rental arrears, utility debts or damages that have been incurred during the current tenancy. These debts should be addressed with the tenant as soon as possible.

Tenants will be required to enter into an agreement to repay the debt and maintain payments until the debt is cleared. Staff can facilitate this by discussing the outstanding amount, developing a realistic repayment plan and arranging for Centrepay deductions or an alternative payment plan to cover the outstanding amount.

Should the tenant not agree to enter into a proposal to repay or should the repayments stop before the debt is cleared, the Program Manager should be alerted. The Program Manager has options as per point 1.11 of this procedure.



1.16 Vacated Debt

All accounts should be finalised before vacating the property.

A tenant with a debt to Indigo Junction will be requested to repay the debt in full, or to enter into a payment plan to pay the debt in manageable instalments. The payments must be maintained until the debt is cleared.

1.17 Joint Liability of Tenants

Tenants who jointly sign the RTA are jointly liable for any debt from the tenancy. This means that a debt is split evenly between all parties signatory to the agreement.

1.18 Debt Subject to Dispute

Where the debt is the subject of a dispute which is being pursued through court action or Indigo Junction Appeal mechanism, no action will be taken until the process has been completed. The Indigo Junction appeal mechanism is detailed in the 'Client Appeals' policy (HR1004) and procedure (HR1016).

1.19 Referral to Commercial Debt Collection Agency

A debt will only be referred to a debt collection agency in cases where the amount of debt justifies the expense of the referral.

The decision to refer a debt to a debt collection agency must be authorised by the CEO.

Where contact can be made, the debtor will be contacted by Indigo Junction, advised of the debt and the intention to refer the debt to a commercial agency, and offered an opportunity to make repayments.

If payment or an arrangement to pay by instalments is not received within 14 days, the debt may be referred to a solicitor for appropriate legal action if the amount justifies such expense.

The decision to refer debt to a solicitor will be made at the discretion of the CEO. This decision must be considered on a case by case basis and take into consideration cost of service against existing debt.

1.20 Old Debts

Indigo Junction will not pursue debts older than two years.



2. BOARD AND LODGINGS

Board and Lodgings is charged to clients residing in Youth Crisis Accommodation. Board is set at \$105 per week and lodgings comprised of food (\$47 per week) and utility (\$7 per week) is charged at \$56 per week, totalling \$161 per week.

The collection, arrears and refunds of Board and Lodgings payment is the same as rent outlined in this procedure.

Given the age of the client group, management may provide greater discretions in relation to arrears and missed payments.

Organisational Policy this procedure relates to:

1. Rent Setting (HP4004)
2. Client Appeals (HR1004)

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