



CHFA

Community Housing
Federation of Australia

**Allocation, eligibility, and rent setting in the
Australian community housing sector**

April 2014



This report has been prepared by the Community Housing Federation of Australia (CHFA), the national industry body for community housing in Australia. CHFA represents the views of community housing providers throughout Australia. CHFA is funded by the Australian Government Department of Social Services.

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Abbreviations

CRA	Commonwealth Rent Assistance
CHP	Community Housing Provider
NRAS	National Rental Affordability Scheme
SHA	State Housing Authority

Glossary

Affordable housing

Housing is generally considered to be affordable if members of a household are not in housing stress after they have paid for their housing. There are a number of measures of affordability. One of the most widely used is that a low-income or moderate-income household (usually defined as being in the lower two income quintiles) should not pay more than 30% of their gross income on housing.

Affordable rental housing

The term 'affordable' housing often refers to a particular type of rental housing, rather than in the broader sense outlined above. In this context, 'affordable' housing refers to rental housing that is targeted at low-moderate income households with the rent set as a proportion (e.g. 75%) of market rent. This type of housing can be provided by community or for-profit housing providers.

Note: Throughout this report the term 'affordable housing' refers to this particular type of housing, rather than housing that is affordable in a broader sense.

Allocation policy

The procedures that are used to determine the order in which prospective tenants gain access to community housing. These can be determined by a housing provider, by a state government, or a combination of both.

Community Housing

Rental housing that is provided by not-for-profit, non-government organisations. It is intended to be affordable and appropriate for low to moderate income earners, and / or for groups whose housing needs are not adequately met in other forms of housing.

Eligibility criteria

Income, asset, and other criteria (e.g. household composition, other special needs) used to determine eligibility for subsidised housing. Eligibility criteria can vary between incoming and ongoing eligibility. Eligibility criteria for social housing are usually more targeted than for 'affordable' housing (this reflects the different target groups of these two types of subsidised housing).

Rent

A regular payment made by a tenant to secure the legal right to occupy a dwelling.

Rent setting

A policy determined by a housing provider or state housing authority that is used to calculate the amount of rent payable by a tenant or household. In a social / affordable housing context, rent setting policy must balance affordability for tenants and financial viability for housing providers.

Social housing

Affordable rental housing targeted for low-income households, usually on a long-term basis (generally for the duration of housing need). Rent in social housing properties is usually calculated based on tenant or household income, and is commonly set at 25% of income. Social housing is provided by a variety of organisations, including state governments (public housing), Aboriginal housing providers, and community housing organisations.

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1 Introduction

This report has been prepared by the Community Housing Federation of Australia, the national industry body representing community housing organisations throughout Australia.

The intention of this work is to provide a 'big picture' overview of current practice regarding eligibility, allocation, and rent setting in the community housing sector across Australia. The policies underpinning these practices are determined in large part by state housing authorities (SHAs). Accordingly, the information presented in the findings section of this report is organised by jurisdiction. The discussion section, however, aims to compare and contrast different policies, procedures, and practices across the country and is organised according to the three subject areas of this report (eligibility, allocation, and rent setting).

1.1 The community housing sector

Community housing providers in Australia are part of a diverse sector. It includes:

- Neighbourhood housing providers that may manage small numbers of properties which they own or lease from government;
- Growth providers that manage large portfolios of housing and with the capacity to undertake housing development activities;
- Organisations that specialise in the provision of housing to particular tenant groups (e.g. people with disabilities, older people);
- Rental housing co-operatives; and
- Organisations that specialise in providing and managing housing and others that provide housing as part of a broader range of services.¹

The community housing sector in Australia has undergone significant changes over the last decade. Community housing providers (CHPs) have increased their involvement in partnerships with the private sector, taken on debt in order to grow supply, become developers and managers of National Rental Affordability Scheme

¹ Community Housing Federation of Australia (2011) Community futures, new opportunities for neighbourhood housing providers, Canberra.

(NRAS) properties, had management and / or ownership of public housing assets transferred from state housing authorities (SHAs), and received capital funding for expansion from SHAs. These changes have led to significant growth in the sector. According to the 2013 Report on Government Services, across Australia the community housing sector now comprises 15.3% of all social housing dwellings (61,563 dwellings)².

1.2 Rationale for this report

Eligibility, allocation, and rent setting policies and procedures for the community housing sector vary significantly across the country. Over the last decade in Australia there has been a move towards tighter targeting of subsidised rental housing, the development of shared waiting lists and allocation systems, and changes to rent setting, including an increase in the use of rents that are optimised to take into account tenants' eligibility for Commonwealth Rent Assistance (CRA), and the development of affordable housing products, with rent set as a proportion of market value rather than tenant / household income. At the same time, the community housing sector has emerged as a major and growing supplier of subsidised rental housing.

The growth and growing sophistication of the community housing sector is one of the key changes in Australia's social housing landscape. There is increasing recognition across different levels of government about the role that community housing plays in wider housing policy. The sector is no longer a cottage industry. In this context issues of community housing rent setting, allocation and eligibility take on new policy significance. A key challenge for policy makers and community housing providers alike is to balance the growth and viability of the community housing sector alongside the needs of current and prospective tenants. This report aims to increase understanding of the points of commonality and difference between jurisdictions and individual providers regarding eligibility, allocation, and rent setting. Importantly, it

² Steering Committee for the Review of Government Service Provision, 'Report on government services 2013', table 16A.3. Community housing here refers to social housing provided through Commonwealth–state/territory multilateral funding agreements by non-ATSI organisations. It does not include affordable rental housing provided by community organisations with finance from other sources including NRAS; it specifically does not include submarket rental housing provided under disability and aged care programs.

also seeks to highlight some of the perceptions and concerns of the providers charged with implementing these policies.

1.3 Methodology

This report has been prepared using:

- Desktop research of government, industry body, and academic material, a workshop, and interviews with state and territory community housing peak bodies and a number of CHPs;
- Desktop research using material from state and territory governments, peak bodies, and academic sources;
- A workshop conducted at CHFA's 2013 National Members' Meeting. The meeting was attended by representatives from all states and territories and included delegates from peak bodies as well as providers;
- Follow up interviews with policy officers at community housing peak bodies. Where necessary, these staff also conducted follow up research with providers in order to verify current policies as well as real life practice.

1.4 Scope

- This report does not seek to provide a tenant's perspective on the issues it covers.
- The findings of this report are applicable to organisations that are funded or regulated by government. It does not cover the entire not-for-profit housing sector.³

³ A modest proportion of not-for-profit housing providers operate using their own funding or from capital grant funding that does not require any ongoing engagement with government. Although many such providers may be part of the broader community housing sector in their jurisdiction, for example as members of a peak body or as registered community housing providers, in many cases they are responsible for setting their own eligibility criteria, managing their own wait lists and allocation, and determining their own rent setting policies within the scope of their charitable status. Examples of such organisations include those managing Independent Living Units for older people, some disability housing providers, and small ecumenical providers.

2 Background

2.1 Eligibility

2.1.1 Entry eligibility

In the face of increasing demand for social housing over the last 20 years, state and territory governments have tightened eligibility criteria for accessing public housing.⁴ The provision of housing assistance has moved from being viewed by governments as a right available to working people, to 'housing as welfare' and has resulted in a 'residualised' public housing system.⁵ Indeed, eligibility criteria have become increasingly restricted so that people must demonstrate an "extreme and urgent" need for housing before they can realistically expect to be housed.⁶ During the mid-late 2000s many SHAs introduced 'segmented' waiting lists. The ACT system is typical of such segmented waiting lists:

[It is] divided into a Standard waiting list (for which people must meet the income and asset criteria for public housing); a High Needs housing list (for which people must demonstrate a particular need for housing in addition to income and asset criteria) and a Priority waiting list (for which people must demonstrate an extreme and urgent need for housing). A segmented waiting list attempts to ensure that people with the greatest and most urgent need for housing are allocated in it in preference to people with a less extreme need.⁷

All states and territories now operate a segmented waiting list for public housing, although the management of these lists and allocation procedures vary considerably around the country.

The development of the modern community housing sector in the late 1970s and 1980s included many organisations that had a focus on a particular tenant group or worked in a particular community. The cooperative movement also grew rapidly during this period. These organisations generally had a considerable degree of latitude in developing their own eligibility criteria for prospective tenants.

⁴ National Shelter (2012) "Meeting Australia's Housing Challenges: National Shelter Policy Platform 2012".

⁵ See for example Troy, Patrick (2012:254-257) "Accommodating Australians: Commonwealth Government Involvement in Housing", Federation Press, Sydney and Jacobs, Keith, et al. (2010) "What future for public housing? A critical analysis. Australian Housing and Urban Research Institute, Melbourne.

⁶ ACT Shelter (2012:25) "Towards a Fairer Housing System in the ACT", Canberra

⁷ Ibid.

Over time changes were made to many community housing organisations' funding contracts in an effort ensure housing was being provided to those most in need. In the first instance this usually meant that prospective tenants had to be eligible for public housing. In practice, this meant that CHPs could accept people that were eligible for public housing but may not have been considered in significant enough housing need to be placed in the highest priority category on a segmented waiting list.⁸ With the development of shared waiting lists and common allocation systems (see section 2.2 below) many community housing organisations no longer have this degree of autonomy. In most jurisdictions CHPs must accept some or all of their new tenants from a shared waiting list. This can have a significant impact on providers' financial viability.

Although many CHPs still maintain a focus on housing particular tenant groups, or aim to reduce concentrations of disadvantage through allocation policies that promote 'mixed communities', this is more often than not done within the constraints of eligibility criteria that are either shared with a public housing system or across a jurisdiction's community housing sector, and that are set by or negotiated with state / territory governments. In 2011-12, 60.3% of new community housing tenancies in Australia were for people with 'special needs'.⁹

⁸ i.e. despite being eligible their chances of actually being housed in public housing would be low to negligible due to long waiting lists and an insufficient supply of housing..

⁹ Steering Committee for the Review of Government Services (2013:16.18) "Report on Government Services 2013" Productivity Commission, Canberra

The National Rental Affordability Scheme (NRAS) also stipulates eligibility criteria.¹⁰ The same criteria are used across the country. These are:

Table 1 NRAS incoming tenant eligibility income thresholds 2013-14¹¹

Household type	Gross weekly assessable income
First adult	\$884 (\$45,956/year)
Each additional adult	Add \$339 (\$17,579/year) to the income limit
First sole parent	\$930 (\$48,336/year)
Each child	Add \$293 (\$15,243/year)

Note 1: the eligibility figures provided by DSS are annual. A weekly figure, rounded to the nearest dollar, has been provided in this table in order to facilitate comparison with the other tenant income eligibility tables provided in this report, all of which list weekly income.

Note 2: NRAS eligibility is based on *individual* incomes (e.g. adding \$17,579 per year for an additional adult). Eligibility for social housing provided by community housing providers is based on *household* income.

2.1.2 Ongoing eligibility

As well as entry eligibility criteria, two state governments, Queensland and Western Australia have introduced ongoing eligibility criteria for all social and affordable housing tenants.

In both of these jurisdictions ongoing eligibility criteria have broader household income cut-off points or levels than exist for incoming tenants.

The National Rental Affordability Scheme also has a separate income assessment level for people already housed in NRAS properties. This allows household income to increase by 25% above the maximum income eligibility for new tenants. If the household income of an existing tenant exceeds this limit in two consecutive NRAS years, the tenant will cease to be an eligible tenant. If a household's income increases beyond this point it is given 12 months to find alternative accommodation.

¹⁰ NRAS eligibility criteria can be found at <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/national-rental-affordability-scheme-nras-household-income-indexation> [accessed January 2014].

¹¹ Note: the eligibility figures provided by DSS are annual. A weekly figure, rounded to the nearest dollar, has been provided in this table in order to facilitate comparison with the other tenant income eligibility tables provided in this report, all of which list weekly income.

2.2 Tenant allocation

The Productivity Commission notes that:

All State and Territory governments prioritise access to social housing by segmenting their waiting lists in some way. Segments are defined differently across jurisdictions, but generally reflect urgent need to avoid homelessness and an inability to access appropriate private market accommodation.

The management of waiting lists varies across jurisdictions. NSW, Queensland, WA, the ACT and the NT have adopted an integrated social housing waiting list and do not segment by public housing, SOMIH and community housing. Progress towards adopting an integrated waiting list varies for the remaining jurisdictions. For this report, data for integrated waiting lists are not yet available and waiting list data are reported separately for public housing, SOMIH and community housing.

Source: Steering Committee for the Review of Government Services (2013:16.13) "Report on Government Services 2013" Productivity Commission, Canberra

There are a number of basic options for tenant allocation:

- Individual CHPs can maintain their own system. This usually takes the form of a waiting list. Tenants may also be referred from partner organisations or other support agencies. Some providers, especially those managing NRAS properties, also advertise vacancies publically as they come available.
- A common waiting list managed by or in conjunction with an SHA.
- A common allocation system. (This will always operate with a common waiting list.)

A combination of the above methods for tenant allocation is often employed. For example, an organisation managing social housing on behalf of a state government may use a common waiting list and allocation system, but have its own system for properties that it owns outright and for NRAS dwellings.

In January 2009 the Council of Australian Governments agreed to a range of reform areas, including the integration of public and community housing waiting lists. All

state and territory governments now have integrated their waiting lists, however the way that this reform area has been implemented varies considerably, as shown in Table 2 below.

Table 2 Community housing allocation systems, by jurisdiction

state	system	social / affordable housing	Description
QLD	One Social Housing System	Both	Fully integrated. Applications made at QLD Government service centres. Allocations made centrally by QLD Department of Communities.
NSW	Shared waiting list, separate allocations	Social housing	'No wrong door' system. All CHPs can accept applications for both public and community housing. All CHPs can access the IT system for the waiting list. CHPs make their own allocations from the shared list.
ACT	Social Housing Register	Social housing	All applications made at ACT Government shopfronts. Varying arrangements; generally allocations are made to providers by Housing ACT.
VIC (a)	Mixed allocation	Social housing (dwellings owned by CHPs)	For these properties the Allocation Guidelines for Registered Housing Agencies applies, whereby up to 50% of new tenants must be eligible for public housing, with allocation suggestions nominally put forward by the Victorian Department of Human Services. The remainder come from organisations' own registers of interest or referrals from other community organisations. Eligibility for these tenants is wider than for public housing.
VIC (b)	Housing Provider Framework and Transitional Housing Management Program	Social housing (dwellings managed by CHPs)	100% of vacancies are filled by applicants who are eligible for public housing, with allocation suggestions nominally put forward by the Victorian Department of Human Services. Other tenants are sourced from organisations' own registers of interest or referrals from other community organisations.
TAS	Housing Connect	Social housing	Centralised system with seven shopfronts throughout Tasmania where people can apply for housing. Centralised allocation.
SA	Housing Registers	Both (separate Registers)	There are four Housing Registers—one each for public, housing association, cooperative, and NRAS housing. Prospective tenants need to apply separately for each list. Housing associations have access to the IT system with a list of applicants. Allocations are made for vacant dwellings as people reach the 'top' of each Register.
WA	Joint Wait List	Social housing	The Joint Wait List covers WA's three largest CHPs as well as a number of smaller organisations. CHPs that do not participate in the Joint Wait List make their own allocations.
NT	Public housing waiting list	Social housing	Prospective community housing tenants must first apply for public housing. If a dwelling becomes available the CHP notifies the Department of Housing, who then allocates a tenant to that vacancy.

2.3 Rent setting

2.3.1 Rents and housing affordability in Australia

Rents in Australia have been rising faster than incomes. Between 2003-4 and 2009-10 the amount Australians spent in rent increased by 55%.¹² Rent is the largest single item of household expenditure, and the amount of rent that a household pays affects its ability to pay for other essentials.¹³ The most common measure of assessing housing affordability is the '30/40' rule: if a household in the lowest 40% of income distribution pays more than 30% of its gross income on housing costs it is deemed to be in housing stress. In Australia over 720,000 households pay more than 30% of their income in housing costs, and of these more than 460,000 households spend more than 50% of their household incomes on housing.¹⁴ The National Housing Supply Council estimated in 2010 that there is a shortage of 493,000 rental properties that are affordable *and* available to Australian households with incomes in the lowest two quintiles.¹⁵ Unsurprisingly, demand for social housing is high: there are 225,000 people on social housing waiting lists in Australia.¹⁶

2.3.2 Methods of calculating property rents

Community housing providers in Australia typically calculate two rent figures for any given dwelling:

1. 'property rent', which is the maximum rent payable for a property. This is most usually:
 - market rent (i.e. what would be charged if the dwelling were rented out in the private market)
 - a proportion of market rent (often 74.9%; this is to ensure that the housing is classified as charitable supply by the ATO for GST purposes)

¹² Australians for Affordable Housing (2012:1) "Australia's Broken Housing System" Melbourne

¹³ Hulse, Kath (2012) presentation at NSW Shelter "What's the Rent?" seminar

¹⁴ Phillips, Ben (2011) "The Great Australian Dream - Just a Dream?" in AMP-NATSEM Income and Wealth Report, Issue 29, AMP, Sydney

¹⁵ National Housing Supply Council (2011) "State of Supply Report" Commonwealth Government, Canberra

¹⁶ Steering Committee for the Review of Government Services (2013: Tables 16.A5, 16.A6 and 16.A7) "Report on Government Services 2013" Productivity Commission, Canberra

- based on the ATO's benchmark market rent table¹⁷ (also to ensure that the housing is classified as charitable supply);
2. 'household rent', which is the actual rent paid by a household to occupy a dwelling.

In Australia almost all community housing providers use market rent as a basis for calculating the maximum rent payable for a property. This is not the case in all other countries. Social housing systems in the UK, Germany, and Sweden, amongst others, calculate rents based on the cost of provision. The following table is adapted from an unpublished report prepared by 99 Consulting on behalf of the Tenants' Union of Queensland.¹⁸

Table 3 Methods of calculating property rents

Calculation method	Description	Advantages	Disadvantages
Market-based rent	Based on the amount of rent that would be paid for the property if it were rented in the private rental market.	<ul style="list-style-type: none"> • Administratively simple overall • Provides fair competition with private sector • Easy to explain and justify 	<ul style="list-style-type: none"> • May not reflect full cost of provision, especially in depressed rental markets and remote areas • Hard to calculate in areas where there is no effective market e.g. large public housing estates, remote communities
Historic cost method	Factors in the cost of acquiring the housing at the time of its acquisition along with current management costs.	<ul style="list-style-type: none"> • Reflects actual costs of provision 	<ul style="list-style-type: none"> • Administratively complex and difficult to explain • Difficult to allow for replacement costs • May result in low maximum rents comparative to market, reducing incentives for better off tenants to move on
Current cost method	Based on the cost of acquisition and management at current values	<ul style="list-style-type: none"> • Reflects the actual cost of provision in today's terms and hence can include a replacement cost • Will move with inflation, avoiding artificially low rents 	<ul style="list-style-type: none"> • Administratively complex and difficult to explain • Can potentially result in maximum rents above market level, particularly in remote areas where costs are high

¹⁷ See <http://www.ato.gov.au/Business/GST/In-detail/GST-industry-partnerships/GST-and-non-commercial-rules---benchmark-market-values/?anchor=P415-15680#P415-15680> [accessed January 2014]

¹⁸ 99 Consulting (2012:5-6) "Rent Setting for Social Housing" Unpublished report for Tenants Union of Queensland, Brisbane

2.3.3 Rent setting—social housing

Rent charged by community housing providers is almost exclusively set at below market levels. For social housing, which comprises the majority of dwellings, the rent charged by CHPs has traditionally been set in the same way as public housing authorities: tenants pay 25% of their gross income in rent.¹⁹

There is one critical difference between income-based rents in public and community housing providers. Unlike public housing tenants in a similar financial position, community housing tenants are eligible to apply for Commonwealth Rent Assistance (CRA).²⁰ Since the mid-2000s there has been a widespread shift by CHPs towards setting rents that are 'optimised' for a tenant's eligibility for CRA. Indeed, adopting this rent structure is a condition of funding contracts with SHAs in the four largest jurisdictions (New South Wales, Victoria, Queensland, and Western Australia).²¹ Community housing organisations report that 'optimising' rents for tenants' eligibility for CRA increases rental revenue by around 50%.²²

Rents are optimised for tenants' eligibility for CRA by increasing rents to the point where the maximum amount of Rent Assistance can be claimed without leaving a tenant worse off than they would be if they were simply charged 25% of their income. In other words, by charging a higher rent the CHP can capture the CRA payment the tenant receives while leaving the tenant in the same after-rent financial position as a public housing tenant on the same income.²³ To assist providers to calculate optimised rent, most governments offer 'CRA rent calculators' for CHPs to use. In

¹⁹ While there has been some degree of variance across jurisdictions, for example in Tasmania where rents ranged from 17-23% of income, with the exception of 'legacy' rents for some tenants almost all SHAs now charge 25% of income, capped at market rent. Public housing tenants in the Northern Territory pay 30% of their income in rent.

²⁰ Eligibility for public housing is detailed on the Department of Human Services website: <http://www.humanservices.gov.au/customer/services/centrelink/rent-assistance> [accessed January 2013]

²¹ For example, see NSW Department of Family and Community Services (2013:15-16) "NSW Affordable Housing Guidelines" NSW Government, Sydney

²² Community Housing Federation of Australia (2014, forthcoming) "The impact of Commonwealth Rent Assistance on the growth and viability of community housing providers" (working title), Canberra

²³ This process is explained in McNelis, Sean (2006:50-51) "Rental Systems in Australia and Overseas" Australian Housing and Urban Research Institute, Melbourne

Western Australia the Coalition of Community Housing organisations of WA maintains its own rent calculator.²⁴

2.3.4 Rent setting—affordable housing

The term 'affordable' housing emerged during the late 2000s and in this context refers to rental housing that is targeted at low-moderate income households with the rent set as a proportion of market rent rather than a proportion of income. Community organisations are able to claim GST concessions on charitable supply of housing where the rent is less than 75% of market rent as set by the ATO. Consequently, providers charge up to 74.9% of market rent for their affordable housing properties. Affordable housing is closely associated with NRAS-funded dwellings and / or dwellings that have been developed or purchased using debt finance. It is partly for the latter reason that rents are set as a proportion of market rent: this allows providers to make more accurate estimates about income levels for the purposes of repaying debt.

This market-based structure makes affordable housing products more suited to people on low-moderate incomes, including those in the workforce.²⁵ Indeed, different tenant cohorts are sometimes matched to particular affordable housing dwellings.²⁶

²⁴ The CHCWA rent setting calculator is available at <http://www.communityhousing.com.au/updated-rent-setting-calculator/> [accessed November 2012]

²⁵ 'Affordable' housing is also referred to as 'key worker' housing.

²⁶ A large community housing provider in Queensland, BHCL, for instance, has a number of properties with set levels of subsidy, e.g. 50%, 60% and 74.9% of market rent. Tenants are then matched to these dwellings according to their household composition and income.

3 Eligibility, allocation, and rent setting in each jurisdiction

This section reviews the current situation in each Australian jurisdiction. It discusses three interlinked areas of policy and procedure: *eligibility* for community housing, community housing *allocation* and *rent-setting policy*. Issues of particular interest or concern for providers are also noted.

3.1 Queensland

In Queensland the eligibility criteria for community housing are the same as for public housing eligibility. Similar to other jurisdictions, this includes Australian permanent residency or citizenship, property and asset ownership thresholds, and maximum income limits.²⁷

Table 4 QLD community housing tenant eligibility income thresholds

Household type	Gross weekly assessable household income
<ul style="list-style-type: none"> • Single Applicant 	\$609
<ul style="list-style-type: none"> • Single person with 1 child; • couple with no children; • 2 single people 	\$755
<ul style="list-style-type: none"> • Single person with 2 children; • couple with 1 child; • couple and 1 single person; • 2 single people and 1 child; • 3 single people 	\$877
<ul style="list-style-type: none"> • Single person with 3 or more children; • couple with 2 children; • 3 single people and 1 child; • 2 single people with 2 children; • 4 single people 	\$999
<ul style="list-style-type: none"> • Couple with 2 or more children; • 1 couple with 2 children and 1 single person • 2 couples with 1 or more children • 1 couple with 1 single person and 2 or more children • Other households with 5 or more people including at least 2 adults 	\$1121

²⁷ Eligibility guidelines available at <http://www.qld.gov.au/housing/public-community-housing/check-your-eligibility/> [accessed December 2013]

In Queensland ongoing eligibility assessments apply to both public and community housing tenants. Public housing tenants are given four months to vacate their property if their household's combined gross assessable income exceeds \$80,000 per year or if any member of the household owns or part owns property in Australia or overseas.²⁸ Community housing providers have some discretion in this area and are able to apply a longer notice to leave period in accordance with their organisation's ongoing eligibility policy.

Additionally, the Queensland Government policy in this area states that housing eligibility will be reviewed "while you are on the housing register and again before an offer of housing is made."²⁹ In practice this involves a Housing Services Centre contacting the applicant to check if there has been a change of circumstance that could affect their eligibility or level of need prior to sending that applicant's referral to a CHP. The onus is then on the CHP to verify evidence of income before proceeding with an offer of housing.

The social housing system in Queensland is the most vertically integrated in Australia. As part of the allocation system, CHPs must notify the QLD Department of Housing and Public works when a vacancy arises. All prospective social and affordable housing tenants apply for their housing through service centres operated by the Queensland Government³⁰. The Department of Housing and Public Works maintains a common waiting list, which is segmented into four levels of housing need. As in other jurisdictions, demand for social housing far outstrips supply. In practical terms tenants must be assessed as having high or very high needs to be allocated housing. A small number of community housing organisations in Queensland are exempt from the common waiting list: this includes organisations that provide housing to very specific types of tenant groups (autistic adults, for example).

Although management of the One Social Housing Register of Need is centralised with the Department of Housing and Public Works, community housing organisations do

²⁸ See <http://www.qld.gov.au/housing/public-community-housing/ongoing-eligibility/> [accessed January 2014]

²⁹ See <http://www.qld.gov.au/housing/public-community-housing/check-your-eligibility/> [accessed December 2013]

³⁰ A list of service centres can be found here <http://www.communities.qld.gov.au/communityservices/contact-us/service-centres-by-region>

retain the ability to reject a referred application on certain limited grounds, for example that a tenant might jeopardise social mix or harmony. For group housing, an allocations panel identifies tenants thought appropriate for particular vacancies.

Rent setting policy is clearly articulated by the QLD Government and applies to all providers of community housing. The QLD Government provides a rent calculator to community housing providers to assist them to meet these requirements. As in other jurisdictions, some community housing organisations provide both social community housing (charged at rents similar to public housing) and 'affordable housing' (rents charged as a proportion of market rent).

Rents for community housing tenants are set by the Queensland Government at 25% of income plus 100% of CRA, or market rent (whichever is lower). In practice this equates to roughly 22% of income for many tenants, because of the components of support payments that are not covered.³¹ (What constitutes income varies across jurisdictions and is discussed in section 4 below.)

When community housing providers deliver affordable housing, they may have a greater degree of discretion in how they set rents: organisations can charge up to 74.9% of market rent, but no more than 30% of a tenant's income.³² Determining market rent is the responsibility of providers.

³¹ Department of Housing and Public Works (2013) Tenant Factsheet: "Your Rent In Community Housing" Queensland Government, Brisbane. Guidelines to providers regarding QLD government rent setting, allocation, and eligibility policies are available here: <http://www.qld.gov.au/housing/housing-providers-investors/resources-for-community-housing-providers/>

³² Department of Housing and Public Works (2013) Tenant Factsheet: "Your Rent In Community Housing" Queensland Government, Brisbane

3.2 New South Wales

In New South Wales eligibility criteria for entry to community housing is the same as applies for entry to public housing.³³ This includes

Table 5 NSW community housing tenant eligibility income thresholds

Household type	Gross weekly assessable household income
Single adult	\$560
Each additional adult (18 years or over)	Add \$215 to the income limit
First child (under 18 years)	Add \$275 to the income limit
Each additional child (under 18 years)	Add \$90 to the income limit

There are no ongoing eligibility criteria for community housing tenants. This means that even if their incomes increase above the income eligibility criteria that will not be required to leave their housing.

Community and public housing tenancies are allocated from a common waiting list called Housing Pathways. This is a “no wrong door” waiting list, meaning that prospective tenants can apply for social housing and be added to the waiting list at any registered community housing provider in the state as well as by applying to any public housing applications office. Registered community housing providers and the NSW Department of Housing share a common IT system called HOMES for this purpose.

Although there is a common waiting list, the allocation process and allocation criteria are not the same for public and community housing. Community housing organisations are able to develop their own policies in relation to allocation. These policies are overseen by the Housing Registrar, and reflect local housing need and priorities, social sustainability, organisational target groups and viability. Providers can access the common waiting list and identify appropriate suitable tenants.

³³ For more information see <http://www.housingpathways.nsw.gov.au/Ways+we+can+Help/Social+Housing/Social+Housing+Eligibility+and+Allocations+Policy+Supplement.htm#iel> [accessed January 2014]

It is NSW Government policy that all community housing providers providing social housing collect 25% of income plus 100% of eligible tenants' CRA. Certain kinds of income, for example education supplements, are not classed as income for the purpose of calculating rent. Additionally, only 15% of tenants' Family Tax Benefits A and B are included in the calculation of rent.³⁴

Providers use a rent calculator provided by the NSW Government. There is a view within the NSW community housing sector that there is scope for the NSW community housing industry itself to manage this resource.

Distinct rent setting policies and procedures apply to Aboriginal Housing Providers in NSW. In 2011 the NSW Aboriginal Housing Office (AHO) introduced a new rent setting policy for Aboriginal community housing providers as part of the Build and Grow policy framework for the development of the Aboriginal housing sector in NSW. Aboriginal community housing providers that are signed up to the Build and Grow policy charge their tenants rent at either Property Rent (based on market rent, where possible, and set by the AHO), or Household Rent (which is determined by family type), whichever is lower. This policy is aimed at creating greater consistency across Aboriginal housing providers, as well as providing a simpler rent setting structure, especially for large households or households with visitors.³⁵

Different policies and procedures are also in place for affordable housing programs. There are distinct guidelines developed by Housing NSW for NRAS housing and for the affordable housing provided by CHPs.³⁶ Tenants for these properties are not drawn from the common waiting list for social housing. Instead, providers use a wide variety of methods to identify potential tenants for affordable housing properties, including advertising on mainstream websites, working with real estate agents.

³⁴ See <http://www.housing.nsw.gov.au/Community+Housing+Division/Policies+and+Fact+Sheets/Policies/Rent+Policy.htm> [accessed January 2014]

³⁵ More information about Build and Grow can be found at <http://www.aho.nsw.gov.au/buildandgrow/rent> [accessed December 2013]

³⁶ Housing NSW (2013) "NSW Affordable Housing Guidelines" NSW Government, Sydney

3.3 Australian Capital Territory

Eligibility criteria for social housing provided by CHPs in the ACT are the same as for public housing: tenants must be 16 or older, have Australian residency, and have lived in the ACT for six months or more prior to being housed.³⁷

Table 6 ACT community housing tenant eligibility income thresholds

Household type	Gross weekly assessable household income
Single Applicant	\$663
Family of two persons and joint tenancies	\$829
Family of three or more persons	\$829 plus \$111 each for the third, fourth, fifth person etc.

Tenants in ACT public housing must meet ongoing eligibility criteria, while community housing tenants do not.

Apart from a considerable number of NRAS dwellings provided to students at Canberra's two main universities, affordable housing in the ACT is primarily developed and managed by CHC Affordable Housing. Affordable housing is described by the ACT Government as a "a type of community housing where...rent is calculated at 74.9% of market rent."³⁸

Eligibility for affordable housing tenants mirrors the NRAS eligibility criteria, including for ongoing eligibility.

Community housing is allocated from a common waiting list for both public and community housing, which is managed by the ACT Government through Housing ACT. Community housing providers in the ACT have experienced some challenges associated with the transition to a common waiting list. These include:

- Slower allocation of appropriate tenants to vacancies in shared housing;
- Losing some ability to establish relationships with people on the waiting list prior to housing them; and

³⁷ See http://www.communityservices.act.gov.au/hcs/social_housing/eligibility_for_public_housing [accessed January 2014]

³⁸ Ibid

- Greater ACT Government control of housing providers' relationship with their tenants.³⁹

Organisational viability is generally sound across the sector, although the varied contractual arrangements with the ACT Government work better for some organisations than others. In some cases organisations receive funding from multiple ACT Government departments and this contributes to their viability.

In the ACT community housing tenants "pay similar rents to public housing tenants".⁴⁰ Public housing rents are set at 25% of a household's assessable income. Rents (and eligibility criteria) are set in distinct ways for the ACT's affordable housing, which is defined by the ACT Government as a "a type of community housing where your rent is calculated at 74.9% of market rent."⁴¹

Rents in ACT social housing cannot exceed the assessed market rent for a property. Market rent for community housing dwellings is determined by an independent valuer contracted by the ACT Government.

From the perspective of community housing tenants in the ACT, rent setting and rent levels are more or less consistent across the sector. Funding or sub-leasing arrangements between CHPs and the ACT Government, however, vary substantially from organisation to organisation. The following brief description of rent-setting and contractual arrangements that apply to three ACT community housing providers demonstrates this variation.

³⁹ See http://www.actshelter.net.au/literature_150887/ACT_Shelter_Community_Housing_project_final_report_Nov_2013

⁴⁰ See http://www.communityservices.act.gov.au/hcs/publications/fact_sheets/what-is-community-housing

⁴¹ Ibid

Rent setting and contractual arrangements with government for three ACT organisations

Capital Community Housing

Capital Community Housing (CCH), a medium-sized housing provider by ACT standards, specialises in providing housing for people with disabilities. It charges tenants *either* 25 per cent of their income plus 100 per cent of their CRA, or the market rent if this is applicable. Because many tenants live in group accommodation market rent for is often less expensive than an income-based rent calculation, and like other CHPs, CCH is not able to charge more than market rent. Capital Community Housing is paid tenancy management and support management fees by the ACT Government. This payment is capped at 50 tenants, so the funds received for these tenants effectively cross-subsidise the costs of providing housing to the remainder of the organisation's 127 tenants.

The organisation pays the ACT Government the component of its tenants' rental income stream that is derived from the 25 per cent of income they charge tenants (or the market rent in such cases), but retains the CRA component as part of its own income stream, alongside the tenancy support payment. Dwellings are sub-leased from ACT Housing, who remains financially and administratively responsible for both responsive and cyclical maintenance.

Havelock Housing Association

A larger ACT CHP, Havelock Housing Association, charges tenants 25 per cent of their income plus 100 per cent of CRA or market rent, whichever is lower. Almost all of Havelock's dwellings are sub-leased from ACT Housing. It pays 30 per cent of the dwellings' market rent to the ACT Government, which is responsible for all maintenance. In the event that the rental income from tenants is lower than 30 per cent of the market rent for the property portfolio, this arrangement could potentially leave the organisation unable to service its contractual obligations to the ACT Government.

ECHO housing

By contrast, ECHO community housing organisation is responsible for its own rent setting policy. It charges tenants 25 per cent of their income but does not collect CRA. ECHO is fully responsible for both responsive and cyclical asset maintenance.

ACT CHPs interviewed for this research drew attention to the particular financial implications associated with housing young people and other tenants who are not eligible for CRA. One ACT community housing provider observed that when young people who are ineligible for CRA are housed they are effectively cross-subsidised by the organisation's other tenants, almost of all whom receive CRA and therefore pay more rent. The organisation can manage this situation in the expectation that in several years the new, young, tenant will be old enough to be eligible for CRA.

3.4 Victoria

Eligibility, allocation, and rent setting policies in Victoria vary depending on the ownership and funding source for a particular dwelling. The information in this section only covers CHPs that are registered with the Victorian Housing Registrar. This comprises eight Affordable Housing Associations (large providers with development capacity) and 34 Housing Providers.⁴² There are many other smaller providers, however they are entirely responsible for their own eligibility, allocation, and rent setting policies.⁴³

Dwellings owned by community housing providers (and for which the Victorian Government did not provide capital funding, including asset transfers from public housing stock) are able to determine their own policies in these areas. The vast majority of properties, however, fall into two broad categories:

1. Housing **owned** by CHPs where funding (including capital or asset transfers) was provided by the Department of Human Services (DHS) (8,290 properties); and
2. Housing that is **managed** by CHPs and owned by DHS (9,479 properties).⁴⁴

⁴² See <http://www.housingregistrar.vic.gov.au/Registered-Housing-Sector> [accessed January 2014]

⁴³ The Community Housing Federation of Victoria has 73 members. Assuming this includes all registered providers there are at least 32 other CHPs operating that are not subject to policies developed by the Victorian Government.

⁴⁴ Community Housing Federation of Victoria (2013) "Community Housing Rent Explained", Melbourne.

For the remainder of this section 'owned' refers to the first category above, not to the (much smaller) number of dwellings that did not receive any assistance from DHS. The second category includes housing managed under a number of programs, such as the Housing Provider Framework (HPF) and the Transitional Housing Management (THM) Program.

Eligibility for DHS-funded housing that is **owned** by community housing organisations in Victoria is broader than for public housing in Victoria and community housing eligibility in other jurisdictions.

Table 7 Victorian community housing tenant eligibility income thresholds for houses OWNED by CHPs

Household type (includes children of any age)	Gross weekly assessable household income
1 person	\$905
2 people	\$1385
3 or more people	\$1,856

Eligibility for properties managed by CHPs, however, is identical to public housing eligibility.

Table 8 Victorian community housing tenant eligibility income thresholds for houses MANAGED by CHPs

Household type (includes children of any age)	Gross weekly assessable household income
1 person	\$497
Couple, no dependents	\$862
<ul style="list-style-type: none"> • Family (one or two parents) with one dependent child; • Plus \$89 for each extra child under 13 years; • Plus \$120 for each child aged 13 to 17 years 	\$896

For all community housing, whether owned or managed, the asset eligibility limit is the same as public housing, i.e. \$30,000 per household, or \$60,000 for households requiring significant disability modifications. These asset limits have remained unchanged for over 18 years, and at least one CHP is advocating that the base asset

level should be annually pegged at 10% of the median Melbourne house price (i.e., approx. \$60,000).

Apart from NRAS and THM properties, there is no requirement for a CHP to terminate a tenancy because the household's income or assets are no longer within the eligibility limits. (The same is currently true for public housing tenants.) In contrast to public housing, however, a community housing tenant whose household income had dramatically increased will generally not pay full market rent, but 74.9% of market rent. This is to ensure the CHP remains entitled to exemption from GST.

For DHS-funded properties that are **owned** by CHPs, providers must accept approximately 50% of new tenants from the public housing waiting list.⁴⁵ When a vacancy arises in such a community housing dwelling, the provider requests a list of prospective tenants from DHS, which maintains a database of public housing applicants willing to be offered community housing. In some circumstances, for example where the prospective tenants referred by DHS are not suitable or have rejected a community housing provider's offer of housing (which they can do without penalty), the housing provider may need to rely on their own resources to fill the vacancy with a household that is eligible for public housing.

For the other 50% of dwellings owned by CHPs, individual providers manage and maintain their own waiting lists. Some providers periodically close their lists due to very high demand for housing and the lack of new dwellings available for rent. Providers are required to report on the allocations and accessibility of their housing as part of their reporting to the Housing Registrar.

Vacancies in NRAS dwellings are generally filled through these internal waiting lists, but NRAS properties may also be advertised on real estate websites.

Properties that are **managed** by CHPs are tenanted by people on the public housing waiting list. For THM dwellings, Housing Associations and Providers take almost all new tenants from segment one (those with the highest and most urgent housing need) off the public housing waiting list. These tenants are often coming straight

⁴⁵ Department of Human Services (2013) "Guidelines for Registered Housing Agencies" Victorian Government, Melbourne

from accommodation provided by specialist homelessness services. For HPF dwellings and other general lease properties CHPs fill vacancies with people who have public housing eligibility, i.e. they are not all from segment one on the public housing waiting list.

In practice rents charged for social housing tenants in community housing in Victoria are broadly similar to those in the rest of the country: providers generally charge rents that equate to 25% of gross household income plus 100% of a tenant's CRA. The Victorian Government provides a rent calculator to help CHPs 'maximise' CRA. Despite the similarity with other jurisdictions, there are some significant differences.

Rents for properties that are **owned** by CHPs are required to be "affordable for tenants while maintaining financial viability for the agency" (i.e. the provider). Households that entered their tenancy as lower income households (calculated based on the maximum income eligibility limits for CRA) are protected by a Net Rent Requirement that caps their net rent (excluding CRA) at 30% of gross household income. At the time of writing some organisations continued to charge 25% of income.

For other tenants (those that entered their tenancies with incomes above the cut-off point for 30% Net Rent Requirement but below the income eligibility threshold), CHPs have the discretion to set their own rent (although these must still be 'affordable for tenants' and are subject to oversight from the Housing Registrar). Because of concerns about future financial viability, some organisations are considering changing their rent structures for this cohort of tenants to a flat proportion of market rent as determined by a property valuer (for example 65% of market rent). This would provide more certainty as well as increased rental income.

Because of these policies that allow greater discretion in rent setting, there is some diversity in rent setting policies beginning to emerge across the sector.

Policies for rent setting for properties **managed** by CHPs are calculated using the same rent setting policies used for public housing tenants. This means rents are calculated at 25% of gross household income. Rents are charged at 25% of gross income, however other social security payments such as FBT and child maintenance

payments, are generally calculated at 15%. Unlike public housing rent setting, as well as charging a proportion of income CHPs also charge 100% of CRA.

As with most other jurisdictions, many NRAS rents are charged at 74.9% of market rent. A number of organisations, however, have combined capital grants or funding from the Nation Building and Jobs Program stimulus funding to provide social housing rent levels in NRAS funded dwellings.

3.5 Tasmania

Arrangements for eligibility, allocation, and rent setting for Tasmanian community housing organisations vary considerably. They depend in large part on individual contractual arrangements between providers and the Tasmanian Government, as well as the policies and approaches adopted by individual providers. As a general rule, public housing eligibility criteria also apply to prospective community housing tenants. As is common in other jurisdictions, this includes being a Tasmanian resident, being an Australian citizen or permanent resident, being at least 16 years old, and not owning any other property. Unlike other jurisdictions, however, Tasmania does not specify a set of income limits for eligibility: rather the criteria is that a prospective tenant be “a low income earner and eligible for a Commonwealth Health Care Card”.⁴⁶

Table 9 Tasmanian public housing tenant eligibility income thresholds

Household type (includes children of any age)	Gross weekly assessable household income
All	Eligible for a Commonwealth Health Care Card ⁴⁷
<p>Note: Public housing eligibility applies to many but not all prospective community housing tenants. Some organisations specifically target a proportion of moderate income earners, or have their own internally-developed eligibility criteria.</p>	

In some programs, however, contractual arrangements specify that some tenants may have low to moderate incomes. This is done to support tenant mix as well as

⁴⁶ Housing Tasmania (2013) “Housing Tasmania Eligibility – Policy” Tasmanian Government, Hobart

⁴⁷ Information about eligibility for a Commonwealth Health Care Card can be found on the Department of Human Services website <http://www.humanservices.gov.au/customer/enablers/centrelink/health-care-card/eligibility> [accessed January 2014]

organisational viability. For example, a recent asset transfer to Housing Choices Tasmania stipulates that 50% of new tenants come directly from the public housing waiting list, and 50% be sourced by Housing Choices and have low-moderate incomes.⁴⁸

The 2013 Amendments to the Residential Tenancies Act in Tasmania has introduced provision for reviews of the ongoing eligibility of both public and community housing tenants. At this stage however ongoing eligibility criteria have not been applied to community housing, and it appears unlikely that these provisions will be applied to the community housing sector in Tasmania in the future.

There are two primary systems and sets of procedures that apply to community housing allocation in Tasmania: a social housing waiting list and individual lists managed by CHPs. The use of these systems is determined by individual funding arrangements.

Prospective community housing tenants may be selected by community housing providers from the central social housing waiting list. This list is managed by Housing Tasmania, however the service delivery functions (i.e. shopfronts) are managed by a service called Housing Connect, which is a 'one stop shop' for people to access housing and support needs. Housing Connect began operating in October 2013 and operates from seven centres around Tasmania.⁴⁹ When applying for public housing, applicants can also ask to be considered for community housing. Community housing providers are then able to access the applications of these people via a database called ASK.

Community housing providers are able to select tenants that will be to ensure the tenant is a good fit for the vacancy (e.g. by household type, age, support needs etc). Community housing providers are not compelled to select applicants as they reach the top of the Tasmanian social housing waiting list. Housing Tasmania plans to configure the waitlist in two categories: general and priority. Under the Better Housing Futures

⁴⁸ In this instance 'moderate' incomes are deemed to be above the Health Care Card limit, but not so high that a prospective tenant could live affordably in private rental. For this group Housing Choices Tasmania applies the NRAS eligibility criteria, and charges 30% of income plus 100% of CRA.

⁴⁹ More information is available on the Housing Connect website:
http://www.dhhs.tas.gov.au/housing/housing_connect [accessed December 2013]

asset transfer program participating providers will be required to house at least 30% of their new tenants from the priority group.

Individual housing providers are also free to manage their own waiting lists, and in addition may have arrangements with other service providers to refer prospective tenants.⁵⁰ In some instances, especially for affordable housing vacancies, CHPs do not maintain a waiting list and instead advertise on real estate or other classifieds websites (e.g. Gumtree).

In Tasmanian public housing a flat rent structure applies: 25% of tenants' income is charged in rent. This is a recent shift from long-standing policy in which there were a variety of rent levels that ranged from 18 to 23% of tenants' incomes.

There is no articulated Tasmanian Government policy on rent setting levels for community housing providers, although this is often specified in individual funding contracts. Nonetheless, almost all community housing providers managing social housing set rent at 25% of assessable income plus 100% of CRA. The 25% of income generally excludes supplements such as the clean energy supplement. As is the case in a number of other jurisdictions, some community housing providers also charge tenants a proportion of a tenants' Family Tax Benefit payment/s (FTB A and FTB B). This charge generally amounts to around 15% of any family tax payments that tenants receive. It is standard practice to cap rent at 25% of income or 74.9% of the market rent, whichever is lower.

Community housing organisations providing NRAS housing generally set rent using the same formula as for social housing (25% of income plus 100% of CRA), however there is some flexibility: providers are able to charge up to 30% of income plus CRA.

Within this general picture of consistent practice with regard to rent-setting there is some variation. Community housing organisations often have the flexibility to use different rent setting models, although this may be dependent on the funding source for a particular dwelling or housing program. For example, Red Shield Housing

⁵⁰ During the course of researching this report CHFA became aware of a variety of models. Some providers adopt a mixed approach. One organisation reported that about half of its tenants are 'self-referred', some are sourced from the social housing waiting list, the remainder are referred from other organisations, such as specialist homelessness services.

usually charges 30% of household income and 30% of CRA. Rents are capped at \$175 / week.

One interview respondent in Tasmania observed that the different type and payment levels of social security payments, combined with being able to set rents that 'maximise' a tenant's CRA entitlement, are crucial to the viability of community housing providers. Changes to tenants' circumstances that affect their social security payments can mean significant changes to their income and therefore to the amount of rent they pay to the community housing provider. Such changes include when a tenant is shifted from the Parenting Payment to the lower Newstart payment. Similarly, if a tenant receives Newstart but is not eligible to receive CRA (as is the case for single people aged under 25), this tenant's rent will be lower than a tenant in receipt of a Disability Support Pension, who receives a higher payment and is eligible for CRA. This has immediate implications for a community housing provider's rental income stream and has flow-on impacts on their viability.

Better Housing Futures is Tasmania's program of transferring tenancy and property management to community housing providers. Community housing providers take on tenancy management and property management services for all transferred dwellings, but tenants' leases remain with Housing Tasmania unless they choose to sign a new lease with the community housing provider. As a result providers are initially required to maintain public housing rent setting for all tenants (that is, charging 25% of income but no CRA). There is, however, an expectation that a significant portion of tenants will transfer their lease to the CHP, and switch to a rent structure that also includes CRA.

3.6 South Australia

In South Australia, eligibility criteria for public and community housing (including housing cooperatives) are the same. This includes being a South Australian resident and not owning any property. The criteria also specify that prospective tenants must not have a debt (or at least a debt without a repayment plan) to Housing SA and must not be excluded from public housing due to disruptive behaviour.⁵¹

⁵¹ See

<http://sa.gov.au/subject/Housing,+property+and+land/Customer+entry+points+and+contacts/Housing+SA+custome>

Table 10 South Australian community housing tenant eligibility income thresholds

Household type	Gross weekly assessable household income
Single person	\$970
Single person with 1 child	\$1,286
Single person with 2 children	\$1,417
Single person with 3 children	\$1,566
Single person with 4 or more children	\$1,790
Couple	\$1,268
Couple with 1 child	\$1,417
Couple with 2 children	\$1,566
Couple with 3 children	\$1,790
Couple with 4 or more children	\$2,014

There are no ongoing eligibility criteria for tenants in community housing in South Australia. A tenant's wage can increase until they are paying market rent with no impact on their eligibility. Prior to October 2010 public housing and housing association tenants were on periodic (i.e. ongoing) leases. A policy change introduced at that time placed all tenants on fixed-term leases of either five or ten years. People interviewed for this report noted that the rationale for this change was based on trying to change the perception that social housing is a 'destination' rather than a housing option during a period of need. It was reported that, in reality, the lack of affordable and appropriate housing options in the private market mean that most community housing tenants are unlikely to transition out of their existing housing.

In South Australia there are four waiting lists for social housing, each known as a 'Register'. There are separate Registers for public housing, housing associations, cooperative housing and for NRAS properties. In the experience of community housing providers, this can be confusing for applicants who may not understand the differences between the types of housing or why they must apply separately for each type. The application process for each Register is also different. To apply for public housing, people must register with Housing SA. To register on the waiting list for housing associations, people request a Registration of Interest (ROI) form from an

[r+entry+point/Waiting+list/Applying+for+public+housing](http://www.sa.gov.au/upload/franchise/Housing,%20property%20and%20land/Housing%20SA/CH/Eligibility_policy_community_housing.pdf) [accessed January 2014] A copy of the eligibility policies and procedures for community housing organisations can be downloaded from this link: www.sa.gov.au/upload/franchise/Housing,%20property%20and%20land/Housing%20SA/CH/Eligibility_policy_community_housing.pdf [accessed January 2014]

association. This association will register the applicant and become their primary point of contact. This is a 'no wrong door' system: all housing associations can access all applicants' details via a shared IT platform. Given the high demand for, but low availability of, community housing, some housing associations have reported completing Housing Needs Assessments for as many as 300+ potential tenants per annum, while having as few as five vacancies in the same period.

Compliance with community housing allocation procedures is monitored by the South Australian government.

Housing is allocated on a needs basis: those with the greatest assessed need for housing are placed at the 'top' of the relevant Register. To be assessed as Category 1 (in greatest need of housing), people must be homeless or at risk of homelessness. Housing associations are required to take people with the highest need for housing from the Register. In certain circumstances, such as a multi-unit development where having a mix of tenants is deemed important, CHPs can allocate a Category 2 or Category 3 tenant but they would need to justify this decision in writing and misuse of this option would be seen as a significant compliance issue. This happens very rarely. Housing cooperatives must also accept tenants from the Cooperative Register, but are not required to house people assessed as having the greatest need for housing. They are able to make their own decision based on the best fit for the cooperative.

To become a tenant of a housing cooperative, people attend a community housing Public Information Session (PIS) run by the peak body for South Australian community housing. They can obtain a ROI form at that time. This is lodged with Housing SA, which assess eligibility. Cooperative housing is the only form of social housing for which people need only meet the general (rather than higher needs) categories of social housing eligibility. This means many people who have little or no interest in cooperative housing, but who are highly unlikely to be accommodated in other forms of housing, are referred by Housing SA to a Public Information Session to see if they would like to register their interest in housing cooperatives.

In South Australia, the most recent NRAS funding round gave preference to housing providers who committed to using the social housing Register system. Applicants can fill in a ROI for NRAS properties, or tick an NRAS option on ROIs for other types of social housing. This can create some difficulties in the computerised Register system.

For example, a provider might not offer NRAS properties, but when someone registers a ROI with this agency they can theoretically also ask to be considered for NRAS properties. If the provider does not offer NRAS dwellings, the shared housing management system does not allow it to access that field or input that information. Thus the applicant cannot be listed on the NRAS register.

Tenants in community housing pay rent set at 25% of their income plus 100% of CRA. This is a relatively recent change: previously tenants' rent was set at 25% of income plus 25% of their CRA. Some tenants who began tenancies prior to this change have been unhappy about the increase in their rent, although transition provisions are in place that aim to ensure that tenants do not pay more than an additional \$10 per week every six months.

This has also been a vexing shift for community housing providers, which already return a significant amount of money to the South Australian Government under unique contractual obligations. In South Australia community housing providers collect rent from tenants and then calculate and retain certain allowances for maintenance and administration and so on. The remainder is returned to Housing SA as a capital contribution.⁵² There are a small number of exceptions to this manner of operating: for example some housing providers collect insufficient rent to cover their necessary allowances, and they invoice Housing SA for the difference in rent collected and allowances required. This can be the case if a provider houses a large proportion of people with very low incomes.

The South Australian community housing sector recognises that this system is cost effective for the South Australian Government. However, in the event that the system is retained, CHPs will not be able to leverage finance to develop new community housing if they are unable to retain all of their rental income.

A rent calculator is provided by the South Australian Government for providers to use.

In NRAS properties in South Australia rent is generally set at 74.9% of market rent.

⁵² South Australian Housing Trust (2005) "Funding Agreement Between the South Australian Housing Trust and" (blank standard funding agreement) South Australian Government, Adelaide. A copy of the funding agreement can be downloaded from http://www.sa.gov.au/upload/franchise/Housing,%20property%20and%20land/Housing%20SA/CH/Funding_agreement_community_housing1.pdf [accessed January 2014]

3.7 Western Australia

In Western Australia eligibility criteria for entry into community housing is virtually the same as that which applies to public housing. As in other jurisdictions, this means being an Australian citizen or permanent resident, not owning any other real property, and meeting income and asset limits.⁵³ However, public housing houses exclusively 'Band A' tenants (high needs, very low or low income), whereas registered Community Housing Providers (CHPs) have the opportunity to also house 'Band B' tenants (low to moderate incomes).

Western Australia is the only jurisdiction where income limits are segregated by region: either 'Metro and Country' or 'Northwest / Remote Areas'.⁵⁴ This is due to the higher cost of living, including higher housing costs, in these areas.⁵⁵

The same income limits apply for ongoing eligibility. The Department of Housing (and generally also CHPs) puts the onus on the applicant / tenant to declare any change in financial circumstances as they occur.⁵⁶

The Department will only allow a period of up to six months (except for tenants residing in remote locations, who have up to two years) from the date ineligibility is established for the tenant to source alternative housing. Should a tenant not pursue or take up any alternative housing options, the Department will seek vacant possession of the premises at the expiry of the vacation period where a tenant does not source alternative housing options.⁵⁷ A number of CHPs have also adopted their

⁵³ See <http://www.dhw.wa.gov.au/housingoptions/rentaloptions/publichousing/eligibility/Pages/default.aspx> [accessed January 2014] See also Department of Housing (2013) "Community Housing Income and Asset Limits Policy" Government of Western Australia, Perth. A copy of the document can be downloaded from http://www.housing.wa.gov.au/HousingDocuments/CH_Income_and_Asset_Limits_Policy.pdf [accessed March 2014]

⁵⁴ Department of Housing (2013) "Income Limits" Government of Western Australia, Perth. A copy of the document can be downloaded from http://www.dhw.wa.gov.au/HousingDocuments/Public_Housing_Income_Limits.pdf [accessed January 2014]

⁵⁵ The higher housing cost in the Northwest is exemplified in the Pilbara Development Commission's *Pilbara Residential Housing & Land Snapshot* quarterly reports, available here: <http://www.pdc.wa.gov.au/publications/>.

⁵⁶ Department of Housing (2014:81) "Rental Policy Manual" Government of Western Australia, Perth

⁵⁷ *Ibid*, p82

own similar policies. However, anecdotal evidence suggests that the Department of Housing and CHPs take into account the practicality of not evicting a tenant into homelessness or housing stress in the event the tenant exceeds eligibility limits but does not have any alternative housing options available to them.

Table 11 Western Australia community housing tenant eligibility income thresholds—Band A tenants

Metro / South West								
Number of people in household	Income Limit				Disability Income Limit			
	Single income		Dual income		Single income		Dual income	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
1	\$430	\$22,432			\$540	\$28,170		
2	\$580	\$30,257	\$670	\$34,952	\$725	\$37,821	\$830	\$43,298
3	\$695	\$36,256	\$790	\$41,212	\$870	\$45,385	\$1,000	\$52,167
4	\$815	\$42,516	\$930	\$48,515	\$1,020	\$53,210	\$1,160	\$60,513
North West / Remote								
Number of people in household	Income Limit				Disability Income Limit			
	Single income		Dual income		Single income		Dual income	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
1	\$610	\$31,822			\$760	\$39,647		
2	\$820	\$42,777	\$940	\$49,037	\$1,025	\$53,471	\$1,180	\$61,557
3	\$980	\$51,123	\$1,120	\$58,427	\$1,225	\$63,904	\$1,400	\$73,033
4	\$1,150	\$59,992	\$1,320	\$68,860	\$1,440	\$75,120	\$1,650	\$86,075
Additional annual limits per person								
Household member	Income Limit				Disability Income Limit			
	Weekly		Annual		Weekly		Annual	
Additional person	\$115		\$5,999		\$145		\$7,564	

Source: Department of Housing (2013:6) "Community Housing Income and Asset Limits Policy 2013" Government of Western Australia, Perth

Table 12 Western Australia community housing tenant eligibility income thresholds—Band B tenants

Metro / South West				
Household type	Income Limit		Disability Income Limit	
	Weekly	Annual	Weekly	Annual
Single person	\$881	\$45,956	\$1,101	\$57,445
Two adults / couple	\$1,218	\$63,535	\$1,522	\$79,419
Sole parent with 1 child	\$1,219	\$63,579	\$1,523	\$79,474
Sole parent with 2 children	\$1,511	\$78,822	\$1,889	\$98,528
Couple with 1 child	\$1,510	\$78,778	\$1,888	\$98,473
Couple with 2 children	\$1,802	\$94,021	\$2,253	\$117,526
North West / Remote				
Household type	Income Limit		Disability Income Limit	
	Weekly	Annual	Weekly	Annual
Single person	\$1,101	\$57,445	\$1,376	\$71,806
Two adults / couple	\$1,522	\$79,419	\$1,903	\$99,273
Sole parent with 1 child	\$1,522	\$79,474	\$1,904	\$99,342
Sole parent with 2 children	\$1,889	\$98,528	\$2,361	\$123,159
Couple with 1 child	\$1,188	\$99,473	\$2,360	\$123,091
Couple with 2 children	\$2,253	\$117,526	\$2,816	\$146,908
Additional annual limits per person				
Metro / South West				
Household member	Income Limit		Disability Income Limit	
	Weekly	Annual	Weekly	Annual
Each additional adult	\$337	\$17,579	\$421	\$21,974
Each additional child	\$292	\$15,243	\$365	\$19,054
North West / Remote				
Household member	Income Limit		Disability Income Limit	
	Weekly	Annual	Weekly	Annual
Each additional adult	\$421	\$21,974	\$527	\$27,467
Each additional child	\$365	\$19,054	\$457	\$23,817

Source: Department of Housing (2013:7) "Community Housing Income and Asset Limits Policy 2013" Government of Western Australia, Perth

The Department of Housing, Western Australia's three largest community housing providers and a number of smaller registered providers, take prospective tenants from a shared waiting list, known as the Joint Wait List (JWL).⁵⁸

Allocations from the JWL are made through the Community Housing Allocations Management System (CHAMS), an electronic management system developed for the Department of Housing and CHPs to manage offers of housing. In line with the Department of Housing's Community Housing Allocations Policy (CHAP) for registered community housing providers, CHAMS allows CHPs to view applications on the JWL, allocate applications to the provider's own waitlist, record offers of community housing made to applicants and allocate housing to an applicant and withdraw that applicant from the JWL.⁵⁹

Applicants who are allocated housing from the JWL are exclusively Band A. The Department of Housing is also moving toward establishing a Housing Needs Register which will allow tenants that are no longer eligible for Band A housing or JWL applicants who are no longer eligible for social housing due to exceeding the income eligibility limits to register an expression of interest for Band B housing. The Register is not a waitlist and is not scheduled to be in place until sometime in 2014.

Registered housing providers that choose not to use the JWL, and smaller non-registered community providers, maintain their own independent waiting lists for housing.⁶⁰ (It should be noted, however, even if they choose not to sign up to taking prospective tenants from the JWL, registered housing providers must still comply with the allocations guidelines set out in the CHAP.⁶¹)

⁵⁸ See <http://www.dhw.wa.gov.au/housingoptions/rentaloptions/communityhousing/jointwaitlist/Pages/default.aspx> [accessed January 2014]

⁵⁹ A copy of the most up to date version of the Community Housing Allocations Policy can be downloaded from http://www.dhw.wa.gov.au/HousingDocuments/CH_CHAP_Allocations_Policy.PDF [accessed January 2014]. This policy is currently under review by the Department of Housing

⁶⁰ A list of registered housing providers can be found at <http://www.dhw.wa.gov.au/investorsandpartners/communityhousingorganisations/registeredproviders/Pages/default.aspx> [accessed January 2014]

⁶¹ Department of Housing (2010:8) "Community Housing Allocations Policy" Government of Western Australia, Perth

Community housing providers that accept tenants from the JWL are allocated tenants on a 70/30 split between Band A and Band B. The Department of Housing is currently reforming its waitlist allocations process to one that is based on need rather than time of application.⁶²

Allocation of Band B (affordable) housing must target ineligible public housing tenants in the first instance and only when this is exhausted can registered providers allocate affordable housing properties to eligible applicants on their client register.⁶³

The CHAP in theory allows CHPs to allocate up to 30% of properties to these Band B tenants, however they are constrained in their ability to do so by the WA Government's policy of 'no net loss of social housing'. Although not stated in any formal policy documents, the policy means that when stock is transferred to a CHP, or is demolished and new stock built in its place, the Department of Housing wants to still maintain the amount of housing available people who fall into Band A eligibility criteria, rather than have that stock allocated to Band B housing.

The Community Housing Coalition of Western Australia (CHCWA), the jurisdiction's peak body for community housing, provides a rent calculator that is widely used by WA community housing organisations. Using this model, rent is charged at 25% of income plus the maximum amount of CRA, limited by a cap set with reference to market rent. In the case of Band B tenants, the rent calculator can also be manipulated to calculate rent the same way, but using 30% of income.

⁶² See <http://www.communityhousing.com.au/jwl-signatories-invited-to-briefing-from-doh/> [accessed January 2014]

⁶³ Department of Housing (2010:10) "Community Housing Allocations Policy" Government of Western Australia, Perth

Community housing rent setting is governed by the Department of Housing's Community Housing Rent Setting Policy.⁶⁴ This policy is currently being revised, however the Department of Housing has foreshadowed the following policy changes are likely to be implemented in the near future:

- The rent-setting guidelines and requirements will apply to registered community housing providers and unregistered providers who receive financial and other assistance from the Housing Authority (currently they only apply to registered providers);
- The definition of assessable income for rent-setting purposes will be broadened to include all household income which is of a continuous or regular nature, including supplements such as FTB (whereas currently, different types of income, such as FTB, are assessed differently);
- Assessable income will be based on gross rather than net income for both Band A and Band B tenancies (currently, Band A is based on gross income and Band B is based on net income);
- The new rent setting policy delivers greater flexibility for providers, in that it allows providers to charge up to:
 - 25% of a Band A tenant household's gross assessable income; and
 - 30% of a Band B tenant household's gross assessable income, giving them discretion to charge less; and
- The upper rent limit will be amended from 75% of the market rent to 100% of the market rent, which will allow CHPs to make commercial supplies of accommodation if they so choose.

Community housing rents in Western Australia are capped with reference to market rent, with most providers reporting that they use the Australian Taxation Office's benchmark figures to assess market rent.⁶⁵

⁶⁴ A copy of the latest Community Housing Rent Setting Policy can be downloaded from http://www.housing.wa.gov.au/HousingDocuments/CH_Rent_Setting_Policy.pdf [accessed March 2014]

Community housing rent setting procedures are also obliquely informed by the Department of Housing's Rental Policy Manual, which contains policies relating to the management of public housing. The Rental Policy Manual was updated in January 2014. A copy of the latest Rental Policy Manual can be downloaded from http://www.housing.wa.gov.au/HousingDocuments/Rental_Policy_Manual.pdf [accessed March 2014]

⁶⁵ The ATO's benchmark market values for long-term weekly accommodation are available at <http://www.ato.gov.au/Business/GST/In-detail/GST-industry-partnerships/GST-and-non-commercial-rules---benchmark-market-values/?anchor=P415-15680#P415-15680> [accessed March 2014]

The ATO's benchmark figures are stated in reference to each capital city. According to the ATO, "the capital city rate provided may be used as the appropriate rate across all regions for the relevant state"⁶⁶, however this does not reflect the variance in market rent across different areas of the Western Australia. Consequently, some providers use data from the Real Estate Institute of WA and other real estate rental advertising sources to assess a more accurate market rent in a particular area.

Stakeholders consulted for this project reported their perception that rent setting procedures are applied differently, and sometimes incorrectly, including within organisations. Some community housing providers appear to apply an inconsistent approach to rent-setting, meaning that although clear rent-setting policies and procedures are in place these are not always applied or enforced.⁶⁷

CHPs that become approved NRAS participants follow the NRAS policy guidelines for rent-setting in relation to their NRAS properties.

3.8 Northern Territory

Eligibility for community housing in the Northern Territory is the same as for public housing.⁶⁸

Table 13 Northern Territory community housing tenant eligibility income thresholds

Household size	Gross weekly assessable household income
1	\$736
2	\$955
3	\$1,112
4	\$1,275
5	\$1,433
6	\$1,595

⁶⁶ See http://www.ato.gov.au/Business/GST/In-detail/GST-industry-partnerships/GST-and-non-commercial-rules---benchmark-market-values/?page=8#Long_term_accommodation [accessed March 2014]

⁶⁷ For example, if a tenant was ill and received care from a family member that was not eligible for community housing but who stayed with them for an extended period of time to provide this care, it is possible that a provider would turn a blind eye to this and continue to only charge rent for the original household member.

⁶⁸ See http://www.territoryhousing.nt.gov.au/public_housing/accessing_public_housing/eligibility [accessed January 2014]

Community housing is allocated from a common waiting list. As well as covering public and social housing provided by community housing providers, the list also includes applicants for affordable housing provided by Venture Housing, the Government-supported affordable housing company. Allocations are based on the greatest need. The exception to this policy is that tenants are allocated to Venture Housing from the common waiting list on the basis of their having an income that is compatible with Venture Housing's rent structure, which is set as a proportion of market rent.⁶⁹.

Social housing tenant allocations are made by the NT Department of Housing. Community housing providers advise the NT Department of Housing if they have a vacancy and are then allocated tenants by the Department.

Although the common allocations policy applies to most community housing, in practice there is considerable variation in how housing providers and the NT Department of Housing liaise and interact in the allocation of housing to tenants. For example, the experience of some ICHOs is that houses cycle through tenants from particular country groups or families. As a result they in effect have their own "on the ground" waiting lists. In such circumstances housing providers may have leeway to identify new tenants and allocate housing in liaison with the Department of Housing.

Given the very small size of the community housing sector in the Northern Territory, the rent-setting policies in public housing provide a point of contrast to community housing rent-setting. Public housing tenants in the Northern Territory pay 23% of their income in rent, with the exception of tenants in receipt of the aged pension, who pay rent at the lower rate of 18% of their income. Public housing tenants with incomes that are higher than the current public housing eligibility criteria pay full market rent on their homes. Market rents are set through a desktop survey of valuer general data. This is likely to produce market rent valuations that are somewhat lower than the actual market value of properties. There are particular challenges for

⁶⁹ Rents at Venture Housing's first development in Pahap in Darwin are charged at 55% of market value in order to remain affordable for people that are eligible for both the NT common waiting list and the eligibility guidelines for NRAS. If future NRAS properties are developed in a location where the market rent is not so high then Venture Housing may be able to charge a greater proportion of market rent without compromising affordability.

setting market rents in remote areas, where there may be limited data on which to base an assessment of market rent. This is also the case for Indigenous owned and managed land.

There is no articulated Territory-level policy that sets out how not-for-profit housing providers should set rents. Generally, NT not-for-profit housing providers set rent at 25% of a tenant's income plus 100% of CRA. There exists, however, considerable variation in rent setting practices. For example, a number of organisations set rent at a proportion of an individual's income (rather than a proportion of household income). In another variation, some Indigenous Community Housing Organisations calculate and charge rent according to the number of eligible occupants in a dwelling, rather than the assessed market rent. As a result, in some instances tenants of a dwelling may collectively pay more than market rent for one house. This can be thought of as akin to a 'bedroom tax'.

4 Discussion / conclusion

In most jurisdictions eligibility for social housing provided by CHPs is either the same or similar to public housing criteria. There are a number of variations.

- Victorian providers that own their own housing funded or transferred from the Victorian Government take up to 50% of their tenants from the public housing waiting list. Eligibility for other tenants is considerably broader, and this reflects the need to internally cross-subsidise those tenants on very low incomes by housing others that pay more rent, and thus increase providers' income streams.
- Eligibility criteria for social housing provided by CHPs in Tasmania are variable, and dependant on individual contractual arrangements between providers and Housing Tasmania. This is addressed in detail above in section 3.5.
- Affordable housing, mostly NRAS-funded, almost exclusively use the same eligibility criteria in all jurisdictions, i.e. the national NRAS eligibility guidelines.

In jurisdictions that have vertically integrated social housing systems, such as Queensland or the ACT, all social housing allocation is conducted centrally, and public and community housing tenants are likely to have similar incomes and needs and have a high level of housing need. Despite the more decentralised approach in South Australia (and the fact that there are different Housing Registers for public and community housing), all new offers of housing by housing associations are to people in the most need.

Differences in tenant allocation between community and public housing are more apparent in other jurisdictions such as NSW, Victoria, and Tasmania. In NSW, for example, new community housing tenants must be eligible for public housing, but they do not have to come from the 'top' of the waiting list. Although tenants are drawn from a common list, allocation is the responsibility of individual providers. Where they are not required to provide housing to tenants from the public housing waiting list, Victorian CHPs operate their own waiting lists or allocation policies.

Tasmanian providers also use a variety of allocation systems when they are not housing people directly from the common social housing waiting list.

Organisations from across the country who were contacted during this research generally felt that the NSW allocation system offers the best mix: it avoids duplication by offering a 'no wrong door' approach to application and a common IT system accessible by all social housing providers. Providers' independence is maintained by being able to conduct their own allocations, however they are held to account for these practices by a strong and well-resourced regulator.

In all jurisdictions except South Australia and Queensland, organisations operating NRAS-funded housing are responsible for their own tenant allocation. Rather than operating a waiting list there is a growing trend to advertise vacancies as they arise, usually on mainstream real estate websites.

Following the 2009 COAG agreement to do so, allocation systems for public and community housing are now integrated across the country. These reforms have, however, been implemented in a wide variety of ways ranging from highly integrated systems (QLD), creating only a common waiting list (NSW), multiple lists (SA), and systems where only a portion of allocations must come from a common list (Victoria). In some instances the entire sector is covered (Queensland, New South Wales, Australian Capital Territory, South Australia, Northern Territory) and other systems only cover certain providers (Victoria, Tasmania, Western Australia). This diversity of systems presents an opportunity to compare and contrast these different systems over time.

Based on anecdotal feedback from research participants, the Queensland and New South Wales allocation systems are transparent, and stakeholders are clear about how they work. There are some concerns about the Australian Capital Territory's Social Housing Register, although the system is newer than both Queensland and NSW, and the ACT Government and CHPs have both acknowledged that there are some issues that need to be resolved, including access to information about prospective tenants and the inability of some specialist providers to build relationships with tenants prior

to making an offer of housing.⁷⁰ Some concerns about the South Australian Register system have been raised, including potential complexity for prospective applicants regarding which list to apply for and how to go about applying for multiple lists. The Joint Wait List in Western Australia appears to be working well. Although it does not cover all providers, it covers all of the larger organisations.

The wide variety of allocation systems used in Tasmania is difficult to understand for tenants and other stakeholders alike, and not clearly described or documented by the Tasmanian Government. Many Tasmanian CHPs operate multiple eligibility, allocation, and rent setting policies within the one organisation, depending on funding sources and contractual obligations with the Tasmanian Government.

Due to significant variations in how allocations systems are integrated (or not) across the country it is not possible to establish universal benchmarks for best practice nationally. What might be best practice in a highly integrated system such as Queensland's would be irrelevant to NSW providers who operate with only a common waiting list, not a common allocation process.

Despite some variances in both policy and practice around the country, rents for social housing provided by CHPs are generally set at 25% of income plus CRA. Community housing providers in Victoria have the most discretion in this regard: for dwellings where funding or capital has been provided by government organisations are able to set rents either at 30% of income plus CRA or adopt their own rent setting structure altogether, depending on tenants' income. Victorian CHPs may also be facing greater financial challenges than those in other jurisdictions because of the high levels of debt carried by many housing associations due to the equity contribution arrangements that were required for organisations that received funding through the Nation Building and Jobs Program economic stimulus funding.

There are differences across the country regarding what is actually counted as income. Organisations in most jurisdictions do not include a number of payments and supplements when calculating 25% of income. Most notable is the Family Tax Benefit, of which only 15% is usually counted as income and charged in addition to 25% of

⁷⁰ ACT Shelter (2012) "The ACT Social Housing Register: Impacts on the community housing sector and proposed improvements" Canberra

other income. This is an area where there is considerable scope for convergence, both within jurisdictions and nationally. In Western Australia the proposed rent setting policy is for all sources of income to be counted when calculating rent. This will simplify rent structures and also provide some additional income for housing providers, while maintaining affordability for tenants.

People contacted as part of this research noted that the current rent setting approaches (coupled with the various allocation practices) provide enough income to maintain organisational sustainability. Crucial to this, however, is ongoing access to CRA by community housing tenants, which adds around 50% to rental income across a providers' whole operation over and above what would be received if rents were not optimised for CRA.

Indeed, a forthcoming report from National Shelter that looks at the financial impacts of asset transfers from public to community housing⁷¹ found that social housing rents are typically enough such that organisations are not only viable, they also allow for some debt to serviced.⁷²

The viability of the community housing sector is determined tangentially by welfare policy. An increase in CRA, for instance, would mean an increase in rental income for CHPs, and also an increased capacity to support people with very high needs or to raise finance and service debt. Likewise, if a significant number of people on Disability Support Pensions were shifted to the lower Newstart benefit, this would mean a reduction in rental income. From a financial standpoint there is a disincentive to take on tenants on lower paying benefits (and especially tenants that are not eligible for CRA). Organisations participating in this research nonetheless indicated that they are not willing to turn tenants away on this basis. Importantly, a number of people that participated in this research commented that another way of viewing the relationship between welfare policy and housing policy is that social housing systems

⁷¹ Ferrer and Crawford (2014, forthcoming) "Financial impacts of asset transfers from state / territory governments to community housing organisations" National Shelter

⁷² It is important to note that leveraging potential depends on a wide range of factors. These include, but are not limited to: the amount of non-housing support provided, the condition and type of existing dwellings (and therefore maintenance liabilities), and the type and cost of new dwellings developed or purchased using debt finance.

are in fact 'propping up an inadequate welfare system' by offering such heavy subsidies on the most expensive cost for households, i.e. housing.

Australia is unusual among advanced countries in expecting the cost of rent subsidies to be met from the internal revenues of housing providers. In most countries these are met by an explicit subsidy.⁷³ Although some CHPs receive an ongoing operational subsidy from their state or territory government, this is not generally the case.⁷⁴ Commonwealth Rent Assistance was never intended as an operating subsidy for not-for-profit housing providers, but has effectively become one over time. This has been driven in large part by explicit policies of state and territory governments that require CHPs to set rents that maximise a tenants' CRA payment. The lack of a specific operating subsidy within the National Affordable Housing Agreement has also meant that over time funding from the Agreement (and its predecessor, the Commonwealth State Housing Agreement), which is paid to state and territory governments, has been used to help reduce operating deficits of public housing systems, rather than as capital funding to build new housing stock.

Rents in almost all social housing provided by CHPs are income-based. This has a number of advantages and drawbacks. The major benefit of this approach is that it assures rents are affordable to tenants. It can, nonetheless, create complexity for both providers and tenants. Complex household structures, especially where there are multiple income earners or people on fluctuating incomes, can create an administrative burden for providers and confusion and uncertainty for tenants. The Build and Grow strategy for Aboriginal Housing Providers in NSW, discussed above in section 3.2, offers an innovative solution that provides greater financial certainty to providers and is easier to administer. It is also much simpler for tenants, and a more equitable method for setting rents for households whose size might fluctuate. Anecdotal reports indicate that this strategy is well received and may prove beneficial for adoption in other jurisdictions.

⁷³ 99 Consulting (2012:1) "Rent Setting for Social Housing" Unpublished report for Tenants Union of Queensland, Brisbane

⁷⁴ This does not refer to the South Australian practice whereby CHPs receive an allowance from the State Government. In almost all cases providers receive more in rental revenue than from these allowances, meaning they passing on a subsidy to the SA Government.

Providers that participated in this research universally commented that income-based rents offer a viable income stream, but that being able to optimise these rents for CRA is crucial to maintaining a sustainable income stream.

The fixed rents offered in affordable housing reduce complexity, but do not guarantee affordability in the event that a household's circumstances change. Adoption of a UK-style Housing Payment that bridges the gap between what a tenant can afford and the cost price of managing affordable housing is worth investigating in an Australian context. Rather than making such a major change to the current system in Australia, a more incremental approach to reform could be adopted that would still provide local control over policies and procedures at both jurisdictional and / or provider levels. One such approach would be to provide a CRA-equivalent payment directly to housing providers. This would be revenue neutral. This could be provided for all tenants on low incomes, including those currently ineligible for CRA.⁷⁵ It would be easier to administer for both governments and tenants than the current practice of setting rents that maximise CRA.

Another option would be to offer financial incentives for tenants to downsize. Both the Queensland and New South Wales state governments have canvassed instituting a 'bedroom' tax on 'over-occupied' dwellings. CHFA acknowledges that many tenants with 'spare' bedrooms do in fact require this space.⁷⁶ Further, there is a solid body of evidence about the benefits of 'putting down roots' in a community.⁷⁷ Nonetheless, the Industry Commission's 1993 proposal to vary public housing rents according to amenity⁷⁸ may present a model that could be adopted by community housing providers. At this stage, only providers in Victoria, Tasmania and the Northern Territory would have the latitude to adopt such an approach.

⁷⁵ In order to maintain cost neutrality this would require providing a slightly lower payment per tenant in order to accommodate the relatively low number of existing and potential tenants that are not eligible for CRA.

⁷⁶ Bruce Judd from UNSW has authored a number of papers looking at under occupancy by older Australian home owners, and found that, contrary to many peoples' perceptions, most older home owners are still using all of the space in their houses.

⁷⁷ See for example Netbalance (2011) "The Social Value of Community Housing in Australia" Melbourne

⁷⁸ Industry Commission (1993:81-86) "Public Housing" Commonwealth of Australia, Canberra

Assessing the financial and social impacts of variations in rent setting policy would require financial modelling beyond the scope of this report. Any proposal for a new rent setting system will inevitably involve leaving some tenants better or worse off than they presently are. Determining the degree of dis/advantage to tenants and the benefits or otherwise to providers of different rent setting models requires complex financial modelling. Such quantitative research is necessary to ascertain an equitable and fair benchmark for policy development that strikes a balance between affordability for tenants, organisational viability, and expectations of SHAs regarding leveraging of any asset transfers (i.e. the level of debt that can sustainably be serviced by providers).

Much of this work is being conducted, but it is being done by individual housing providers, either for internal purposes or as part of a tender process for asset transfers of public housing stock.

Another way of gathering data on rent setting models would be to conduct research on the impacts of the various models that are currently being used. Victoria would be an especially interesting state in which to conduct such research, as there are a number of large and sophisticated housing providers that have adopted different approaches to rent setting within the broad framework allowed by their regulatory system.