CEO
HousingFirst Ltd ‘HF’
Suite 2/2 Elliott Street, Ashwood, VIC 3147

Dear CEO
Re: Rent Setting Formula of HF and Glenloch Inc ‘Glenloch’ Properties

Glenloch units were mainly studio bedsits of one room of 25m2 and shower with wc. The rent for a cramped Glenloch bedsit was **$269f/n** and the resident kept the Cth Rent Assistance ‘CRA’. On 2 August 2023 Glenloch was transferred to HF and the rent increased to **$430f/n (2024)** and **$532.20 (2025).**

HF rent is not set by the market and charity rules but by the income of Glenloch residents.

The following is taken from the HF website:

Social housing...As a guide, rent is calculated at up to 30% of the gross household’s income plus 100% of Commonwealth Rental Assistance entitlement, or 74.99% of market rent. Rent is calculated on individual circumstances. Social housing is provided within a highly-regulated industry by 10 Housing Associations and 29 Housing Providers across Victoria. HousingFirst is one of the 10 Associations that are proud to provide homes to those who are disadvantaged by the prices in the private rental market. Our properties are purpose designed and built to suit the needs of our residents. Many of our older properties are now undergoing refurbishment to provide more modern homes.

Glenloch rents were set on market rental with CPI adjustments. A few units were full-size one-bedroom, some were converted into two units from three bedsits while most were bedsits as Glenloch originated in 1891 as a Convalescent Hospital private charity and after WW2 was administered by the Hospitals and Charities Commission. It was this history and buildings that suited those times and purposes that HF assumed on its takeover of Glenloch properties.

HF rent setting

HF wants 30% of the base aged pension (Cth Govt determined) to the maximum of CRA (Cth Govt determined) herein called ‘HF$’ but has to comply with conditions applying to charities to keep its tax exemptions. HF divides HF$ ‘the Dividend’ by 0.7499 ‘the Divisor’ to obtain the Quotient that HF misnames as the ‘Market Rent’. It is not market rent as HF does not establish market rent.

From the Quotient (the HF misnamed ‘Market Rent’) HF deducts HF$ and calls this the ‘Rent Rebate’ and HF$ it calls ‘Your Rebated Rent’. HF$ is not rebated rent it is the $ that HF wants to pay over $250,000,000 in HF debt and the huge salaries it pays to selected staff.

The misnamed HF ‘Weekly Market Rent’ of $355 is the market rent of a one-bedroom unit with car space in the surrounding area not the weekly market rent of a bedsit with the institutional buildings from the days of Glenloch being administered by the Hospital Commission with nurses and run-down from ten years of paying the $10m to build 20 units at Oates Lane.

The real market rent of a Glenloch bedsit is about $250pw so multiplying by 0.7499 gives $375fn not $540fn the HF$ wanted by HF. The difference for HF execs taking $3500pw is minor but not to pensioners. Homes Victoria has published that the median rent in Melbourne is $585 so two persons renting a two bedroom apartment are better off than renting a bedsit from HF in buildings constructed for institutionalised health in lieu of permanent living where the resident retains the CRA instead of it being taken by HF as increased rent. Many residents who were promised lifelong residency by Glenloch evidenced by not requiring bonds, not requiring residents to sign leases, letters given to Glenloch re independent living and published Rules of Glenloch at ACNC that Glenloch endeavours to keep residents living at Glenloch as long as possible. Many are now looking for more secure alternatives.

HF should establish the real market rent of the Glenloch bedsits as most are different. There is no standard floorplan and the bedsits are in varied states of renovation/deterioration. Renovations were limited over 10 years while 145 pensioners at Glenloch paid for the development of 20 units at Oates Lane being a successful development with under 10% Glenloch debt gearing with the residents keeping their CRA.

After HF establishes the real market rent of the Glenloch bedsits it should then multiply the real market rent of the unit by 0.7499 to establish the rent that qualifies for charity tax concessions not a rent that HF wants to fund its wild property development schemes with an irresponsible debt gearing ratio of nearly 50%. Charity and property development are not compatible unless conservatively geared which is not the case with HF.

From the HF publication HF is more concerned with its financial instability than the welfare of Glenloch or its residents. See 'Guiding Principles - HousingFirst is committed to:

• Setting weekly rent amounts that are affordable for people with low to moderate incomes

while keeping HousingFirst financially stable.

• Meeting our contractual, legal, and regulatory duties.'[1]

The HF funding model is flawed for Glenloch units that are mainly bedsits. The rental model adopted by HF for Glenloch bedsits is inconsistent with the charity status and registration under ACNC. The charity and property development arms of HF should have been separated with Glenloch put into a separate trust similar to Port Philip Housing. The Housing Act allows HF 30 days to answer.

Yours faithfully
The Secretary, Glenlochresidentsassociation Inc A0109567F
Contact: glenlochresidents@gmail.com

1 https://www.housingfirst.org.au/images/policy_documents/Rent-Setting-Policy.pdf