

Addendum 1 to Community housing rent policy

Community Housing

Rent Procedure for General Tenancies



Government
of South Australia
SA Housing Authority

Procedure details

Addendum 1 – Community Housing Rent Procedure for General Tenancies version 2

Name of applicable policy: Community housing rent policy

Policy Author: Monique Pringle

Date of review: 6 April 2021

Next review date: April 2023

Overview of changes and development

Sections 4, 7.1, 7.2.4, updated to include the moderate income rent calculation method, where tenants meeting two criteria are charged 30% of assessable income instead of 25%. Implementation schedule outlines that increases start at 26% from 1 July 2021, and increases at 1% of assessable income twice a year in 2022 and 2023.

Section 7.2.22 clarified to say that CRA is included only where the tenant receives it, and to note by assessing both a Department of Veteran's Affairs (DVA) Service Pension and a DVA Totally and Permanently Incapacitated pension (2 deemed amounts) this section differs from public housing policy which only assesses 1 DVA pension.

Section 9.1 and 9.2 Additional Services Levies (ASLs) – clarification that moderate rent plus ASLs are not permitted to be more than 30% of assessable income, and that community housing providers are responsible for statutory charges eg council rates, land taxes (ie cannot charge an ASL for these).

Section 9.3 clarifies that Water Use Charges are not Additional Services Levies, and explains how to treat water use charges.

Section 11.5.1.1 changed from specifically capping to a requirement to include some meaningful measures to limit the impact of rent increases on tenants (for example capping at \$10 increase per six months or implementation of rent increases at 1% of income each six months).

References to Newstart Allowance changed to JobSeeker Payment.

Approval

Director, Business and Partnerships:

Angela Allison

20 April 2021

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1 Purpose

This procedure explains how to charge rent for a “General Tenancy Type” within community housing (refer to [Community Housing Rent Policy](#) section ‘Policy Details’).

2 Scope

This Rent Procedure applies to:

- General Tenancy Types under the [Master Agreement](#),
- New Tenants (Tenancy Type 3) assigned a General Tenancy Type under the Renewing Our Streets and Suburbs (ROSAS) Housing Transfer Management Deed; and
- New Tenants (Tenancy Type 3) assigned a General Tenancy Type under the Better Places Stronger Communities (BPSC) Housing Transfer Management Deed;
- Any other program which specifically refers to this procedure.

unless the tenant receives Specialist Disability Accommodation funding from the NDIS, in which case the [Community Housing Rent Procedure for NDIS-SDA Tenancies](#) applies.

This Procedure does not apply to Supported and Affordable Tenancy Types, nor does it apply to rents charged in leased programs such as [Disability Housing Program or Transitional Housing Program](#).

General Tenancy Types are most likely to occur in properties designated as SACHA Funded Assets (formerly known as debentured stock) under the Master Agreement, however under a portfolio approach General Tenancy Types could occur in any property type under the Master Agreement.

3 Context

This procedure fits in a suite of rent management documents:

- Community Housing Rent Policy (a Core Operating policy)
- Addendum 1: Community Housing Rent Procedure for General Tenancies
- Addendum 2: Community Housing Rent Procedure for Supported Tenancies
- Addendum 3: Community Housing Rent Procedure for Affordable Tenancies
- Addendum 4: Community Housing Rent Procedure for NDIS-SDA tenancies

which are all available online under Core operating policies and procedures at <https://www.sa.gov.au/topics/housing/public-and-community-housing/community-housing-organisations/managing-a-community-housing-organisation/community-housing-agreements>

All community housing providers are required to:

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- have and operate by a publicly available rent policy which aligns with the above linked Community Housing Rent Policy and associated Procedures and the [Residential Tenancies Act 1995](#).
- make the community housing provider rent policy available to tenants when they are allocated a property (either a hard copy or a link to a webpage).

Community housing providers with only General Tenancy Types do not need to have a separate rent policy but must make this Community Housing Rent Procedure for General Tenancies publicly available.

Compliance with the suite of Community Housing Rent Policy documents is a key requirement of all Agreements and Deeds between the SA Housing Authority and community housing providers. To ensure ongoing compliance with policies and procedures, SA Housing Authority will employ a variety of approaches, which may include:

- regular audits of community housing providers,
- matching to data submitted as part of the Annual AIHW Data Collection and other reports.

4 Rent setting overview for General Tenancies

To be eligible to be assigned to a General Tenancy Type, tenants must meet the [SA Housing Authority Eligibility Criteria](#) and the [income, assets](#) and/or [needs test](#) as defined in the [Community Housing Eligibility Policy](#) and [Eligibility Guideline](#) (see Core Operating policies)

Community housing General Tenancy Types are charged either:

- Income based rent if eligible (refer to [section 7 Income Based Rents](#)); or
- Market Rent¹ (plus ASL) if ineligible for Income Based Rent (refer to [section 6 Market Rents](#)).

For income based rent, the rent charged is based on either 25% or 30% of assessable income (starting at 26% from 1 July 2021 – details below), depending on whether the household income is considered low or moderate-high.

1. Low income households are assessed at 25% of the tenant's total assessable household income. In these circumstances Income based rent is calculated at:
 - Up to 25% of assessable household income (see below), plus
 - Additional Service Levy (ASL) plus

¹ Market Rent is the dollar amount set by the Valuer-General or an independent Valuer that is an indicator of what the market would pay. Valuer General valuations are calculated based on capital value, number of bedrooms, and bonds returned through the South Australian Civil and Administrative Tribunal (SACAT). See section 6.2 [Determining Market Rents](#) for more details.

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- 100% of Commonwealth Rent Assistance (CRA) which the household is eligible to receive.

The rent charged must be no more than 30% of assessable household income, up to a maximum of Market Rent plus ASL.

2. Moderate and high income households are assessed at 30% of the tenant's total assessable household income - (stepped implementation for eligible tenants at 1% every six months, starting with 26% from 1 July 2021) (details are in section 7.2.4).

A tenant has a moderate household income if both the below apply:

- their total assessable household income before tax is equal to or more than the [moderate rent limits](#)
- the tenant or their partner don't receive an [income support payment](#) from Centrelink or Department of Veterans' Affairs.

As of 1 July 2021, the percentage of total assessable household income before tax used to calculate rent is:

- 26% of the tenant's total assessable household income, plus
- Additional Service Levy (ASL), plus
- 100% of Commonwealth Rent Assistance (CRA) which the household is eligible to receive.

Even where ASLs already take the total rent to 30% of income, no more than 30% of income is to be charged, up to Market Rent plus ASL.

Rent increases by 1% of the tenant's total assessable household income before tax twice a year in line with scheduled rent reviews in 2022 and 2023.

Increases occur until the percentage of total assessable household income before tax used to calculate rent is 30% in 2023. Tenants are not charged 30% of assessable income before Sept/Oct 2023.

If there is a change in the tenant's household income, rent is assessed either:

- at the rate that applied at the most recent increase, if they have a moderate income
- in line with this policy if they no longer have a moderate income.

If a new tenant is allocated after 1 July 2021 and they have a moderate household income, their rent is assessed at the rate that applied at the most recent increase.

Details on [Moderate rent charges including stepped implementation table are at 7.2.4](#)

Not all income is assessable. Assessable and non-assessable income types are specified at <https://www.housing.sa.gov.au/about-us/policies/assessable-types-of-income>

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“Up to 25%” of assessable income recognises that:

- Some assessable income types are assessed at 15% and some not assessable
- There are some circumstances where income is assessed at less than 25% (for example very low income households are assessed at 21%).

4.1 Charging less than the Rent Payable prescribed by this procedure

Community housing providers have flexibility to charge less than, but no more than, the rent that would apply through the application of this procedure (i.e. Market Rent or Income Based Rent).

For example CHPs may reduce the rent to whatever amount they choose, based on the tenant’s circumstances. For example, they may choose to charge 74.9% of Market Rent (in all or selected circumstances) in consideration of the organisation’s charitable status and GST exemptions (see [Section 6](#)). This could however create a disincentive for tenants to move on to alternative housing where that might be an affordable option for them. Use of this option is therefore to be applied with discretion, and only where CHPs have a pro-active program to identify and encourage tenants to move out of community housing where that is a viable option for them.

5 Determining whether Market Rent or Income Based Rent applies

Tenants will be charged a Market Rent (plus ASL where applicable), unless they are eligible for an Income Based Rent.

5.1 Eligibility for Income Based Rent

Most households that meet the [eligibility criteria](#) for community housing will be eligible for an Income Based Rent at the time of allocation, provided they provide evidence of all household income. A tenant on a Market Rent may apply for an Income Based Rent at any time during their tenancy.

An Income Based Rent may only be charged instead of the Market Rent if:

- The tenant meets eligibility criteria for community housing as per Eligibility Policy;
- The tenant provides proof of all household income as requested, and
- The Income Based Rent is lower than the Market Rent.
- Once they are charged an Income Based Rent they:
 - Continue to provide proof of household income as part of a normal rent review or as specifically requested;
 - Advise the community housing provider of any change in household or household income of \$20 or more per week within 14 days; and
- Providing evidence of their household or a household member’s income when asked by the community housing provider.

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If there is any doubt about the [accuracy or validity of proof of income](#) submitted by a household applying for an Income Based Rent, then:

- The household may be requested to provide further verification of their income as necessary, and
- Income Based Rent cannot be applied until this occurs, and Market Rent will be applied.

Details about assessing eligibility including proof of income and proof of identify are located at <https://www.housing.sa.gov.au/about-us/policies/proof-of-income,-identity-and-rent>

Community housing providers are encouraged to use Centrelink's Income Confirmation Service where the tenant has provided consent, to support the income verification process.

Ongoing eligibility for an Income Based Rent will be assessed at regular Rent Reviews to be scheduled by the CHP (see section 11.1 [Scheduled Rent Reviews of Income Based Rents](#)).

Households which become ineligible to remain housed in a community housing property according to the Eligibility Policy and/or their Tenancy Agreement (for example, they become property owners, or sublease a property without permission) are no longer eligible for Income Based Rent, and will be charged Market Rent until they become re-eligible for housing. This does not include tenants whose income drops below an independent income level (defined as income earned which is equivalent to the maximum Centrelink payment applicable to the individual's age and circumstances). These tenants will be charged rent assessed on a deemed Minimum Income as per section [7.2.5 Minimum Income](#).

5.2 Property Owners

As per the Eligibility Procedure, registrations of interest for community housing will generally not be accepted when any member of the household has an interest in property.

If a person living in the household does have an interest in property, the person is expected to take reasonable steps to dispose of the interest in property and, if they fail to do so within the set time, a Market Rent will be applied.

A Market Rent won't be applied where the person can provide evidence that:

- they're unable to dispose of the interest
- their financial institution refuses to refinance the property
- the cost of disposing of the interest (for example removing their name from the title), is greater than the value of the interest and the interest has minimal value
- the property is unlikely to sell within a reasonable time or at a reasonable price – e.g. country areas
- joint owners won't co-operate in the disposal of the interest without court intervention
- the interest is in property that's deemed uninhabitable
- the interest is affected by a life estate, meaning another person is legally entitled to live in the property for the duration of their lifetime.

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6 Market Rents

6.1 Rent Payable under Market Rent Situations

If the tenant is to be charged a Market Rent, their Rent Payable will comprise:

- The Market Rent component plus
- Any applicable Additional Service Levies (see section 9 [Additional Service Levies](#)).

6.2 Determining Market Rents

Market Rents are set by a valid Market Rent Setting process. Options include:

- 1) The Valuer-General annually calculates these Market Rents based on suburb, capital value and number of bedrooms, and bonds returned through the South Australian Civil and Administrative Tribunal. These Market Rents for individual properties are advised to community housing providers at the beginning of each financial year via a property listing showing the Capital Value and Market Rent for each property (and also Equity Values where applicable). CHPs can then update their systems for rent calculation and rent review purposes using Valuer-General figures.
- 2) Independent valuation using a method endorsed by the relevant professional association of valuers or adopted by suitably qualified valuers.

CHPs must use either of the above two methods to determine market rents. However CHPs may choose to charge less than market rent (see section 4.1) to satisfy charity status and ATO tax requirements (for instance under current tax rulings, rent must be set below 75% of the market rent to be non-commercial and therefore GST-free).

Note that ATO benchmarks are an approximate value set for ATO purposes not for genuine market rent purposes. ATO benchmarks are not particular to the property/street/condition of a property, and may be higher than actual market rent for a specific property. ATO benchmarks are therefore not an acceptable methodology for determining a market rent for the purpose of calculating rent to be charged under this policy.

6.3 Rent Reviews for Tenants on Market Rents

Tenants on Market Rents may have their rents reviewed and potentially adjusted in any of the following circumstances:

- Change of household circumstance (refer [section 11.3](#))
- Regular scheduled review by the CHP (see [section 11](#))
- Upon change of Market Rent (refer [section 6.2](#)).

Refer to [section 11](#) for more information on rent reviews and for passing on changes in rent charges.

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6.4 Querying Market Rent

Community housing providers (not individual tenants) may query an individual Market Rent advised by the Valuer General. Tenants who query Market Rents to Industry Partnerships will be directed to their community housing provider.

If evidence to support a claim of a more appropriate rent valuation can be provided, the community housing provider may query the Market Rent using the Market Rent Query Form located at <https://www.sa.gov.au/topics/housing/public-and-community-housing/community-housing-organisations/managing-a-community-housing-organisation/rent-management>.

Where the above occurs, SA Housing Authority will review the rent based on the evidence provided, and where necessary liaise with the State Valuer-General². If a new Market Rent is adopted, it must be approved by SA Housing Authority, and applied as follows:

- If the new revised Market Rent increases³, the increase in rent payable will apply 60 days after the notice of the increase is given to the tenant (i.e. it will not be backdated). Capping applies where the tenancy within the community housing sector began prior to 1 March 2014, as per section 11.5.1.4 [Passing on Rent Increases in Increments \(Capping\)](#); also see Appendix 1; and <https://www.sa.gov.au/topics/housing/public-and-community-housing/community-housing-rents-and-other-charges>
- If the new revised Market Rent decreases, the decrease in rent payable will apply from the next rent period after the date the Market Rent was first queried by the tenant (e.g. with SA Housing Authority) (i.e. it will be backdated).⁴

6.5 Determining Market Rent for New/Upgraded Properties

Interim Market Rents for new properties which enter the community housing system throughout the year, or for properties which have been substantially upgraded, will be determined by SA Housing Authority.

The interim Market Rent is based on the Capital Value which will be assessed as follows:

- Purchased properties (including purchases from SA Housing Authority) – Capital Value is assessed as the purchase price of any property plus the cost of any upgrades provided.
- New build properties – Capital Value is assessed at practical completion either by an independent market valuation, or based on all costs associated with the new build (land and building.)

² Where a rent is reviewed, the property will be considered to have the number of bedrooms that were intended as part of its built structure, not how the tenant may currently use these rooms (i.e. a bedroom being used as a study or storage room will be considered to be a bedroom).

³ Note that irrespective of the reason for the review, a higher or lower Market Rent may be set, depending on the circumstances of the review.

⁴ If the tenant receives CRA, Centrelink must be advised where this occurs, as this decrease will impact on the amount of CRA paid to the tenant.

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Where either of the above is considered to be inappropriate, SA Housing Authority may modify the interim Market Rent, based on rents in the wider rental market.

Once an interim Market Rent is determined, it will be formally updated by the Valuer-General the following year as per normal provisions for reviewing Market Rent.

If evidence to support a claim of a more appropriate rent valuation can be provided, the community housing provider may query the Market Rent using the Market Rent Query Form located at <https://www.sa.gov.au/topics/housing/public-and-community-housing/community-housing-organisations/managing-a-community-housing-organisation/rent-management>.

7 Income Based Rents

7.1 Rent calculation steps for Income Based Rents

The steps involved in calculating Income Based Rent are as follows.

- **Base Charge** for most tenants = Up to* 25% of assessable household income, up to a maximum of Market Rent, minus Investment Share (Equity) percentage (if applicable, see section 8.4, also see the *Deed between the Tenant, the CHP and SACHA*, section 3.2), plus any applicable Additional Services Levies up to a maximum of 30% of assessable household income (see [section 9 Additional Services Levies](#)).
 - * 21% applies where a household is a very low income households, that is, earns less than the maximum rate of JobSeeker Allowance (section 7.2.4 [Very Low Income Households](#))
 - * 30% **only** applies for eligible moderate and high income households (section 7.2.4 Moderate and High Income Households), starting at 26% in July 2021, increasing at 1% intervals every 6 months until a 30% charge is reached.
 - * Minimum Income provisions may apply for some households (section 7.2.5 [Minimum Income](#))
- **Assessed Rent** = Base Charge plus 100% of eligible Commonwealth Rent Assistance (see [section 10 CRA](#)), where the Base Charge excluding any levies plus Commonwealth Rent Assistance has a maximum of Market Rent. If the Market Rent maximum applies, Assessed Rent is Market Rent plus any Additional Services Levies, as applicable.
- **Rent Payable** will be:
 - For New Tenants and Existing Tenants not currently capped (section [11.5.1.4](#)), Rent Payable is the Assessed Rent
 - For Existing Tenants who are capped at the point of assessment or who will have capping applied, the Rent Payable will be the lesser of:
 - previous Rent Payable plus \$10
 - OR
 - Assessed Rent.

The weekly Rent Payable is calculated to the nearest 10 cents (after any applicable levies have been applied).

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Rent assessment advice to tenants charged an Income Based Rent should include the Market Rent, Assessed Rent, any levies (including a description of the levy(s) amount and purpose), and Rent Payable.

The Rent Payable amount is recoverable through the South Australian Civil and Administrative Tribunal (SACAT).

Other terms used in this procedure:

- **Rent Allowance** = the discount due to rent being capped i.e. the difference between Assessed Rent and Rent Payable. The Rent Allowance will be zero for instances where capping does not apply.

7.2 Assessing Income for Income Based Rent

7.2.1 Income of Household Members

Income Based Rent is assessed using the gross assessable income of all persons in the household who receive, or are entitled to receive, an income (earned and non-earned). This includes:

- The tenant(s)
- Partner, children, and other relatives
- Friends, associates, and other household members.

The person(s) named on the Tenancy Agreement is/are responsible for obtaining appropriate proof of income from household members for Income Based Rent assessment purposes.

7.2.2 Assessable and Non-Assessable Income

Not all income sources are assessable. Of those that are assessable, most are assessed at 25%, but some are assessed at 15% (see Section 7.2.16 [Payments to Parents for Children](#)). Many special purpose allowances are not included when calculating rent. Excluded payment types include Carer Allowance, Carer Supplement, Child Care Benefit, Clean Energy Supplement, Cost of Living Concession, Mobility Allowance, Veterans Affairs Disability Allowance, Pension Supplement, and the GST component of pensions and allowances.

For a complete list of assessable and non-assessable payment types, refer to the website: <https://www.housing.sa.gov.au/about-us/policies/assessable-types-of-income>

Note: For income that is not specifically listed as assessable or non-assessable, please contact housingpolicy@sa.gov.au for further advice.

7.2.3 Proof of Income

Tenants need to provide [proof of income](#) that is less than two weeks old for everyone in their household aged 16 and over (unless they are providing a tax return as proof of income). Proof of income details are located at <https://www.housing.sa.gov.au/about-us/policies/proof-of-income,-identity-and-rent>

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Examples include:

- Completed [ICS forms](#) for household members who don't already have an active ICS consent;
- Payslips or Centrelink statements, less than two weeks old for everyone who doesn't have active Income Confirmation Service (ICS) consent.

Where income fluctuates refer to section 7.2.6 for proof of income requirements.

Self Employed tenants must provide a copy of their most recent tax return showing their total business income before tax minus expenses. Only if a tenant has a new business and has not yet lodged a tax return; then one of the following documents is allowed:

- A statutory declaration estimating the annual net business income
- A letter from a certified practising accountant or registered tax consultant showing the tenant's personal total weekly or annual income before tax.

Where a tenant claims that a proof of income submitted (e.g. Centrelink assessment of interest received) does not reflect actual income received, the tenant must take the issue up with the relevant body which provided the documentation and seek to obtain modified documentation. In these cases, the documentation originally provided by the relevant body will continue to be used for rent assessment until any modified documentation is provided.

7.2.4 Moderate and high income households

From 1 July 2021, General Tenancy households with a moderate income will pay 26% of their assessable household income in rent. This will be increased at 1% increments each 6 months as outlined below, until 30% is reached in 2023.

A tenant has a moderate household income if both the below apply:

- their total assessable household income before tax is equal to or more than the [moderate rent limits](#) (available at housing.sa.gov.au and background details below).
- the tenant or their partner don't receive an [income support payment](#) from Centrelink or Department of Veterans' Affairs.

Current income support payments from Centrelink and the Department of Veterans' Affairs are in the table below.

Primary Centrelink Benefits exempting tenant and/or tenant partner from paying 30%	Primary Veterans Affairs payment exempting tenant and/or tenant partner from paying 30%
<ul style="list-style-type: none"> • JobSeeker • Parenting Payment • Youth Allowance • Austudy • Abstudy • Disability Support Pension 	<ul style="list-style-type: none"> • Age Service Pension • Invalidity Service Pension • Partner Service Pension • Social Security Age Pension • War Widows Pension / War Widowers Pension

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<ul style="list-style-type: none"> Youth Disability Support Pension Supplement Aged Pension Carer Pension Widows Allowance Sickness Allowance Special Benefit Wife pension (AGE) or (DSP) 	<ul style="list-style-type: none"> Totally and Permanently Incapacitated Pension
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Where an ASL is charged, the total rent charged must be no more than 30% of assessable household income. Assessable and non-assessable income types are listed at <https://www.housing.sa.gov.au/about-us/policies/assessable-types-of-income>

Background details - Defined income limits for moderate rent threshold

Community housing providers can refer to the defined limits for a moderate rent threshold at [housing.sa.gov.au](https://www.housing.sa.gov.au) (will be updated twice a year).

The limit that should be applied to the total assessable household income is determined by the number of adults and children in the household. These limits are calculated using the ABS figure from '6302.0 - Average Weekly Earnings, Australia (TABLE 13D. Average Weekly Earnings, South Australia).

The Average weekly earnings figures are multiplied by set percentages as per the table below to account for the number of people in a household and reflect the income of households above the moderate income threshold.

Household Type	% adjustments to 'average weekly earnings per social housing income eligibility limits
1 adult	45%
1 adult, 1 child	55%
1 adult, 2 children	65%
2 adults	70%
2 adults, 1 child	80%
2 adults, 2 children	90%

Implementation of moderate rent rates

All tenants eligible to be charged the moderate rent rate will be charged 26% from 1 July 2021, increased by 1% according to the schedule below, until the rate is 30% in 2023 (tenants are not charged 30% of assessable income before Sept/Oct 2023).

If there is a change in the tenant's household income, rent is assessed either:

- at the rate that applied at the most recent increase, if they have a moderate income
- in line with this procedure if they no longer have a moderate income (for example, if the tenant's household income changes and it's less than moderate rent limits, their rent is assessed at 25% of their total assessable household income before tax).

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If a new tenant is allocated after 1 July 2021 and they have a moderate household income, their rent is assessed at the rate that applied at the most recent increase.

[Section 11.5.1](#) details requirements to notify tenants when a change in rent methodology occurs. [Section 11.5.1.1](#) notes for changes in rent due to a change in government policy, a meaningful measure to limit impact on tenants is required. For moderate rent implementation, increments of 1% of assessable income are being applied, instead of capping at \$10 per week.

Assessment Rate Stage/Date	Rent as a proportion of assessable household income
Current	25%
From 1 July	26%
From April 2022	27%
From Sept/October 2022	28%
From April 2023	29%
From Sept/October 2023	30%

7.2.5 Very Low Income Households – less than JobSeeker Allowance

Households which have a total assessable income less than the net⁵ current weekly rate of JobSeeker Allowance for a single person with no children, the Base Charge is assessed at 21% of the household's assessable income instead of 25%.

These households will generally be single students on Youth Allowance or low wages. Also refer to section 7.2.19 [Income of Students Living Independently](#).

If the tenant's income changes to equal to or greater than the JobSeeker rate then the rent will be charged at 25% of assessable income.

7.2.6 Minimum Income

Where proof of receiving no or very minimal income is provided to the community housing provider, the household occupant will then be considered to receive a 'minimum income' for rent assessment purposes.

The minimum income will be determined by deeming the tenant to have an income equivalent to the maximum Centrelink payment appropriate to their age and/or circumstances.

Current Centrelink rates are available at <https://www.humanservices.gov.au/>

Rent will be charged at 25% of deemed income if their deemed income is at JobSeeker Allowance rate or higher, and at 21% if their deemed income is lower than JobSeeker (see section 7.2.4 [Very Low Income Households](#)).

Family Tax Benefits received by tenants on Minimum income **will not** be assessable.

Where the tenant is ineligible for CRA the community housing provider **cannot** claim it in the rent assessment.

⁵ Minus GST compensation and rounded down to the nearest dollar

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Examples of where a tenant may be able to demonstrate minimal or no income include:

- self-employed trader who, in accordance with Income Tax Legislation, can claim business expenses which may confirm no visible income and in some cases a low income for the trading year; and
- a Centrelink beneficiary who loses Centrelink payments as a result of transferring to an area with little employment prospects or for some other reason.

While minimum income is based on payments for which the household occupants would normally be eligible, this does not include Family Tax Benefits paid for children. For example, minimum income for a couple with 2 small children would be based on Couple JobSeeker rate being received by each household occupant, but would not include Family Tax Benefits that each household occupant may be eligible to receive.

The critical part to how Minimum income or Very Low Income Households is applied to tenants relates to the person and what payment they would be eligible for with Centrelink.

If they earn less than the JobSeeker rate but would normally be eligible for JobSeeker rate they are charged 25% of the JobSeeker rate (or Aged Pension).

If they earn less than the JobSeeker rate but aren't normally eligible for JobSeeker, then they are charged a minimum 21% of the Centrelink rate – eg Youth Allowance.

For example

Customer A: Tenant is self-employed earning \$230 per week. They are 30, single and would be eligible for JobSeeker with Centrelink. The minimum rent applied is 25% of *JobSeeker rate* (currently \$277.42 assessable income per week). Rent charged = \$69.35 per week

Customer B: Tenant is self employed earning \$190 per week. They are 21, single and living away from home and are eligible for Youth Allowance. The very low income rent is applied at 21% of *the Youth allowance rate* (currently \$226.81 assessable income per week). Rent charged = \$47.60 per week

Customer C: Tenant is self employed earning \$230 per week. They are 21, single and living away from home and are eligible for Youth Allowance. The very low income rent is applied at 21% of their income of \$230. It's charged on the *actual income amount* because their income is above the Youth allowance rate, but is still short of the JobSeeker rate. Rent charged = \$48.30

For rent assessment purposes, there are some situations where the original benefit rate that the household occupant is entitled to (but is not receiving in full) will be used as their

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assessable income. In other situations, the genuine lower income amount is accepted as assessable income.

Where Minimum Income provisions do apply

If the household is a couple with incomes from different sources (e.g. one household occupant is in receipt of an income, and the other household occupant is eligible for an income, for example Centrelink benefit), and the household occupant who is eligible chooses not to receive an income, they will be considered to receive a 'minimum income' and be assessed against the relevant Centrelink rate applicable to their circumstances. See example below.

For example:

Customer D: Tenant couple. Partner 1 earns a wage of \$350 per week. Partner 2 chooses not to receive a Centrelink benefit. Total actual household income \$350 per week.

Deemed income

Partnered no children JobSeeker Allowance rate is \$250.49 per week each.

Total deemed household income $\$250.49 \times 2 = \500.98 per week

So the tenants will be deemed to be receiving \$500.98 and charged 25% of this deemed income (not 25% of the \$350 pw actual income) as this is the maximum Centrelink rate for which they would be eligible.

When to apply the full benefit (i.e. the benefit that the household occupant is entitled to but is not receiving) – Minimum income provisions do not apply

If the household occupant receives a reduced payment (e.g. because they are breached by Centrelink, for example:

- money taken off payment because tenant failed to attend a job interview),
- overseas travel up to 6 months as per [section 8.3 Caretakers/Temporary Absences](#)
- are having tax deducted from payments,
- are repaying a Centrelink loan,

then they will be considered to receive income equal to the full rate of Centrelink payments that they should be/were previously receiving, and this rate will be used for rent assessment purposes. Minimum income provisions would not apply.

When to apply the actual amount that the customer receives – minimum income provisions do not apply

If a household occupant receives a reduced benefit payment due to previous overpayment and the community housing provider previously charged rent based on the overpayment rate, the rent should be based on the reduced amount actually received (ie minimum income provisions do not apply).

If the household is a student who does not qualify for the full 'away from home' or 'independent' rate of benefit, the actual amount received (as determined by Centrelink) by the student will be used for the purposes of assessing the tenant's rent. Rent will be charged at 21% of

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assessable income if it is below the JobSeeker rate, as per section 7.2.4 [Very Low Income Households](#). For more information about student income refer to 7.2.19 [Income of Students Living Independently](#).

Where any household member is not eligible for Centrelink benefits on the basis of their Australian residency status (e.g. migrant or sponsored migrant), their presence will be disregarded for the purpose of assessing the tenant's reduced rent (i.e. a deemed minimum income will not apply to the migrant). See Note 1 following.

Note 1: Where actual income received is insufficient to enable payment of rent based on minimum income, and the household falls into rent arrears, community housing providers should liaise with the tenant(s) to arrange repayment of minor arrears that may accrue during this time, once the household again receives the full rate of income to which it is entitled.

7.2.7 Fluctuating Income

Where the tenant receives a constant source of income but the amount received fluctuates (e.g. casual workers), rent is determined either by:

- Assessment of at least the last 6 weeks' consecutive payslips to determine an average weekly income and rent; or
- Only if the above cannot be provided, a current letter/statement from the tenant's present employer showing current or average gross weekly income including overtime; or
- Only if the above two cannot be provided (e.g. due to self-employment), as per assessment for self-employed persons (see section [7.2.7 Self Employed Income](#)).

More frequent rent reviews are possible where a tenant requests this due to income fluctuations (as per section [11.3 Rent Review as a result of Changes in Household Circumstances](#)).

Rent charged will be for the same number of weeks as covered by their Proof of Income.

Earned income is assessed at 25% of gross earnings.

Should the average weekly income be less than the minimum income then minimum income provisions section 7.2.7 will apply.

Note 1: Where a person receives Centrelink income in addition to a wage, they must provide a Centrelink income statement showing payments received for the same period as the payslips provided. This statement can be requested by the person over the phone, and it can usually be sent within 2-3 business days. This means that there should be no issue in requiring the person to obtain proof of their Centrelink income.

Note that retrospective income statements may be requested on-line, but Centrelink will not provide a retrospective income statement requested verbally.

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Where a person receives an income but experiences periods of non-payment (e.g. contract teachers who are not paid for school holidays), rent may be determined as above for customers who receive a constant source of income but the amount received fluctuates.

However, in addition to the above, income should be further annualised if possible, to take account of periods of non-payment as follows:

- Multiply the initial weekly income as determined above by the number of weeks that it is likely the person will work (e.g. 40 weeks for teachers), then
- Divide the figure by 52 (the number of weeks in a year).

For example, if a contract teacher received \$700 pw during the school term but received no income during the school holidays, their annualised income for rent setting purposes would be \$538.45pw (700 x 40 working weeks, divided by 52 weeks).

Minimum Income provisions [section 7.2.7](#) may also apply to those on fluctuating incomes if their annualised income, averaged over 52 weeks, is less than the minimum income rate.

7.2.8 Self Employed Income

Where a person is self-employed, rent is assessed at 25% of gross earned annual income **unless**:

- the person is aged 16 – 20 years and is living at home, or
- Guardianship of the Minister provisions apply (refer to [section 7.2.16](#)), or
- The gross earned annual income falls under the maximum Centrelink payment appropriate to their age and/or circumstances – in this case they would be assessed using Minimum Income provisions – see [section 7.2.5 Minimum Income](#).

Rent claimed as self-employment/business expense for tax purposes is assessable for rent purposes. Where Community Housing rent is claimed as a self-employment/business expense to the Tax Office, the amount of rent claimed must be specifically identified as part of any proof of income supplied. E.g. John has a gross annual business income of \$30,000 but claims \$7000 in business expenses to arrive at an annual taxable income of \$23000 (\$3000 in Community Housing rent expenses and \$4000 in other expenses). However, for rent assessment purposes, John's rent will be assessed on annual taxable income of \$23,000 taxable income plus \$3000 rent expenses). Rationale: Community Housing rent is charged on a residential and non-commercial basis and the primary use of the property must remain residential.

Rent may be assessed using the following items listed as suitable proof of income, as outlined at the website <https://www.housing.sa.gov.au/about-us/policies/proof-of-income,-identity-and-rent>

- A copy of the tenant's most recent Tax Return showing the total business income before tax, minus expenses.

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Only if the business is new and a Tax Return has not yet been lodged, a tenant may provide one of the following documents for the first part year only, until a Tax Return is lodged:

- Statutory declaration providing year-to-date business profit and loss details and estimating the tenant's annual net business income (see Note 1 below);
- A letter from a certified practicing accountant or registered tax consultant showing the tenant's personal total weekly or annual income before tax. The letter should:
 - be not more than 2 weeks old; and
 - be on formal business letterhead or other documentation; and
 - include contact details allowing the community housing provider to query or verify information; and
 - be obtained at the tenant's cost.

Where the gross annual income falls under the maximum Centrelink payment appropriate to the age and/or circumstances the rent will be set using Minimum Income provisions – see section 7.2.5 [Minimum Income](#).

Failure to provide appropriate proof of income within the set time limit will result in rent being set to Market Rent.

Where there is a change of income in between tax returns then a letter from an Accountant showing a profit and loss statement is required. At the end of that current financial year a Tax return is still required and if this differs from what the tenant has advised via the Accountant, then the rent amount is to be backdated and adjusted accordingly.

For more information on tenants operating a business from their home (a community housing property) contact the Local Council.

Note 1: Where the tenant provides statutory declarations of business profit and loss in the first year of a business, before a Tax Return is completed, the tenant may elect to provide these every 3 months for the first part-year only in order to provide more accurate assessment of income and thus rent. A community housing provider or Volunteer Member-Tenant Managed housing provider may require the tenant to provide such statements every 3 months for the first part-year only, until a Tax Return is done.

7.2.9 Interest Received

Where a customer receives interest and is not precluded from having access to that interest (or portion thereof) by their age or by virtue of a Court Order (e.g. income and assets held in a statutory trust i.e. funds held in Court), that interest (or portion thereof) will be assessed as income as follows:

- For those receiving Centrelink payments – the amount stated in Centrelink Income Advice letters
- For those not receiving Centrelink payments – the interest amount shown on the most recent statement covering the investment (or by using the rate of return shown on the statement). Minimum Income provisions (see section [7.2.5](#)) will apply where total assessable income is less than the maximum Centrelink rate applicable to the household occupant's circumstances.

Where the customer has reached age 55 years, interest on the following types of investments will be assessed as income (as per the amount stated in Centrelink Income Advice letters or

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the most recent statement covering the investment for those not receiving Centrelink payments):

- Retired Savings Accounts
- Deferred Annuities
- Approved Deposit Funds
- Superannuation Funds.

Interest that a person cannot access due to government or other criteria (e.g. superannuation for persons aged under 55, funeral bonds, etc.) is not assessable. See Notes 1, 2, 3 following.

Note 1 See 7.2.3 [Proof of Income](#) where a person claims that the above documentation does not accurately reflect their situation.

Note 2: For superannuation/retirement funds/annuities, it is important to identify the two parts of the payment received.

- *Part of the income received represents a return of the capital (or savings) originally invested in the fund – this is identified as the “gross amount” and is non-assessable.*
- *Part of the income represents interest on funds originally invested – this interest is identified as the “net amount” and is assessable, Centrelink will deem the amount of interest received for its customers (this amount will be represented on Centrelink documentation – the Q062 letter – as the net “assessable” amount rather than the gross amount of payment). This form can only be obtained by the customer, not the Community housing provider. See <https://www.humanservices.gov.au/customer/enablers/income>*

Note 3: In some instances, because of the conditions which apply to the respective investments (e.g. income streams which are not deemed), the Q062 form will not show a (net assessable) amount of interest, or will show a nil interest component. In such circumstances, rent is assessed without inclusion of interest on the investment.

7.2.10 Lump Sum Payments

Generally, only interest earned from lump sum payments will be assessed as income, and not the payout itself. In these cases, a weekly average income is determined by dividing the annual income received from interest by 52.

Where a tenant/household occupant receives a redundancy payout this is not assessable – it is excluded for rent and other assessment purposes (see [Assessable income types for Housing SA and Community Housing](#)). In this case the tenant will be charged rent on the Minimum Income Policy (see [section 7.2.5 Minimum Income](#)).

Where a tenant receives or a lump sum payment for loss of earnings or income in settlement of a WorkCover claim (or other work injury insurance), Insurance claim, or similar payment, these payments are not and they are ineligible for Centrelink payments as a result, the rent will be based on the income deemed by Centrelink to establish the period during which the tenant/household occupant is ineligible for Centrelink income (referred to by Centrelink as the “preclusion period”), unless an alternative rate is approved by the community housing provider (e.g. Minimum rent payments where income statements from employers/insurance/Centrelink are not supplied – see [section 7.2.5 Minimum Income](#)).

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The rate of income used by Centrelink to establish the “preclusion period” will be the minimum applied to rent assessments during the Centrelink “preclusion period” unless the community housing provider approves otherwise. Tenants/household occupants must provide their community housing provider with copies of documentation provided by Centrelink that confirms the income “preclusion period”.

Note: The lump sum divisor figure is approximately based on the weekly amount of money a person can earn after which they are no longer eligible for a pension. Where Centrelink assesses a person to be ineligible for benefits after a certain date, the weekly lump sum divisor figure/deemed rate should be included on Centrelink documentation provided to the customer regarding this assessment. Centrelink is also able to provide this figure to customers on request.

7.2.11 Overseas Income

7.2.11.1 Income received as a result of overseas work

The household occupant must declare any income earned while overseas. Income from overseas is assessable, if the income would normally be assessable if obtained within Australia (e.g. overseas age pension, etc.).

Where the tenant receives a backdated lump sum payment from overseas (e.g. retrospectively granted overseas pension), the net amount received after any Centrelink deductions will be assessed.

7.2.11.2 Income normally received in Australia, but received while overseas

Where a person receives an income while temporarily staying away from their property, this income will continue to be fully assessed when determining rent at the usual property. This occurs even if the person must meet additional accommodation or living costs where they are temporarily staying.

Examples of situations where this may occur include:

- Contract or temporary employment
- Scholarship or grant income which requires temporary study or employment away from home (see Section 7.2.19 [Income of Students](#)) for further information on how scholarships are assessed)
- Government payment recipients who travel e.g. to visit a sick relative, etc.

Any assessable income normally received in Australia and continued to be received while overseas remains assessable e.g. benefits, holiday pay, etc. This includes couples where only one partner is travelling. The travelling partner can arrange rental payment while overseas by:

- Paying the non-travelling partner from overseas; or
- Transferring money into the non-travelling partner’s account; or
- Providing the non-travelling partner with access to their account in order to access payments.

Note: The rate of conversion for overseas payment will be as per formal documentation provided, or where this is not included, as per current Commonwealth Bank conversion rates.

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Also see section 8.3 [Caretakers / Temporary Absences](#) for guidance on managing the property while the tenant is absent, and Section 7.2.5 [Minimum income](#) (when to apply to full benefit that a tenant is entitled to but is not receiving).

Where tenants **do not** receive an income while temporarily absent from their property the conditions of the lease agreement must still be met, i.e. Rent at the usual rate is to be paid. This includes where a tenant is breached by Centrelink for travelling overseas, they will not be deemed to have a minimum income but will be charged rent on the income they were receiving whilst in Australia, as per 7.2.5 Minimum Income (see section When to apply the full benefit).

Rationale:

1. *The purpose of subsidised Income Based rent structure is not to support overseas travel; and*
 2. *Households are required to meet their normal housing costs if they are temporarily away from the property, irrespective of the reason why (as they would if renting privately or paying a mortgage).*
- See [section 8.3 on Caretakers / Temporary Absences](#) – tenants are able to leave a property up to 6 months as long as the lease agreement is adhered to (i.e. Regular rent paid on time).

7.2.12 Salary Sacrifice Components

Where a person advises that they forgo direct income for other benefits in a “salary sacrifice” or similar scheme, rent will be assessed on the total weekly gross income that would be received if they were not participating in such a scheme. Persons participating in such a scheme will be required to provide proof of income that reflects their unadjusted income before salary sacrifice.

7.2.13 Carers

Where another household member other than the tenant’s partner/spouse lives with the tenant (i.e. their principal place of residence is the same as the tenant’s) and provides care to the tenant, that Carer’s income from all sources is not included as assessable income when assessing the household’s rent (i.e. this person is considered a Carer not, for example, a dependent child or an Extra Person).

Verification of the caring arrangement is required. Where the Carer is in receipt of a Centrelink Carer Payment, this will be accepted as sufficient proof that the caring arrangement exists, but the recipient will need to provide further evidence to prove who they are caring for (i.e. a letter from a health professional with direct knowledge of the circumstances is required. If they are caring for anyone other than the tenant, their Carer Payment is considered assessable income.

Note 1: Where the Carer is the tenant or the tenant’s partner, or where the care is provided to a household member other than the tenant, the Carer’s income is included as assessable income.

Note 2: The income of only one carer per household will be considered non-assessable. Where there are two carers in a household, the carer whose income will be deemed non-assessable will be the carer in receipt of the Centrelink Carer Payment, or where

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both carers are in employment, the lower of the two incomes will be considered non-assessable.

7.2.14 Extra Persons

Where an extra person resides with the tenant, 25% of their gross income, plus 100% of CRA, will be added to the household rent, regardless of their age (unless they provide evidence they are a Carer for the tenant – see section 7.2.13 [Carers](#)).

An extra person is any household member who is not:

- the tenant
- the tenant's partner
- a dependent child of the tenant or their partner

Tenants can apply to their community housing provider for an extra person to live with them. The community housing provider will only approve an extra person for the property if the property is suitable and won't become overcrowded, and the extra person meets all of the below conditions:

- they don't have an unarranged debt to a community housing provider
- they haven't been evicted or left a community housing property within the past 12 months because of serious disruptive behaviour
- an intervention order won't be breached if they live at the property
- they don't own or partly own any residential property
- they provide proof of their identity and income to the Community Housing Provider.

Calculate as per Share Households. Persons named on and signatories to the Tenancy Agreement are responsible for the payment of rent (based on the total household income of all occupants).

7.2.15 Income of Visitors

The income of Visitors is assessed as per the community housing provider's internal policy, or where this is not defined, after a maximum of 12 weeks, see <https://www.sa.gov.au/topics/housing/public-and-community-housing/community-housing-rents-and-other-charges>

A Visitor is defined as a person who has their own residential address (separate from the address that they are currently visiting), and who intends to return to reside in that property.

If a Visitor:

- Does not have their own residential address; or
- Has their own residential address, but will not/does not know if they will be returning to reside in that property; or
- Uses the property they are visiting as a residential address for a local, state or federal government authority (e.g. is registered for income support payments from Centrelink at the community housing property) regardless of the above,

they will be considered to be living at the community housing property, and rent should be reviewed accordingly i.e. they must be included in the rent assessment.

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7.2.16 Payments to Parents for Children

Income paid to parents with respect to children (including young people under Guardianship of the Minister who are living with their foster parents) is assessed as follows:

- Family Tax Benefit A – 15% of all FTBA is included in the Base Charge (except where paid as a lump sum, or annual payment through tax system)
- Family Tax Benefit B – 15% of all FTBB is included in the Base Charge (except where paid as a lump sum, or annual payment through tax system)
- Child Support Payments - 15% is included in the Base Charge.
- Income of children in shared custody arrangements (including Child Support Payments, Family Tax Benefit payments, etc.) is assessed based on the income documentation provided by the relevant government authority (e.g. Centrelink), which adjusts payments to reflect the custody arrangements of respective parents/guardians.

Note 1: Lump Sum FTBA and FTBB payments including once-off offset payments and adjustments, and annual payments through the tax system will not be affected – they will continue to be non-assessable.

Note 2: Foster Carers may be eligible for Family Tax Payments, which are assessable as above. Some Foster Carers may also receive a subsidy from the Department for Child Protection – called the Alternative Care Carer Payment, which is not assessable.

7.2.17 Payments for Children Aged 16 – 20 years

With respect to children of the tenant or tenant's partner (including young people under Guardianship of the Minister who are living with their foster / former foster parents) aged 16 – 17 years⁶ who are living with them, the following arrangements apply⁷:

Where parents receive Family Tax Benefits and/or Child Support payments - see section 7.2.16 above.

- Where the child receives income from any source (e.g. wage or Youth Allowance), this income is non-assessable.

For children of the tenant/tenant's partner (including young people under Guardianship of the Minister who are living with their foster / former foster parents) aged 18 - 20 years and residing in the household, the following arrangements apply:

Age	Wages	Centrelink	Income Assessed
16-17	Nil	Nil	15% of Family Tax Benefit received by the tenant/tenant's partner
18-20	Yes	No	15% of all gross assessable income (i.e. Youth Allowance, any wage/salary).
18-20	No	Yes	15% of all gross assessable income (i.e. Youth Allowance, any wage/salary).

⁶ Income received directly by children under the age of 16 years is not assessable

⁷ Income paid directly to a person aged 16 – 20 years who is not the child of the tenant or tenant's partner but who is living in the household, is assessed at 25%.

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18-20	Yes	Yes	15% of the At Home rate of maximum Youth Allowance applicable to their age
21+			25% of all assessable income
21+ formerly under Guardianship of the Minister, and still living with their foster parents			20% of all assessable income

7.2.18 Children Aged 21 and Over

Except for young adults formerly under the Guardianship of the Minister, the income of natural children aged 21 and over living at home is assessed in the same way as if they were adults housed independently in their own right i.e. at 25% of their assessable income. The income of adults aged 21 and over, formerly under Guardianship of the Minister, and still living with their (former) foster parents, is assessed at 20%.

7.2.19 Income of Students Living Independently

In the case of students living independently (i.e. away from home), the actual income the student receives (as determined by Centrelink) is assessed for rent purposes, even if he/she is a full time student but does not qualify for the full 'away from home' or 'independent' rate of benefit. This protects students who are not eligible for the maximum amount of Youth Allowance, Austudy or Abstudy due to their parents' income. It prevents their rent being assessed on a higher rate of income than they can receive.

In the case of scholarships:

- If the scholarship provides regular income, it is assessable
- If the scholarship is a lump sum payment, it is not assessable as income (but interest earned on the lump sum is assessable).

Note 1: Students who choose to receive a Commonwealth loan will be assessed as receiving the maximum rate of Centrelink payment applicable to their age and circumstances (i.e. additional loan income will not be assessed, and the student will be considered to receive the full rate of payment if they are having loan repayments deducted from normal payments).

Note 2: In line with the Eligibility Procedure Section 4 Students who are registrants for housing with income less than the 'away from home' or 'independent' rate of Centrelink payment applicable to their age and circumstances should only be housed as sole tenants in their own right on short term leases (e.g. 3 months), until their eligibility for the 'away from home' rate is determined.

Note 3: Rationale – an independent rate of payment is considered the minimum amount of income required to successfully live independently as a tenant in their own right. However, existing tenants who become students and receive less than this rate of payment may remain housed, to ensure that they are not required to give up their housing.

7.2.20 Board and Lodgings

Income received by one household member but paid to another in the form of board or lodgings is assessed once only, against the original household member who receives the

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income from an external source, given the original household member is having their income and CRA treated in the assessment.

7.2.21 Domestic abuse and intervention orders

The income of everyone currently living in the property once an intervention order is enforced will be assessed for rent calculation purposes if all of the below conditions apply:

- the tenant is excluded from the property under the terms of an intervention order
- the tenancy is to be transferred into the protected person's name under the terms of an intervention order
- the protected person will be remaining at the property.

If the tenant moves out of the property into temporary accommodation to escape domestic abuse – e.g. into a shelter, the tenant's household income will be assessed rather than whoever is currently living in the property. Also see the [Intervention order notifications procedure](#).

7.2.22 Payments from Department of Veteran's Affairs

Where a tenant receives two pensions from the Department of Veteran's Affairs (e.g. a Totally and Permanently Incapacitated Pension and a Service Pension), the community housing provider will deem an amount of each pension up to the amount of the Centrelink Disability Support Pension as assessable for rent purposes.

The remainder of each DVA pension over and above the Centrelink rate of Disability Pension is called the Veteran's Affairs Disability Allowance and is a non-assessable income source. Tenants in receipt of DVA multiple pensions may be ineligible to receive Commonwealth Rent Assistance (CRA) because their income is too high, and as such CRA will not be included in their rent calculation if they do not receive it. Whatever amount they do receive will be assessable.

For example, tenant receives⁸

- DVA Disability Pension \$1444.10 per fortnight, but only up to the equivalent of the Centrelink rate of Disability Support Pension of \$860pf is deemed assessable i.e. 25% of \$860pf is charged as rent (\$215pf). The remaining \$584pf is non-assessable.
- Tenant also receives DVA Service Pension of \$846.50 per fortnight. The entire amount, being under the equivalent Centrelink Disability Support Pension payment, is deemed as assessable i.e. 25% of \$846.50pf (\$211.62pf) is also charged as rent.

For more information on assessable and non-assessable income types see <https://www.housing.sa.gov.au/about-us/policies/assessable-types-of-income>

Note 1: This section differs from public housing which only assesses one pension from the Department of Veteran's Affairs. The community housing provider often does not receive CRA through DVA tenants so the rationale is that two DVA pensions will be assessable up to the DSP amount where two are received.

⁸ March 2020 figures

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8 Specific Circumstances

8.1 Share Households

A Share Household is where one or more persons, other than the Principal Tenant and the Principal Tenant's partner, share responsibility for the rent and are eligible to claim Commonwealth Rent Assistance independently.

Rent for Share Households is determined in the same way as other households i.e. rent is based on the total assessable income for all household members, plus Commonwealth Rent Assistance and any applicable levies. Additional Service Levies may also apply to either income Based Rent, or Market Rent, for each household unit.

Each member of the share household named on or a signatory to the tenancy agreement has responsibility for their share of the lease under the Residential Tenancies Act 1995.

Signatories to the Tenancy Agreement are not a determining factor in eligibility for CRA. To apply for CRA, each member of the share household must advise Centrelink how much rent they are paying. The sum of the rent amounts declared to Centrelink by all members of the share household must total the rent charged to the household, and must be no more than Market rent (plus applicable levies).

Note: Income for Group Households is treated differently to Share Households – refer to section 8.2

8.2 Group Households

Group Households for the purposes of rent setting are defined as *'households where a number of non-related persons share purpose built modified accommodation in order to access common amenities and support services that are necessary due to disability or similar reasons.'*

Rent for Group Households is determined as follows:

- Each individual household unit with the property is considered to be an independent tenant, with their own individual tenancy agreement;
- Market Rent for each individual household unit is calculated by dividing the Market Rent for the property by the number of household units intended to be housed in the property (e.g. if the Market Rent for the whole property is \$400pw, and there are 4 household units intended to be housed in the property, then the Market Rent for each household is \$100pw);
- Income Based Rent is determined based on the income of each household unit (e.g. if one household unit is a couple, then their Income Based Rent is determined using their income);
- Additional Service Levies may also apply to either income Based Rent, or Market Rent, for each household unit.

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A Group Household with 3 household units would have rent calculated as per the following example:

- Market Rent for the property = \$240pw
- Market Rent per household unit - \$80pw (\$240 divided by 3 household units)
- Rent per household unit is calculated as either Income Based Rent or \$80 Market Rent, whichever is the lower.

Where the above creates inequity between group household members (e.g. persons receive greater or lesser benefit from the property despite their rental contributions being equal), the CHP may apportion rent in a reasonable manner to ensure equity between household members. However, the combined rental income for the property will not exceed Market Rent plus applicable levies.

8.3 Caretakers / Temporary Absences

Community housing providers may develop their own policy to cover instances where tenants are temporarily absent from their property (up to 6 months at a time, as long as the rent continues to be paid).

For guidance on how to manage temporary absences and caretakers, please refer to the Housing SA Temporary Absences Policy at

<https://www.housing.sa.gov.au/about-us/policies/temporary-absences-policy>

8.4 Investment Share (Equity) Households

Investment Share (equity) households are those which hold investment shares issued in relation to a particular residential property of the community housing provider. The details are documented in a Deed between the Tenant, the CHP and SACHA (as the original signatories). Rent for these households is calculated as follows:

- Rent is determined based on the Market Rent for the property (as advised by the Valuer-General) (see [section 6 Market Rent](#)), not including any additional levies, minus the dollar figure which equates to the percentage of equity the household has in the property. For example, if a household's Market Rent (not including additional levies) is \$150 per week and the household had a 10% equity share, the maximum Market Rent chargeable would be \$135 per week (normal rent minus dollar figure which equates to the percentage of equity (\$15)).
- Income Based Rent for Investment Share households is calculated in the same way as occurs for Investment Share households charged Market Rent; except that household equity is instead deducted from the Base Charge (see [section 7 Income Based Rents](#)) the household would normally be charged (prior to including additional levies).

Note 1: Where only one household member has an equity share, but other household members do not, rent will still be determined as above.

Note 2: Levies will be added after equity discount has been applied to either Market Rent or Income Based Rent.

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9 Additional Services Levies and other additional charges

9.1 ASL Overview

An Additional Services Levy (ASL) is a small mandatory charge applied by the community housing provider primarily for maintenance of items exempted under the [Residential Tenancies Regulations \(General\) 1995, Regulation 11, exemption list](#). Volunteer Member-Tenant Managed providers *only* may also charge an ASL for financial services.

ASLs are included in the total Rent Payable as a condition of the tenancy, with the purpose clearly stated on the tenancy agreement providing transparency both for the tenant and for the South Australian Civil and Administrative Tribunal (SACAT).

CRA is calculated on the total Base Charge Rent (i.e. up to 25% of assessable household income with a maximum of Market Rent, minus Investment Share percentage, plus any applicable Additional Services Levies).

Additional Services Levies may apply in either an Income Based Rent or Market Rent.

Where an ASL is charged, the ASL plus rent of 25% or 30% of the assessable household income must be no more than 30% of assessable household income (including where moderate rent is charged as per section 7.2.4). Assessable and non-assessable income types are listed at <https://www.housing.sa.gov.au/about-us/policies/assessable-types-of-income>

Additional Services Levies are more likely to be recoverable via SACAT if:

- The ASL is included in the Rent Payable charge to the tenant, and
- The Tenancy Agreement signed by the tenant specifies that levies may apply and for what purpose, and are reflected as part of the total Rent Payable where this occurs.

CHPs can choose to maintain these items in their properties, or they can choose to charge an ASL to get the tenant to pay for items such as those listed below. The CHP may also decide to not charge a levy but to have a specific written agreement with the tenant that the tenant is responsible for some items (those that the CHP is legally exempt from maintaining). Items that CHPs may charge an ASL for are usually:

- Service Providers (only volunteer Member Tenant Managed Providers can charge for service providers (i.e. financial services)).
- Solar panels
- Supply, installation and maintenance of anything on the [Residential Tenancies Regulations \(General\) 1995, Regulation 11, exemption list](#) i.e.:
 - Air conditioners
 - Antennas
 - Ceiling fans
 - Washing machines
 - Dishwashers
 - External blinds

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- Floor coverings
- Garden sheds
- Internal blinds and curtains
- Light fittings
- Rain water tanks, other than where the tank is the only source of water for the premises
- Refrigeration units
- Room heaters
- Spa bath motors
- Swimming pools and associated plant or equipment
- Waste disposal units
- Water pumps, other than where the water pumped is the only water supplied to the premises
- Window treatments.

Any items not on the [Residential Tenancies Regulations \(General\) 1995, Regulation 11, exemption list](#) are the landlord (CHP) responsibility e.g. cleaning gutters, garden maintenance for common areas, and statutory charges eg council rates, land taxes (see [Residential Tenancies Act 1995, section 73](#)).

9.2 Conditions Imposed on ASLs

Additional Service Levies must be **appropriately set** and applied by the CHP as follows:

- ASLs must remain affordable for households
 - The Base Charge (which includes mandatory Additional Services Levies) will not exceed 30% of assessable household income (excluding CRA), including where moderate rent is charged as per section 7.2.4. CRA needs to be excluded from Base Charge and income to determine the 30% affordability benchmark.
 - Community housing providers may elect to not charge Additional Services Levies to tenants whose Base Charge is based on Minimum Income (see [section 7.2.5 Minimum Income](#)).
- Additional Service Levies must be based on the estimated reasonable costs of the additional services to be provided (i.e. it cannot be used in full or in part to generate income for purposes other than the provision of the services intended).
- Additional Service Levies may not be charged for current or future possible tenant damages.
- The application of an Additional Service Levy, or a change in the amount of the levy is considered a change in the rent determination method and notice to tenants must be given as set out in section 11.5.1.4 [Passing on Rent Increases in Increments \(Capping\)](#).
- There may be instances where Additional Services Levies might not be applied to all properties within an organisation due to property and amenity differences.

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Additional Service levies must be **appropriately spent** by the community housing provider

- Additional Service Levies may be charged only for services that the community housing provider is not expected to perform as part of its normal business, except where the levy is to engage a service provider. ASL funds cannot be spent on:
 - insurance premiums and excesses
 - administration, maintenance⁹ or tenancy management functions that the community housing provider would normally be expected to provide, unless these are provided by a service provider.
- Additional Service Levies must be spent for the purpose it was collected (i.e. if a levy is collected to engage a service provider, it cannot be spent for any other purpose).
- ASL income and expenditure must be accounted for separately to demonstrate appropriate expenditure

Additional Service Levies are **subject to ongoing review** by the Chief Executive or by Special Resolution at a general meeting of a Volunteer Member-Tenant Managed Provider **at least every 2 years** by the community housing provider, reviewing both:

- the continued need for the Levy taking account of income and expenditure and
- the amount of the Levy (using the affordability benchmark - the Base Charge including the ASL must be no more than 30% of assessable income (excluding CRA), including where moderate rent is charged as per section 7.2.4.

Additional Service Levies must be **appropriately approved** by the community housing provider. Before an Additional Service Levy may be charged, and when there is a review of the levy, it must be approved by the Chief Executive (or other appropriate delegated authority). In the case of Volunteer Member-Tenant Managed Providers it must be approved by Special Resolution at a general meeting of the Volunteer Member-Tenant Managed Providers.

Community housing providers are required to report to SA Housing Authority on all Additional Services Levies charged when requested.

The appropriate application of Additional Service Levies will be monitored and audited as necessary by the SA Housing Authority.

9.3 Other Additional Charges

This section is included to clarify the important difference between Additional Services Levies, which are part of the Base Charge in Community housing, and other types of charges, which are voluntary and are NOT part of the Base Charge in community housing, and are treated differently by SACAT.

⁹ For further information about maintenance, refer to [Residential Tenancies Regulations \(General\) 1995, Regulation 11, exemption list](#) "Items for which community housing provider not responsible" at www.legislation.sa.gov

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9.3.1 Allowable Additional Charges

The following are additional charges that may be charged by a community housing provider (voluntary charges). They are not however Additional Service Levies, and are not considered part of the Rent Payable, and are therefore not likely to be recoverable through SACAT.

9.3.1.1 Voluntary charges

Voluntary charges

- Are a charge which a tenant elects to pay in return for a service.
- Are a private arrangement between the tenant and landlord.
- Are voluntary - tenants must not be compelled to pay them by the community housing provider.
- Are not rent, and cannot be included in the Rent Payable amount stated on the tenancy agreement, but may be stated as a separate charge.
- Must be accounted for in writing with a copy to the tenant.

Examples might include:

- payment for a gardener to be arranged by a CHP where the gardening would normally be the responsibility of the tenant.
- non-member tenant levy (non-participation charge). If CHPs do charge this levy it is to be purely *voluntary*, negotiated with the tenant, not included in the Affordability assessment, and cannot be claimed through SACAT if it is not paid. Alternatively CHPs could require people to become members BEFORE they house them, removing the need for a non-member tenant levy.

9.3.1.2 Water Use Charges

The *Residential Tenancies Act Section 73* allows for the recovery of water and supply charges. It sets a default, unless arrangements are specified between the provider and the tenant in an agreement. The *Residential Tenancies Act Section 49* requires that lease agreements must clearly set out responsibility for rates and charges for water supply.

Water Use Charges are not the same as an Additional Services Levy. Water charges must always remain separate to rent and not be entered as a levy for rent calculation purposes since water use is a tenant-incurred cost to be recouped by the community housing provider. Water Use Charges can be recovered by a number of means which should be negotiated with the tenant – by quarterly invoice; or through a voluntary regular payment (eg \$5 per week) plus reconciliation quarterly. Where tenant turnover makes invoicing for actual use impossible, then the community housing provider may have an agreement with the tenant that they charge a regular payment (eg \$5 per week) to cover water usage.

The community housing provider must be transparent and accountable and able to justify the amount charged, usually by reconciling the accounts on a quarterly basis.

If the community housing provider decides to charge Water Use Charge, the Water Use Charge is not included in the affordability benchmark calculation (i.e. Base Charge including any ASL to be no more than 30% of assessable income, with a Water Use Charge on top of that).

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As well as withdrawals from a tenant's income for rent payments, Centrepay can take extra payments out for costs associated with 'accommodation' that aren't rent, including water services.

10 Commonwealth Rent Assistance (CRA)

Usually all of the CRA for which the household is eligible is included as rent in the Rent Payable Amount¹⁰ (see some exceptions at 10.1.1 and 10.1.2, there may be others depending on the situation). Calculation by Centrelink of CRA paid to an eligible customer is based on the income type and amount that the customer receives, the household composition, as well as the rent declared by the customer to Centrelink. The tenant must advise of any changes in CRA as well as any change to household income (see section 5.1 [Eligibility for Income Based Rent](#)).

While community housing providers cannot charge a tenant more than the CRA they are entitled to, nor can they charge more than 25% of assessable income plus ASLs as Base Charge (except for moderate rent charge as per section 7.2.4 but this is to a maximum of 30% of assessable income including ASLs), this procedure requires that community housing providers calculate the maximum CRA a person is *entitled* to. This does not mean that the 'maximum rate' of CRA set by the Commonwealth for that household type will always apply.

Note change in this procedure: Base Charge = 25% of assessable income plus any ASL (or 30% assessable income plus ASL to a maximum of 30% of assessable income).

Note: ASLs need to be included as a Base Charge on the Lease Agreement for Centrelink purposes for claiming CRA, but there also needs a sentence noting the amount of the ASL charge and the ASL purpose, for clarity if an appeal to SACAT occurs.

10.1 CRA Calculation in detail

Most rent calculators employed by CHPs will accurately calculate the amount of CRA that Centrelink will pay. However, if subsequently Centrelink pay more or less, the community housing provider will review the Rent Payable to ensure the tenant is not over or underpaying rent due to a mistake by the community housing provider (see section 11.4.1 [Incorrect Rent Assessments](#)).

The rent calculation performed by a community housing provider involves the use of the following formula to determine the maximum entitlement to CRA.

Note: Base Charge = 25% of assessable income plus any ASL

Optimised CRA = 3 x Base Charge – 3 x CRA Rent Threshold (up to the maximum CRA rate payable for that household type).

¹⁰ This may not be true for households which pay market rent and their assessable income plus CRA is above Market Rent (or Market Rent plus ASL in some cases).

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CRA Rent Threshold is the minimum rent charge that will accrue CRA for that household type as set by Centrelink [and available on website](#). The following examples¹¹ demonstrate the principle of when the maximum CRA rate payable can be applied.

Example 1: A tenant on single JobSeeker (over 22 no children)

1. Calculate Base Charge (25% of income of \$277.42 per week = \$69.35 per week)
2. Calculate optimised CRA (refer to current CRA rates/rent thresholds for household type)
 - a. 3 x Base Charge – 3 x CRA Rent Threshold
 - b. 3 x \$69.35 – 3 x \$62.30
 - c. \$21.15

This tenant is only eligible to receive \$21.15 in CRA (well below the maximum rate payable of \$69.80). However if an ASL is charged it is included in the Base Charge resulting in an outcome of:

3. Calculate Base Charge (25% of income of \$277.42 per week = \$69.35 per week) **plus \$5 per week ASL = \$74.35**
4. Calculate optimised CRA (refer to current CRA rates/rent thresholds for household type)
 - a. 3 x Base Charge – 3 x CRA Rent Threshold
 - b. 3 x \$74.35 – 3 x \$62.30
 - c. \$36.15

This tenant is eligible to receive \$36.15 in CRA (below the maximum rate payable of \$69.80).

Example 2: A tenant on single DSP (over 22 years)

1. Calculate Base Charge (25% of income of \$430.30 per week = \$107.57 per week)
2. Calculate optimised CRA (refer to current CRA rates/rent thresholds for household type)
 - a. 3 x Base Charge – 3 x CRA Rent Threshold
 - b. 3 x \$107.57 – 3 x \$62.30
 - c. \$135.82 (greater than maximum CRA of \$69.80)

This tenant is therefore eligible to receive the maximum CRA payment of \$69.80

10.1.1 Calculating CRA where CRA payments are reduced

The formulas provided above calculate CRA accurately for the majority of situations. However when CRA payments are reduced by Centrelink in certain circumstances, for example when child support maintenance payments exceed a set threshold, the actual amount of CRA received by the tenant is used for a rent assessment in place of a calculated amount. There may be other circumstances where tenants legitimately do not receive CRA, so they should not be charged it by the CHP.

CHPs must ask the tenant for evidence of the actual amount of CRA received to avoid over-charging the tenant.

This avoids situations where the CRA amount is over-calculated and the tenant ends up out of pocket. Visit <https://www.humanservices.gov.au/customer/enablers/income-test-family-tax-benefit-part> for the latest “Maintenance income” thresholds.

10.1.2 Base Charge is below the CRA Rent Threshold

It is possible that the Base Charge amount may fall below the CRA Rent Threshold set by the Commonwealth for the payment of CRA. Similarly the Market Rent may fall below the CRA

¹¹ Based on Centrelink Rates for September 2020

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Rent Threshold. In these cases, the tenant is not entitled to receive any CRA so it cannot be charged to the tenant (see example box where Base Charge is below CRA Rent Threshold for that household type).

Example 1: A tenant on single Youth Allowance (over 18 living away from home)

1. Calculate Base Charge (25% of income of \$226.81 per week = Base Charge of \$56.70 per week)
2. Base Charge is less than Rent Threshold of \$62.30 per week, and so CRA will not be received by the tenant and cannot be part of Rent Payable.

11 Rent Administration

11.1 Scheduled Rent Reviews of Income Based Rents

Households charged Income Based Rent are required to have their continued eligibility for Income Based Rent reviewed regularly, to ensure that they remain eligible for Income Based Rent, and for Rent Payable to be reassessed. These reviews must be undertaken twice yearly as part of a set review process. It is suggested these reviews occur as soon as practicable following CPI adjustments to Centrelink benefits and allowances in late March and September.

In addition:

- Rents may be reviewed at any time by the community housing provider, where there is reasonable evidence to suggest that a household may not be eligible for an Income Based Rent that they are currently charged; and
- For households with fluctuating incomes, or self-employed persons, tenants may request their rent be reviewed more often e.g. every 3 months, to ensure that rent continues to reflect income received.

In each case, the tenant must provide current proof of income for all members of the household. The Community Housing Provider will reassess rent according to the circumstances and income of the household at the time of the review.

CHPs are encouraged to use Centrelink's Income Confirmation Service (ICS) where the tenant has provided consent to streamline both the proof of income process, and the notice to Centrelink of revised rent charges (and therefore trigger CRA to be updated by Centrelink).

Households which cannot/do not provide proof of their circumstances and income in the above situations:

- Are not eligible to continue to be charged Income Based Rent; and
- Must be charged the Market Rent, which will be applied 14 days after the notice of increase is given.

Note: the [Community Housing Eligibility Policy](#) (see under core operating policies) allows for CHP-specific ongoing eligibility criteria to be specified and included in the CHP's policies and tenancy agreements.

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Note 1: Community Housing Tenancy Agreements must specifically include a clause which enables the community housing provider or Volunteer Member-Tenant Managed housing provider to alter rent on the grounds that income has varied.

Note 2: If a household does not provide proof of income within 14 days of being requested to do so, the 'Notice of Rent Review' enables the community housing provider to increase rent to the Market Rent (14 days' notice is required).

11.2 Scheduled Rent Reviews for Market Based Rents

In most cases, where the Rent Payable is Market Rent (plus any applicable levies), the tenant is not required to provide proof of household income. Rent Payable may however be updated, and passed on in accordance with Residential Tenancy Act requirements, to reflect annual changes in Market Rent as advised by the Valuer General (see [section 6 Market Rent](#)).

11.3 Rent Review as a result of Changes in Household Circumstances

It is the responsibility of the tenant(s) to advise the community housing provider of changes in total household income of \$20 or more per week as soon as the change occurs (e.g. when a new person moves in to the household, or there is a change in hours of employment, etc.). The CHP will then undertake a full rent re-assessment, requiring proof of income etc.

Note: Households with consistently fluctuating income are assessed as per section 7.2.6 [Fluctuating Income](#).

Rent changes resulting from a change in household circumstances must occur as follows:

- Increases resulting from a change in household circumstances – must be passed on 14 days after notice is given by the CHP to the tenant of the increase. However If a tenant receives a subsidised rent based on missing, incorrect or false information, their rent is immediately recalculated. They are charged the difference between the subsidised rent they were paying, and the correct amount of rent they should have been paying for the period of time they were incorrectly charged. Debts are to be addressed as per 11.4.3 below.
- Decreases – must be passed on in the next rent period after the change in household circumstances occurred. Households should not be unduly penalised for an error that occurred through no action or fault on their part (see [section 11.4.2 Centrelink or Veteran's Affairs Assesses Income Incorrectly](#)). Where community housing providers do not assess rent correctly despite having the correct information from the tenant, it will be backdated in full as per section 11.4.1.
- Exceptions – in extraordinary circumstances, e.g. a community housing provider error, or the hospitalisation or death or incarceration of a household member or undue financial hardship, the community housing provider can approve decreasing a rent and backdating it to a date before the tenant applied for a subsidised rent. The tenant must verify the extraordinary circumstances.

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Note 1: Where rent decreases due to a change of household income, rent decreases may only be backdated to begin a maximum of 30 days before the household has notified of the change. Individual community housing providers are not obliged to backdate further than 30 days where the tenant has not communicated changes in income; however the community housing provider may choose to do so in extenuating circumstances.

Note 2: Where a household is charged an Income Based Rent but it does not advise an increase in household income as required in this section, proof of the (suspected higher) income will be requested by the CHP. If the tenant does not provide adequate proof of income they will be charged Market Rent as per section 5.1 Eligibility for Income Based Rent. If a new proof of income is provided and it shows the income is indeed higher, and the rent debt can be calculated, the debt can be recovered as per section 11.4.3 Incorrect Rent Assessments. If the tenant refuses to pay the debt or the rent calculated on the more accurate income statement, as a final resort the tenant may have their tenancy terminated, if their tenancy agreement contains provision for this, and the community housing provider elects to do so.

11.4 Incorrect Rent Assessments

11.4.1 Community Housing Provider Assesses Rent Incorrectly

Where a household's rent has been incorrectly assessed due to an assessment error by the community housing provider, the following will apply:

- Where the correct rent is lower than the previously assessed incorrect rent, the lower rent will apply (i.e. backdated) from the date it should originally have been applied had the error not occurred (e.g. from the next rent period after the change in household circumstances was advised).
- Where the correct rent based on the tenant's income is higher than the previously assessed incorrect rent, the higher rent will apply from 14 days after notice of the increase is given (i.e. it will not be backdated), as per the *Residential Tenancies Act, section 55, 2 (c) (ii)*.

11.4.2 Centrelink or Veteran's Affairs Assesses Income Incorrectly

Where income changes because of a previously incorrect assessment by Centrelink or Department of Veteran's Affairs and the new rate of income payment is backdated by Centrelink or Veteran's Affairs, the following will apply:

- Where the new income is higher than before (i.e. Centrelink previously underpaid the tenant), the new higher rent which results will not be backdated; and
- Where the new income is higher than before (i.e. Centrelink previously underpaid the tenant), the new higher rent which results will not be backdated; and
- Where the new income is lower than before (i.e. Centrelink previously overpaid the tenant), the new lower rent which results will be backdated as per decreases above. However, this would only occur if the overpayment occurred due to Centrelink error. If Centrelink reduces payment and backdates this for reasons attributed to the household (e.g. breaching, fraud, etc.), the new lower rent which results will not be backdated.

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11.4.3 Tenant provides incorrect income or household information

Community housing providers will investigate if it suspects a tenant has withheld, or provided incorrect or false information about their household or household income.

As per section 5.1 [Eligibility for Income Based Rent](#), where there is any doubt about the accuracy or validity of proof of income submitted by a household applying for an Income Based Rent, then the household may be requested to provide further verification of their income as necessary, and Income Based Rent cannot be provided until this occurs, and Market Rent will be applied.

If a tenant receives a subsidised rent based on missing, incorrect or false information, their rent is immediately recalculated. They are charged the difference between the subsidised rent they were paying, and the correct amount of rent they should have been paying for the period of time they were incorrectly charged.

Where it is found that the tenant has deliberately provided inaccurate income or household information (e.g. they are employed when they said they weren't, or they have an extra person living at the property but haven't declared them), and debt to the community housing provider is incurred, the minimum repayment amount for current tenants is suggested to be equal to 20% of their rent, in line with the [SA Housing Authority Account Management Policy](#). Tenants can make repayments above this rate. Debt recovery is expected to be done in an empathetic manner e.g. over an extended period of time, without placing the tenant in undue hardship. CHPs are to have in place policies and clauses in tenancy agreements to support the approach they make take in such circumstances, so that it is fair and transparent to the tenant and likely to be upheld by the South Australian Civil and Administrative Tribunal (SACAT).

The CHP may choose not to recover a tenant's debt for an indefinite or set period of time, or can write off the debt entirely (not collect it from the tenant at all). The CHP may start or restart to recover the debt if appropriate. The CHP may take into account whether the misinformation was deliberate, the hardship that additional debt will incur, and whether the tenant would be eligible for community housing had they declared all income (if they were earning it at the time of allocation).

In serious circumstances the CHP may also:

- offer the tenant a shorter lease agreement when review in the lease agreement in line with its fixed term lease agreements policy (if the CHP has one)
- not renew the lease agreement
- take legal action, if there is deliberate intent or fraud
- take action to end the tenancy.

11.5 Passing on Changes in Rent

11.5.1 Notice Required for Changes in Rent

Under section 55 of the Residential Tenancies Act 1995:

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- households must be given 60 days' notice of a change in the basis for determining rent charged i.e. where a change in government policy results in an increase in Income Based Rent, or where the Market Rent valuation increases.
- And there must be at least 12 months from the date of the agreement before the rent can be changed, or if there has been a previous change in the basis of rent calculation, at least 12 months from the date of the last such change.

However, where an Income Based Rent increase occurs due to changes in a household's circumstances, section 55 of the Residential Tenancies Act 1995 allows for these changes to be passed on 14 days after notice of the increase is given. There is no restriction on the number of increases in Income Based Rent that can occur because of a change in household circumstances (i.e. there can be many changes within a 6 month period).

11.5.1.1 Increases in Income Based Rent due to a change in government policy

These increases may be applied only after 60 days' notice is given, and at least 12 months since the tenancy first commenced, or if there has been a previous change in the basis of rent calculation, at least 12 months since the date a previous rent increase occurred due to a change in government policy (as per *Residential Tenancies Act 1995*, section 55, 2 (iii)).

Meaningful measures limiting the impact of rent increases on tenants must be included in government and community housing provider implementation plans for changes in government policy, for example capping increases at \$10 per six months or implementation of rent increases by 1% of assessable income each 6 months.

11.5.1.2 Increases in Market Rent

For agreements entered into prior to 1 March 2014, at least 6 months must have expired since the date a previous rent increase occurred due to a change in government policy or an increase in Market Rent. If these increases are greater than \$10pw they will be passed on in increments of \$10pw every 6 months.

For agreements entered into on or after 1 March 2014, Market Rent cannot be increased until at least 12 months has passed since the start of the Tenancy Agreement or when the Market Rent was last increased. Increases in Market Rent for agreements entered into on or after 1 March 2014 will be passed on in full i.e. will not be capped.

11.5.1.3 Rent decreases

Rent decreases will be passed on from the next rent period after a change in household circumstances occurred.

Where a rent has been incorrectly assessed by the Community Housing Provider the provider is required to backdate the lower rent charge (see [section 11.4.1](#)). For other situations the Community Housing Provider is not obliged to backdate rent decreases more than 30 days, but may do so where both the tenant and the provider agree to do this (in exceptional

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circumstances where the tenant was unable to provide the information for example due to illness).

11.5.1.4 Passing on Rent Increases in Increments (Capping)

Capping is where the tenant's rent increases incrementally once every 6 months (e.g. at scheduled rent reviews) by \$10 per week until the Assessed Rent is reached. CPI increases to income are included in capping/Rent Allowance. The amount of unrealised capping (i.e. the value of increments remaining) (the difference between the Rent Payable and Assessed Rent) is referred to as the Rent Allowance.

Capping DOES apply in these circumstances to minimise the impact on tenants by introducing rent increases slowly:

- A tenancy commenced prior to 1 March 2014 and the tenant pays Market Rent and the Market Rent increases by more than \$10 per week.
- Where rent increases occur for mixed reasons i.e. partly due to a change in the household's income, and partly due to a circumstance where capping applies, the increase will be treated as for the circumstance where capping applies, and will be capped.
- A tenancy commenced prior to 1 March 2014 and was affected by the March and September 2011 rent changes, capping continues.
- For an existing tenancy, regardless of when their tenancy started, where Assessed Rent increases by more than \$10 per week due to a change in government policy, the rent increase will be capped at \$10 per six months or applied in small stages for example of 1% increases each six months.
- One of the tenants named on the Tenancy Agreement vacates or dies, and the tenancy is assigned to another tenant named on the Tenancy Agreement (at the same property).
- Where an existing tenant is transferred (with or without their property) *by the community housing provider or by the SA Housing Authority*, either within their existing community housing provider or to another community housing provider (e.g. for asset or tenancy management reasons) and the new rent payable is higher than the rent paid at the previous property/with the previous community housing provider. *Where this transfer is initiated by the community housing provider or by the SA Housing Authority, capping will apply as this is considered a transfer, not a new tenancy:*
 - Rent Payable for the new property at the time of occupying that property is calculated (as either Income Based Rent or Market Rent), and
 - If the new rent is lower than the rent paid at the previous property, the new rent will be charged to the household from the time they occupy the new property; but
 - If the new rent is higher than the rent paid at the previous property, then:
 - Rent increases are capped at \$10 increments, and
 - Capping that would have applied before the transfer should continue to apply. This means that a tenant transferred by (at the initiation of) a CHP/Housing SA may carry pre 1 March 2014 capping conditions to a different property or CHP as this is considered a transfer not a new tenancy.

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- If the household is due to receive further incremented rent increases, the date when the next \$10 increment will apply will be 6 months from the date that would have occurred at the previous property.
- If a tenant *initiates* and chooses to move to another community housing property then capping does not apply as this is considered a new tenancy not a transfer.
- A new person moves into a capped household – capping continues to apply with respect to the existing capped household; however rent increases relating to the new household member are passed on in full.
- There is a decrease in the Assessed Rent (due to a decrease in income of the originally capped household), and the new Assessed Rent is still higher than the current Rent Payable (refer to definitions of rent in section 7.1 [Income Based Rent](#)). In this situation, capping applied previously continues to apply until the new Assessed Rent figure is reached.

Note: If both the property and the tenant, or the tenant only, are transferred to another community housing provider at the CHP's instigation, rent is reassessed at the time of the transfer. Any additional levies charged by the new community housing provider should be included in the Rent Payable. Capping that would have applied before the transfer should continue to apply as this is considered a transfer not a new tenancy.

Note: Where a transfer is temporary, the household should be charged either their current incremented (capped) Rent Payable, or the Market Rent for the temporary property, whichever is lower.

For examples and details of when capping does not apply refer to [Appendix 1: Capping](#)

11.5.2 Rent Payable Hardship Reduction

There are some situations where although there is a significant decrease in household income and the policy has been correctly applied, the Rent Payable does not reduce.

This rent reduction is generally applicable only in the situations listed below, however as noted below the CHP may apply the reduction in other similar changes of circumstance where the household has experienced a similar decrease in household income:

- capped due to the introduction of the October 2012 rent reforms (see first dot point below), **AND**
- has their rent assessed due to a significant decrease in household income.

The significant decrease in household income may be due to:

- the tenant's income decreasing from Parenting Payment Single to JobSeeker from or after 1 January 2013 as a result of a Federal Government policy change, or
- where the tenant's partner dies.

Note: The Community Housing provider may at its discretion apply the rent reduction provision in similar changes of circumstance where the household has experienced a decrease in income.

What is the Rent Payable Hardship Reduction?

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The Rent Payable Hardship Reduction provision allows for the Community Housing Provider to assess rent to reflect the significant decrease in household income, by reducing the Rent Payable by the same amount as the reduction in the Base Charge. (The Base Charge is the amount calculated before applying 100% Commonwealth Rent Assistance to the rent assessment).

This is explained in the following example:

- a) A household experiences a significant decrease in income, and as a result the Base Charge reduces by \$15pw.
- b) In assessing the rent in the normal manner (i.e. without applying the Rent Payable Hardship Reduction provision), the Rent Payable is calculated at \$150pw.
- c) To apply the Rent Payable Hardship Reduction provision, \$15 (as per (a)) is deducted from the Rent Payable, to determine the revised Rent Payable.

The Rent Payable (\$150pw, as per (b)) minus the decrease in the Base Charge (\$15) = revised Rent Payable (\$135pw).

When to apply the Rent Payable Hardship Reduction provision

The Rent Payable Hardship Reduction provision will be applied in the two situations described above i.e. where the tenant's income decreases from Parenting Payment Single to JobSeeker as a result of a Federal Government policy change, or where the tenant's partner dies.

The Community Housing provider may at its discretion apply the Rent Payable Hardship Reduction provision in other similar changes of circumstance where the household has experienced a significant decrease in household income.

Procedure to Apply the Rent Payable Hardship Reduction provision

Step 1: Determine if the household circumstances fit the criteria for applying the Rent Payable Hardship Reduction provision. For applicable circumstances, apply *Steps 2 - 6*.

Step 2: Assess the rent as you would normally (i.e. Change of Circumstance due to income reduction)

Step 3: Determine the new Base Charge and new Rent Payable amounts after applying the household's reduced income.

Step 4: Refer to the previous Rent Assessment (i.e. the one immediately prior to this current change of circumstance) and note the Base Charge amount.

Step 5: Deduct the new Base Charge amount (*Step 4*) from the previous Base Charge amount (*Step 3*) (i.e. "old" Base Charge minus "new" Base Charge)

Step 6: Subtract the result of *Step 5* from the Rent Payable amount in *Step 3*. This gives the revised Rent Payable after applying the Rent Payable Hardship Reduction provision.

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12 Related information

12.1 Controlling documents

Rent for community housing properties must be charged in accordance with relevant Federal and State Government directions and requirements.

The Master Agreement between the South Australian Housing Trust (SAHT) and community housing providers registered under the Community Housing Providers (National Law) (South Australia) Act 2013 requires community housing providers to calculate rents in accordance with Rent Policy set by Government.

- *Community Housing Providers (National Law) (South Australia) Act 2013*
- *Residential Tenancies Act 1995*
- *Residential Tenancies Regulations 2010*
- [Community Housing Rent Policy](#)

12.2 Related Documents and Resources

- [Community Housing Rent Procedure for Supported Tenancies](#)
- [Community Housing Rent Procedure for Affordable tenancies](#)
- [Community Housing Rent Procedure for NDIS-SDA tenancies](#)
- [Market rent query form](#)
- [Group self build \(equity redemption\) policy](#)

12.3 Date this procedure applies from

TBA

12.4 Version number

2

12.5 Disclaimer

This procedure can be changed, withdrawn or replaced at any time.

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Appendix 1: Capping

What is Capping?

Capping is where the tenant's rent increases incrementally once every 6 months by \$10 per week until the Assessed Rent is reached. CPI increases are included in capping/Rent Allowance.

New capping applies or existing capping continues to apply in any of the below situations:

- For an existing tenancy, regardless of when their tenancy started, where Assessed Rent increases by more than \$10 per week due to a change in government policy, The rent increase will be capped at \$10 per six months or applied in small stages for example of 1% increases each six months.
- Where rent increases occur for mixed reasons i.e. partly due to a change in the household's income, and partly due to a circumstance where capping applies, the increase will be treated as for the circumstance where capping applies, and will be capped.
- The tenant pays Market Rent and the Market Rent increases by more than \$10 per week (Only applicable for agreements entered into prior to 1 March 2014).
- The tenant was a tenant prior to 1 March 2014 and was affected by the March and September 2011 rent changes, capping continues.
- One of the tenants named on the Tenancy Agreement vacates or dies and the tenancy is assigned to another tenant name on the Tenancy Agreement (at the same property).
- An existing tenant is transferred (with or without their property) by the community housing provider or by the SA Housing Authority, either within their existing community housing provider or to another community housing provider (eg for asset or tenancy management reasons) and the new rent payable is equal to or higher than the rent paid at the previous property/with the previous community housing provider. *Where this transfer is initiated by the community housing provider or by the SA Housing Authority, capping will apply as this is considered a transfer not a new tenancy:*
 - Rent Payable for the new property at the time of occupying that property is calculated (as either Income Based Rent or Market Rent), and
 - If the new rent is lower than the rent paid at the previous property, the new rent will be charged to the household from the time they occupy the new property; but
 - If the rent is the same amount and the tenant was on increments then they remain on increments. Capping that would have applied before the transfer should continue to apply. This means that a tenant transferred by (at the initiation of) a CHP/Housing SA may carry pre-1 March 2014 capping conditions to a different property or CHP as this is considered a transfer, not a new tenancy.
 - If the new rent is higher than the rent paid at the previous property, then:
 - Rent increases are capped at \$10 increments, and
 - If the household is due to receive further incremented rent increases, the date when the next \$10 increment will apply will be 6 months from the date that would have occurred at the previous property.

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- A new person moves into a capped household – capping continues to apply with respect to the existing capped household; however rent increases relating to the new household member are passed on in full.
- There is a decrease in the Assessed Rent (due to a decrease in income of the originally capped household), and the new Assessed Rent is still higher than the current Rent Payable (refer to definitions of rent in section 7.1 [Income Based Rent](#)). In this situation, capping applied previously continues to apply until the new Assessed Rent figure is reached.

Note: If both the property and the tenant, or the tenant only, are transferred to another community housing provider at the CHP's or the SA Housing Authority's instigation, rent is reassessed at the time of the transfer. Any additional levies charged by the new community housing provider should be included in the Rent Payable. Capping can still be applied as this is considered a transfer not a new tenancy.

Note: Where a transfer is temporary, the household should be charged either their current incremented (capped) Rent Payable, or the Market Rent for the temporary property, whichever is lower.

When Does Capping Not Apply?

Capping does not apply in the following situations:

- new housing offers/allocations with a tenancy start date after 1 March 2014 (i.e. new tenants into a community housing property, not transfers of existing tenants, with or without their property), unless there is government change in Rent Policy and capping is the chosen method of implementation
- where Market Rent changes for tenancies entered into after 1 March 2014. Market rent cannot be increased until at least 12 months have passed since the start of the agreement or when the market rent was last increased.
- where capping related to a particular government policy change is fully realised, and the capping is exhausted, it ceases and does not resume at a future date. However, if there is a future new government policy change, then new capping may apply at that time.
- where there are rent decreases resulting from a policy change these are passed on in full.
- where a new person moves into a capped household, with respect to the new person. Rent increases relating to the new person are passed on in full, however, any unrealised capping remains in place for the originally capped household.
- an existing tenant requests to be transferred to another community housing property either within the same community housing provider or another community housing provider or Volunteer Member-Tenant Managed housing provider. Where this transfer is initiated by the tenant, capping will not apply as this is considered a new tenancy not a transfer.
- where a transfer of an existing tenancy occurs (whether initiated by Housing SA, the Community Housing Provider or the tenant), and the calculated Rent Payable for the new property at the time of occupying that property is *lower* than the rent paid at the previous property (e.g. because a lower Market Rent applies). The new lower rent will be charged to the household from the time they occupy the new property.

When Does Capping Cease?

Capping ceases in the following circumstances:

- The tenant vacates the property (and is not transferred by the CHP/Housing SA into an alternative community housing property)
- When the Rent Payable reaches the Assessed Rent.

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Where the Assessed Rent equals Market Rent e.g. where the tenant elects to pay Market Rent, or where rent is reverted to Market Rent because proof of income has not been provided. Note: There are three exceptions, i.e. where:

- For agreements entered into before 1 March 2014, new capping may apply again in the future if the tenant pays Market Rent and Market Rent increases by more than \$10 per week.
- The Assessed Rent increases to Market Rent due to a government policy change (in which case current capping would continue to apply).
- The Assessed Rent for a capped household increases to Market Rent due to a change of circumstances (e.g. a new person moves into a currently capped household, or members of existing capped household receive an increase in income.) In this case capping would not apply to the change in circumstance, but would still apply for the originally capped household.

Providing Notice of Increments (Capping)

Where rent increments (capping) apply, Community housing providers can provide the required minimum 60 days' notice of future incremental rent increases in one letter rather than providing a separate letter for each incremented increase every 6 months. Where one letter is used, the Community Housing Provider may elect to send a reminder letter to tenants just before each increment occurs. However, the reminder letter will not have to give a minimum of 60 days' notice of this incremented increase, as the original letter of rent advice will have provided this information.

Examples of capping scenarios are listed below.

Rent prior to a government rent policy reform was \$100pw for a single household.

1. Capping established due to rent increases applied as a result of rent policy reforms.
 - Assessed Rent = income \$500pw x 25% + Optimised CRA (\$60) = \$185 pw
 - Rent Payable = previous rent \$100pw + \$10pw capped increase = \$110 pw
2. April 2021: scheduled review – scheduled capped increase, but no COC
 - Assessed Rent = income \$500pw x 25% + Optimised CRA (\$60) = \$185
 - Rent Payable = previous rent \$100pw + \$10pw capped increase = \$120pw
3. September 2021: unscheduled review - rent increase due to COC – wage increase by \$100pw.
 - Assessed Rent = income \$600pw x 25% + Optimised CRA (\$60) = \$210 pw
 - Rent Payable = previous rent \$120pw + \$25pw increase due to wage increase, passed on in full = \$145 pw
4. October 2021: scheduled review - rent decrease due to COC – wage reduced by \$100
 - Assessed Rent = income \$500pw x 25% + Optimised CRA (\$60) = \$185 pw
 - Rent Payable = previous rent \$145pw, as new Assessed Rent is still higher than previous Rent Payable = \$145 pw
5. April 2021 scheduled review– no COC and a CPI increase in income of \$20
 - Assessed Rent = income \$520pw x 25% + Optimised CRA (\$60) = \$190 pw
 - Rent Payable = previous rent \$145pw + \$10pw capped increase = \$155 pw
 - CPI increase is added to Assessed Rent but does not affect Rent Payable

NOTE: Excluding CRA, tenants pay no more than 25% of assessable income