



# Community Partnerships and Growth

## **COMMUNITY HOUSING RENT POLICY & PROCEDURES**

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**Community Partnerships and Growth  
Community Housing Rent Policy & Procedures V14**

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# Community Partnerships and Growth

## Community Housing Rent Policy & Procedures V14

### 1. Intent

The Community Housing Rent Policy and Procedures sets out the basis upon which the rent payable by a tenant in a debentured Community Housing property is determined.

### 2. Context

Renewal SA, Community Partnerships and Growth (referred to hereafter as Community Partnerships) provides housing at rents which take into account the size and nature of the premises, and the tenant's capacity to pay.

There are 2 basic rent types:

- Market Rent:  
The maximum rent that may be charged for a Community Housing property, not including any Additional Services Levies or Non-Member Tenant Levies that may be charged. Market Rent values are determined by the State Valuer-General.
- Income Based Rent  
No tenant will pay more than 25% of their gross assessable household income (not including Commonwealth Rent Assistance, which is charged at 100%) in rent.

Community Housing Providers may also charge Additional Services Levies and/or Non-Member Tenant Levies (Co-operatives only).

### 3. Risk

The ongoing viability of the social housing system, of which the Community Housing program is a part, is at risk, and the nature and extent of services is compromised, if the rent payable by a customer is not calculated correctly and paid accordingly. If a customer fails to provide accurate information about their income and/or household circumstances, they may receive rent rebates to which they are not entitled.

### 4. Reference Documents and Links

#### 4.1 Directive Documents and Rent Calculator

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

- The Funding Agreement between the South Australian Housing Trust (SAHT) and Community Housing Providers registered under the South Australian Co-operative and Community Housing Act 1991 requires Associations and Co-operatives to abide by rent policy set by Government.
- Community Housing Providers must use the Community Housing Rent Calculator, or another calculator approved by Community Partnerships. This ensures that all Providers comply with current rent policy requirements, and that tenants are charged the correct rent.

## **Community Partnerships and Growth Community Housing Rent Policy & Procedures V14**

### **4.2 Supporting Documents and Resources**

The supporting documents and resources below can be found on the website address shown at the bottom of this page:

- South Australian Co-operative and Community Housing Act 1991
- Residential Tenancies Act 1995
- Fact Sheet: Housing SA, Community Partnerships and Growth – Rent Arrears
- Housing SA, Community Partnerships and Growth Rent Arrears Model By-law
- Community Housing Providers' internal by-laws
- Additional Service Levy Application Form
- Additional Service Levy Affordability Worksheet
- Market Rent query form
- Funding Allowance schedule

### **4.3 Related Documents and Resources**

The following documents below can be found on the website address shown at the bottom of this page:

- Notice of Rent Review letter
- Audit Checklist template – Auditor Information and Checklist
- Audit Guidelines – Accounting for GST
- Capital Contribution Statement
- Tenant Rent Record Template

## **5. Scope**

This policy applies to all tenants in debentured Community Housing properties (the traditional Community Housing program).

The policy does not apply to properties managed through other social housing programs, for example, the Nation Building Economic Stimulus Program, National Rental Affordability Scheme, Affordable Housing Program, Transitional Housing Program, and others. However, the policy may be applied to those programs' properties should housing providers choose to do so, within the parameters of the rent policy that applies to that program. (Note: Some providers manage more than one housing program, including both debentured and non-debentured properties.)

The policy provides direction in relation to:

- Rent Setting
- Rent Assessment
- Passing On Changes In Rent
- Rent Management

## **6. Definitions**

### Centrelink

Centrelink is part of the Commonwealth Department of Human Services. It provides social, health, welfare, child support and other services. References to Centrelink pensions and benefits in this policy also include Department of Veterans Affairs pensions and benefits (which are administered through Centrelink).

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### Debentured Property

The debenture is a financial instrument used over Community Housing properties. It ensures that Government retains a financial interest in the properties, whilst at the same time the Community Housing organisations hold title to the properties.

### Housing Association

A Community Housing provider that is managed by a separate group (i.e. not the tenants) that collects rents and manages maintenance etc. on behalf of tenants. Associations are similar to traditional housing models where a landlord rents a property to a tenant. Associations may be managed by groups linked to community based organisations e.g. support services, churches, welfare or charitable organisations. Associations are often established to assist people with specific needs e.g. women escaping domestic violence, people with intellectual disabilities, people on low income, etc.

### Housing Co-operative

A Community Housing Provider that is managed for and by its members e.g. tenants generally collect their own rents, manage their own maintenance, and report to Community Partnerships according to the requirements of the Funding Agreement etc. Co-operatives are commonly established by people with specific interests or needs e.g. single parents, aged, people with specific disabilities or people from specific cultural backgrounds.

### Renewal SA, Community Partnerships and Growth

Community Partnerships is the Division in Renewal SA, which is the government authority responsible for the funding and policy development for the Community Housing sector in SA. Previous organisations that have held this responsibility are the Office for Community Housing, the South Australian Community Housing Authority (SACHA) and most recently, Housing SA.

### Non-Member Tenant

A Non-Member Tenant is a person living in a Housing Co-operative property who has not met full Co-operative membership requirements.

### Service Provider

A person or organisation engaged by the Community Housing Provider to provide an administration, property, or tenancy service on a fee for service basis.

## **7. Policy and Procedural Details**

### **7.1 Rent Setting**

#### **7.1.1 Community Housing Rents**

Households occupying Community Housing properties will be charged the lower of either:

- Market Rent (refer to 7.2.2); or
- An Income Based Rent (refer to 7.2.3).

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In some cases the total rent charge may be more than the above, i.e. where an Additional Services Levy and/or a Non-Member Tenant Levy is charged (refer to 7.1.7).

Community Partnerships may also agree to charge a different rent from the above in special circumstances, such as for Investment Share Households (refer to 7.1.8) or for properties which Community Partnerships agrees to be used for non-residential purposes (refer to *Non-Residential Use of Community Housing Properties Policy and Procedures* at the website address shown at the bottom of this page).

### **7.1.2 Rent Calculator**

Community Housing Providers must use the Community Housing Rent Calculator supplied by Community Partnerships, or another calculator approved by Community Partnerships. This is to help ensure that all Community Housing Providers are using current assessable income information and that tenants are being charged the correct rent.

It is the responsibility of those Community Housing Providers using a Rent Calculator other than that approved by Community Housing to obtain Community Partnerships' approval to do so. The onus is on the Community Housing Provider to demonstrate to Community Partnerships that the rent calculator they are using has been tested as prescribed by Community Partnerships, and meets all Community Partnerships' requirements. Failure to do so will mean that the Community Housing Provider is deemed non-compliant.

### **7.1.3 Rounding of Rent Charge**

The weekly Rent Payable, whether Market Rent or Income Based Rent (see 7.2.1), is calculated to the nearest 10 cents (after any applicable levies have been applied).

### **7.1.4 Commencement of Rent Charge and Bond**

Rent is charged in advance, from the date the tenant/household occupies the property.

Community Housing Providers must also comply with the Residential Tenancies Act 1995 (refer to [www.ocba.sa.gov.au/tenancies/res/legislation.html](http://www.ocba.sa.gov.au/tenancies/res/legislation.html)) regarding the charging of:

- Rent in advance (section 54 (1))
- Security bonds (section 61)
- Other payments (section 53).

### **7.1.5 Commonwealth Rent Assistance (CRA)**

Commonwealth Rent Assistance (CRA) is assessed at 100% i.e. all of the CRA for which the household is eligible is included as rent.



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Calculation by Centrelink of CRA paid to an eligible customer is based on the income type and amount that the customer receives, as well as the rent declared by the customer to Centrelink.

For many customers the Community Housing Rent Calculator will provide a basic assessment of eligibility for CRA. Where the customer is eligible, a formula is applied by the calculator to determine the optimum amount of CRA for which the household is eligible, and the Assessed Rent (see 7.2.1) which should be charged based on this amount of CRA. Note: The tenant will need to advise Centrelink of the new rent charge (either electronically or in person), so that the correct amount of CRA is paid.

Changes in CRA that may occur after the household occupies the property must be advised to the Community Housing Provider as for any other changes in other household income (see 7.2.3.2).

### **7.1.6 Charging Less than the Prescribed Rent**

Community Housing Providers may not charge less than the prescribed rent that would normally apply (i.e. Market Rent or Income Based Rent, plus any applicable levies).

In certain circumstances (refer to 7.1.1), approval may be given by Community Partnerships for specific properties or tenancies to be charged a different rent. This approval must be in writing and updated when any changes to the rent policy occur.

### **7.1.7 Charging More than the Prescribed Rent**

Community Housing Providers may only charge more than the prescribed rent that would normally apply (i.e. Market Rent or Income Based Rent, plus any applicable levies), as follows:

#### **7.1.7.1 Non-Member Tenant Levies (Co-operatives Only)**

When calculating total household rent, Co-operatives may charge a Non-Member Tenant a "Non-Member Tenant Levy" in addition to the rent that the tenant would normally be charged if they were a member of the Co-operative.

If charged, the Levy must be 10% of the member rent that would normally apply e.g. if the tenant would normally be charged rent of \$150pw, the Non-Member Tenant Levy that would be added to this rent would be \$15.

The 10% levy:

- Is not mandatory i.e. the Co-operative may elect not to charge it
- If the Co-operative elects to charge the levy, this must be passed by Special Resolution
- If applied, must be applied to all Non-Member Tenant households within the Co-operative regardless if charged

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Market Rent or Income Based Rent, except where the Co-operative has elected (via their by-laws) to not charge the Levy to households whose normal rent charge is based on Minimum Income (see 7.2.3.10).

- Recognises that Non-Member households have not yet met full membership requirements, and may not be entitled to receive full member benefits
- Can be applied only where there is no adult member of the Co-operative in the household
- If charged, may not vary from 10% of the normal member rent.

Non-Member Tenant Levies are not retained by the Co-operative, but are returned to Community Partnerships as a residual after total allowances for all Co-operative properties are deducted from total rent charged.

#### Recovering Non-Member Tenant Levies

Non-Member Tenant Levies are generally not recoverable (along with rent arrears) via the Residential Tenancies Tribunal unless:

- The Levy is included in the total rent charge to the tenant, and
- The tenancy agreement signed by the tenant specifies that levies may apply, and will be reflected as part of the total rent charge where this occurs. The Community Partnerships recommended Tenancy Agreements (located on the website address shown at the bottom of this page) allow for levies to be charged in the above way.

#### **7.1.7.2 Additional Services Levies**

An Additional Services Levy is a mandatory property related charge imposed by the Community Housing Provider and included in the total recoverable rent charge as a condition of the tenancy.

[Note: The charging by Co-operatives of a Service Provider levy for rent management services is considered by Community Partnerships to be an administration (rather than a property related) charge. However, if applied, the levy should still meet the affordability requirements outlined below.]

Community Housing Providers are required to report on all Additional Services Levies charged as part of their annual audited financial statements.

The requirements set out below help to ensure that Additional Services Levies are:

- Appropriately set and spent
- Broadly affordable for households
- Subject to ongoing review
- Supported by the Community Housing Provider

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- Approved by Community Partnerships.

Before a (mandatory) Additional Service Levy may be charged, it must be approved by:

- Special Resolution at a general meeting of the Community Housing Provider.
- Community Partnerships. Community Housing Providers are required to complete and submit the following forms, available on the website shown at the bottom of this page.
  - Additional Service Levy Application Form
  - Additional Service Levy Affordability Worksheet.

A (mandatory) Additional Service Levy:

- 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 (i.e. it cannot be charged for administration, maintenance or tenancy management functions that the Community Housing Provider would normally be expected to provide, unless these are provided by a service provider. For further information about maintenance, refer to the Fact Sheet: Maintenance Exemptions, which sets out the items which are exempt from the requirements of the Residential Tenancies Act 1995 relating to the landlord's obligation to repair and maintain the premises).
- May not be charged for current or future possible tenant damages, which are recoverable through the Residential tenancies Tribunal.
- May not be charged for expenses funded through the Community Housing Provider's allowances. This includes insurance premiums and excesses.
- Must be based on the estimated 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)
- 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).
- Must remain broadly affordable for tenants i.e. the Base Charge (which includes mandatory levies) should not exceed 30% of assessable household (excluding Commonwealth Rent Assistance). (Note: There may be some exceptional circumstances which do not meet this requirement but which are nevertheless approved by Community Partnerships.)
- There may be instances where Additional Services Levies might not be applied to all properties within an organisation due to property and amenity differences. For example, a levy may be applied for lawn mowing where two or more properties share a communal garden area.

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- The terms of the Additional Services Levy proposal must include an internal review period, where the Community Housing Provider reviews both the continued need for the Levy and the Levy cost. This review period must be at least every two years.

Community Housing Providers may elect (via their by-laws) not to charge Additional Services Levies to tenants whose rent charge is based on Minimum Income.

#### Water Charges

Water use charges may be either invoiced to the tenant, or charged via a mandatory or voluntary levy.

Because water use is a tenant-incurred cost to be recouped by the Community Housing Provider, if the Community Housing Provider decides to charge a mandatory water use levy, the levy is NOT included in the affordability benchmark calculation and does not require approval from Community Partnerships.

Water charges should remain separate to rent at all times and not be entered as a levy for rent calculation purposes.

For further information about water charges refer to the Office for Consumer and Business Services' *Residential Tenancies Fact Sheet 2: Water Charging Facts*.

#### Recovering Additional Services Levies

Additional Services Levies are generally not recoverable (along with rent arrears) via the Residential Tenancies Tribunal unless:

- The Levy is included in the Rent Payable charge to the tenant, and
- The Tenancy Agreement signed by the tenant specifies that levies may apply, and will be reflected as part of the total rent charge where this occurs.

An increase in Levy, or the imposition of a new Additional Services Levy, is considered a change in the rent determination method. Notice of these changes must occur as set out in 7.3 Passing on Changes in Rent. The Community Partnerships' recommended tenancy agreements (listed on the website address shown at the bottom of this page) allow for levies to be charged in the above way.

#### **7.1.7.3 Voluntary Levies**

A voluntary levy by definition is one which a tenant elects to pay in return for a service. It is a private arrangement between the tenant and landlord. A voluntary levy is not rent, and should not be included in the rent charge stated on the tenancy agreement.

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Community Housing Providers may negotiate voluntary levies but they should be accounted for separately to rent.

Voluntary levies do not require Community Partnerships' approval, and are not included in the affordability benchmark.

Any residual voluntary levy paid at the end of a tenancy should be refunded to the tenant.

### 7.1.8 Investment Share (Equity) Households

Investment Share (equity) households are those which hold investment shares in their Co-operative issued in relation to a particular residential property of the Co-operative. 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 7.2.2), 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 7.2.1) the household would normally be charged (not 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.*

### 7.1.9 Participation Discount

The rent discount previously applied by some Community Housing Providers to Maximum Property Rent (Market Rent) payers no longer applies.

*Note 1: This discount recognised participation by members in the management activities of their organisation, however was not available to tenants paying Income Based Rents.*

*Note 2: The Debenture Register distributed to all Community Housing Providers will show non-discounted values and all calculations will be based on these values.*

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### 7.2 Rent Assessment

#### 7.2.1 Rent Definitions

The meaning of 'rent' varies between government authorities according to the purpose for which it is applied. For example, the Commonwealth Government collects information about tenants' rents, which does not include Commonwealth Rent Assistance and some additional charges for services. However, the amount of rent recoverable through the Residential Tenancies Tribunal is the amount (which will include Commonwealth Rent Assistance, and may include levies) shown on the Tenancy Agreement.

Community Housing tenants are charged either Market Rent, or Income Based Rent, whichever is the lesser.

For the purposes of this policy, the following definitions will apply:

- **Market Rent** is the maximum rent (as determined by the Valuer-General) that may be charged for a Community Housing property, not including any Additional Services Levies or Non-Member Tenant Levies that may be charged (refer to 7.1.8).
- **Income Based Rent** refers to a subsidised rent charge based on eligible households' capacity to pay, in accordance with this policy.

Income Based Rent is calculated at up to 25% of assessable household income excluding Commonwealth Rent Assistance, plus 100% of Commonwealth Rent Assistance for which the household is eligible, and not including any Additional Services Levies or Non-member Tenant levies that may be charged.

The steps involved in calculating Rent are as follows.

- **Base Charge** = Up to 25% of assessable household income, (excluding Commonwealth Rent Assistance), with a maximum of Market Rent, minus Investment Share percentage (if applicable, see 7.1.8) plus a Non Member Tenant levy where applicable (for Co-operatives only) and any applicable Additional Services Levies.
- **Assessed Rent** = Base Charge plus 100% of eligible Commonwealth Rent Assistance, 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 a Non-Member Tenant Levy (for Co-operatives only) and/or Additional Services Levies, as applicable.
- **Rent Payable** will be:
  - **For New Tenants and Existing Tenants not currently capped**, Rent Payable is the Assessed Rent (see 7.3.2 onwards)

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- **For Existing Tenants who are capped at the point of assessment or who will have capping applied** (see 7.3.2 onwards), the Rent Payable will be the lesser of:
  - previous Rent Payable plus \$10
  - OR
  - Assessed Rent.

For further information about Income Based Rents and capping, refer to 7.2.3.

- **Recoverable Rent** = the **amount** of rent **recoverable** through the Residential Tenancies Tribunal<sup>1</sup>. This should be the same as the Rent Payable.
- **Rent Allowance** = the amount of unrealised capping which applies (i.e. the dollar value of rent **increments** remaining). (Refer to 7.3)
  - **For tenants where capping applies** – the **difference** between Rent Payable and the Assessed Rent
  - **For tenants where capping does not apply** - Rent Allowance = nil.

### 7.2.2 Market Rents

The Market Rent is the maximum rent that may be charged for a Community Housing property, not including any Additional Services Levies, or Non-Member Tenant Levies that may be charged (see 7.1.7.1 and 7.1.7.2).

Market Rents are set by the Valuer-General annually, and are advised at the beginning of each financial year. Community Partnerships will distribute a Debenture Register showing the Capital Value and Market Rent for each property (and also Equity Values where applicable), to Community Housing Providers early each financial year. This allows for:

- Current Market Rents to be incorporated into the September/October rent review process
- Applying these values in the Rent Calculator to facilitate rent determination and calculation of Property Allowances.

Where the Rent Payable is the Market Rent (plus any applicable levies), the tenant is not required to continue to have their rent reassessed and provide proof of the household's income to the Community Housing Provider. This includes situations where capping applies (i.e. the Rent Payable is less than Market Rent) after Market Rent increases due to a change in valuation by the Valuer-General.

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<sup>1</sup> The Community Partnerships' recommended Tenancy Agreements allow for rent charges including applicable levies to be recoverable through the Residential Tenancies Tribunal. The Rent Payable should be stated on the Agreement. The letter from the Community Housing Provider advising the tenant of their rent charges should be attached to the Agreement. This also helps to ensure that bond entitlements are based on the ongoing Rent Payable amount.

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However, if the household was previously paying Income Based Rent and the household's Assessed Rent is determined to be Market Rent as a result of policy changes, capping will apply (i.e. the Rent Payable is less than Market Rent), and the tenant must continue to have their rent reassessed as for other Income Based Rents and provide proof of income each time their rent is assessed until the Rent Payable moves to the full Market Rent. If proof of income is not provided within the required time frame, capping will cease and Market Rent (plus any applicable levies) will be charged.

### 7.2.2.1 Querying Market Rents

Community Housing Providers (**not** individual tenants) may query an individual Market Rent on behalf of a tenant. Tenants who query Market Rents directly to Community Partnerships will be directed to their Community Housing Provider.

The Community Housing Provider may query the Market Rent using the Market Rent Query Form located on the website address shown at the bottom of this page if evidence to support a claim of a more appropriate weekly rent can be provided. This evidence must:

- Have a factual basis (e.g. not a verbal report from a neighbour etc.)
- Relate to a current market based rental arrangement (i.e. not, for example, to a subsidised rent a property owner may charge a relative, or to a lease arrangement made some years ago, etc.)
- Apply to similar properties (location, number of bedrooms, etc.).

Where the above occurs, Community Partnerships will review the rent based on the evidence provided, and where necessary in liaison with the State Valuer-General<sup>2</sup>. If a new Market Rent is adopted, it must be approved by Community Partnerships, and applied as follows:

- If the new Market Rent **increases**<sup>3</sup>, the increase will apply 60 days after the notice of the increase is given (i.e. it will not be backdated). Capping applies, where applicable.
- If the new Market Rent **decreases**, the decrease will apply from the next rent period after the date the Market Rent was first queried with Community Partnerships (i.e. it will be backdated).<sup>4</sup>

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<sup>2</sup> 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).

<sup>3</sup> 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.

<sup>4</sup> 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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### **7.2.2.2 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 Community Partnerships. The Capital Value (on which Market Rent is based) will be assessed as follows:

- Purchased properties (including purchases from SAHT) – 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.)

Where either of the above is considered to be inappropriate, Community Partnerships may modify the Market Rent in the interim, 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.

### **7.2.3 Income Based Rents**

Community Partnerships provides rent subsidies for eligible low income households in accordance with this policy.

A household may apply for an Income Based Rent either when they move into the property, or at any time during their tenancy.

In order to be charged an Income Based Rent, households must:

- Provide proof of income for each household member when applying for the Income Based Rent; and
- Once they are charged an Income Based Rent:
- Continue to provide the above as part of a normal rent review or as specifically requested; and
- Advise the Community Housing Provider of any change in household income of \$20 or more per week.

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 provided until this occurs, and Market Rent will be applied – refer to 7.2.2 and 7.3.2.

#### **7.2.3.1 Setting Income Based Rents**

Income Based Rents are calculated as:

- Up to 25% of gross assessable household income (excluding CRA), OR

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- 21% of gross assessable household income (excluding CRA), for very low income households (see 7.2.3.9), OR
- Minimum Income, for applicable households (see 7.2.3.10), PLUS
- 100% of eligible Commonwealth Rent Assistance applicable to the household (see 7.1.5).

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

- The tenant provides proof of all household income as requested, and
- The Income Based Rent is lower than the Market Rent.

Rent assessment advice to tenants charged an Income Based Rent should include the Market Rent, Assessed Rent, and Rent Payable.

*Note 1: Households which become ineligible to remain housed in a Community Housing property as per Community Housing Eligibility Policy and/or their Tenancy Agreement (e.g. become property owners, sublease a property without permission, etc.) are no longer eligible for Income Based/incremented rent, and will be charged Market Rent until they become re-eligible for housing, or their tenancy is terminated.*

*Note 2: For advice about Board and Lodgings, refer to 7.2.3.24.*

#### 7.2.3.2 Advising 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.).

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

- Increases – must be passed on 14 days' notice after notice is given of the increase
- Decreases – must be passed on in the next rent period after the change in household circumstances occurred. (However, see Note below regarding backdating decreases.)

*Note 1: Households with fluctuating income are assessed differently – refer to 7.2.3.11*

*Note 2: Households should not be unduly penalised for an error that occurred through no action or fault on their part*

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*Note 3: 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. Refer to 7.2.6.*

*Limiting the backdating of decreases to a maximum of 30 days encourages households to report income decreases as soon as possible, and recognises the considerable administrative difficulty for Community Housing Providers to backdate rent changes.*

*Note 4: A household charged an Income Based Rent but which does not advise an increase in household income as required may have their tenancy terminated, if their tenancy agreement contains provision for this, and the Community Housing Provider elects to do so. Community Partnerships' Tenancy Agreements contain this provision. Refer to 7.4.3.*

*Note 5: Where income changes because of a previously incorrect assessment by Centrelink and the new rate of income payment is backdated by Centrelink, the following will occur:*

- *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. Refer to 7.2.3.10.*

#### 7.2.3.3 Mandatory Review of Eligibility for Income Based Rent

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 a rent rebate.

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 as required 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, Community Housing tenants may request their rent be

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reviewed more often e.g. every 3 months, to ensure that rent continues to reflect income received. (Refer to 7.2.3.11 and 7.2.3.12).

In each case, the tenant **must**:

- Provide current proof of income for all members of the household; and
- Have its rent set according to the circumstances and income of the household at the time of the review.

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.

In most cases, where the Rent Payable is Market Rent (plus any applicable levies), the tenant is not required to continue to have their rent assessed or provide proof of household income. Refer to 7.2.2 for further information.

*Note 1: Community Housing Tenancy Agreements must specifically include a clause which enables the Association or Co-operative to alter rent on the grounds that income has varied. Community Partnerships recommends that Community Housing Providers use the Tenancy Agreements on the Community Housing website, as these include such a clause.*

*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).*

#### 7.2.3.4 Proof of Income

Appendix 1 sets out the documentation which is acceptable as proof of income for household occupants who:

- Receive wages or salary
- Receive government payments (e.g. pensions, benefits, allowances, etc.)
- Are self-employed
- Receive significant interest
- Receive income from their parents (e.g. students living away from home).

Centrelink income statements are sufficient for identifying income correctly and they are the only acceptable proof of income for Centrelink pensions, benefits and allowances.

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**7.2.3.5 Applying for Income Based Rent**

Households may apply for an Income Based Rent either when they move into the property, or at any time during their tenancy.

In order to be charged an Income Based Rent, households must:

- Provide proof of income for each household occupant when applying for Income Based Rent; and
- Once they are charged an Income Based Rent:
  - Continue to provide the above as part of a normal rent review, or as specifically requested; and
  - Advise the Community Housing Provider of any change in household income of \$20 or more per week.

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

- The household may be asked to provide further verification of their reduced income as necessary, and
- Income Based Rent cannot be provided until this occurs.

If the Assessed Rent is the same as the Market Rent, and the household is moving towards this rent in increments, then proof of income is required.

If the household is paying Market Rent, and the Market Rent increases, the household is not required to provide proof of income, and increments (capping) may apply. However, a tenant may choose to provide proof of household income at any time to check if they are entitled to an Income Based Rent i.e. an Assessed Rent that is less than the Market Rent.

**7.2.3.6 Assessable and Non-Assessable Income**

Assessable and non-assessable income types are set out in:

- Appendix 2: Assessable Income Types, and
- Appendix 3: Non-Assessable Income Types

**7.2.3.7 Assessing Income Based Rent**

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). For information about income assessability and suitable proof of income, refer to Appendix 1: Proof of Income and Appendix 2: Assessable Income Types.

Refer to 7.2.3.10.

*Note 1: For income that is not specifically listed as assessable or non-assessable, please contact Community Partnerships for further advice.*

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### **7.2.3.8 Income of Household Members**

The gross income of all household members who receive (or are eligible to receive) an income is assessable as per 7.2.3.6. This includes:

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

In some cases, taxable income (i.e. income minus allowable expenses) is assessable e.g. for self-employed persons.

As per 7.4.1 Responsibility for Rent Matters, 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.

### **7.2.3.9 Very Low Income Households**

For households where the total assessable income is less than the net<sup>5</sup> current weekly rate of Newstart for a single person with no children, rent will be assessed at 21% of their assessable income rather than 25%. These households will generally be single students.

### **7.2.3.10 Minimum Income**

Minimum income refers to situations where any household occupant is receiving less than the full Centrelink benefit entitlement applicable to their age and circumstances.

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

Some household occupants who are eligible for an income in their own right may receive no income, or an income that is less than the current rate of Centrelink payments applicable to their age and circumstances (e.g. persons who choose not to apply for Centrelink benefits, and self-employed persons who generate minimal income due to business expense deductions allowable under income tax legislation).

In these situations, the Community Housing Provider can ask the household occupant to obtain a Centrelink statement confirming that they do not receive a Centrelink 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.

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<sup>5</sup> Minus GST compensation and rounded down to the nearest dollar

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### When to apply the full benefit (i.e. the benefit that the household occupant is entitled to but is not receiving).

If the household occupant receives a reduced payment (e.g. because they are breached, are having tax deducted from payments, are repaying a Centrelink loan, etc.), 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

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.

The actual amount of income received by a student will be assessed for rent purposes (even if, as a full time student, they do not qualify for the full 'away from home' or 'independent' rate of benefit). For more information about students' income refer to 7.2.3.23.

### Minimum income to be set for all other cases

Apart from the situations outlined above, for the purposes of rent assessment where a minimum income is assumed, income equal to the current rate of Austudy/Abstudy applicable to the household occupant's circumstances will be used as the basis of rent assessment.

The intent of minimum income is that the household occupant is assessed against the relevant Austudy/Abstudy income. For example:

- If the household is a single person with children, the minimum income Austudy/Abstudy threshold applicable in these circumstances would be that of a single person with children.
- However, if the household is a childless couple, the household members would each be assessed against the childless couple Austudy/Abstudy rate, etc.
- 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 Austudy/Abstudy rate applicable to their circumstances.

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Current Austudy/Abstudy rates are available at:

[www.centrelink.gov.au/internet/internet.nsf/payments/austudy.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/austudy.htm)

[www.centrelink.gov.au/internet/internet.nsf/payments/abstudy.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/abstudy.htm)

Note: In instances where this section of the policy has been misinterpreted prior to the October 2012 rent reforms, resulting in a household's assessed income omitting the assessable income of a household occupant, then the new Rent Payable will be the previous rent paid by the household, plus \$10 for the first six months. Capping will then apply at each six monthly review, until the new Assessed Rent is reached. See section 7.3, Passing on Changes in Rent.

*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.*

*Note 2: 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 Austudy/Abstudy rate being received by each household occupant, but would not include Family Tax Benefits that each household occupant may be eligible to receive.*

*Note 3: Customers on government payments who receive Commonwealth loans will not have any additional loan income taken into account for rent purposes. They will be considered to receive the full rate of payment where they are having loan repayments deducted from their normal payments.*

*Note 4: Occupants who are having money deducted from their Centrelink benefits (e.g. for tax or breach reasons) are considered to be receiving the full rate of payment they would normally be eligible for, not the reduced amount they may actually receive.*

### 7.2.3.11 Fluctuating Income

Where the customer receives a constant source of income but the amount received fluctuates

An example of this is 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 their present employer showing current or average gross weekly income including overtime; or



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- Only if the above two cannot be provided (e.g. due to self-employment), as per assessment for self-employed persons (see 7.2.3.12).

*Note 1: Earned income is assessed at 25% of gross earnings.*

*Note 2: 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.*

### Where a person receives an income but experiences periods of non-payment

An example of this is 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).

*Note: Minimum Income provisions may also apply to those on fluctuating incomes – refer to 7.2.3.10.*

### **7.2.3.12 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 (refer to 7.2.3.23), or Guardianship of the Minister provisions apply (7.2.3.24).

Rent may be assessed using the following as suitable proof of income:

- A statement of taxable income from a Certified Practising Accountant (CPA) or registered tax consultant, which:

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- Is not more than 2 weeks old; and
  - States taxable income for the year to date or last financial year; and
  - Is on formal business letterhead or other documentation; and
  - Includes contact details allowing the Community Housing Provider
  - to query or verify information; and
  - Is obtained at the tenant's cost.
- OR
- Only where the above statement is not available, the tenant must provide:
    - Statutory declarations providing year-to-date business profit and loss details at least every 6 months (see note below);
- AND
- A notice of taxable assessment from either a CPA, tax consultant, or the Tax Office at least once per financial year confirming their actual net business income for the period.

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

See Community Partnerships' *Non-Residential Use of Community Housing Properties Policy and Procedures* at the website address shown at the bottom of this page, for more information on operating a business from a Community Housing property.

*Note 1: Where the tenant cannot provide CPA or tax consultant advice and instead provides statutory declarations of business profit and loss, the tenant may elect to provide these every 3 months, in order to provide more accurate assessment of income and thus rent. Similarly an Association or Co-operative may also require the tenant to provide such statements every 3 months.*

*Note 2: Minimum Income provisions may also apply to those on fluctuating incomes – refer to 7.2.3.10.*

*Note: 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.*

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### 7.2.3.13 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 7.2.3.10) 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 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.

*Note 1 See 7.4.7: Disputed 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.*

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*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.*

### 7.2.3.14 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 lump sum payment for loss of earnings or income in settlement of a WorkCover claim, Insurance claim, or similar payment, and they are ineligible for Centrelink payments as a result, rent assessment 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 Community Partnerships.

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 Community Partnerships approves otherwise. Tenants/household occupants must provide Community Partnerships 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.*

### 7.2.3.15 Overseas Income

#### Treatment of 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

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amount received after any Centrelink deductions will be assessed.

### Treatment of income normally received in Australia, but still received while the person is overseas

Any assessable income normally received in Australia and continued to be received while overseas remains assessable e.g. benefits, holiday pay, etc.

This includes for 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.

#### *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).*

*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.*

### **7.2.3.16 Income Received While Away From Home**

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 Income of Students 7.2.3.25) for further information on how scholarships are assessed)
- Government payment recipients who travel e.g. to visit a sick relative, etc.

*Rationale: Households are still required to meet their normal housing costs if they are temporarily away from the property, irrespective of the reason why (consistent with rent privately or paying a mortgage).*

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### 7.2.3.17 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.

### 7.2.3.18 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, with all Commonwealth Rent Assistance assessed at 100%.

The responsibility for apportioning the total rent charge amongst household members and ensuring payment of this portion rests with the person(s) named on the tenancy agreement, as per Responsibility for Rent Matters 7.4.1.

*Note: Signatories to the Tenancy Agreement are not a determining factor in eligibility for CRA. To apply for CRA, each sharer must advise Centrelink how much rent they are paying. The sum of the rent amounts declared to Centrelink by all sharers must total the rent charged to the household.*

*Note: Income for Group Households is treated differently to Share Households – refer to 7.2.3.18 and 7.2.3.19.*

### 7.2.3.19 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

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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.

Once either a Market Rent or Income Based Rent is determined, then:

- The Community Housing Provider deducts half the normal administration allowance and maintenance allowance that would normally apply, per household unit (but retains the total property allowance that would normally apply for the entire property.)

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.

Allowances retained by Association would therefore be as set out below:

Total Rent charged for whole property	Made up from the total of rent charged for households A, B and C (whether each household is charged Income Based Rent or Market Rent).
Property Allowance for whole property	Percentage of total property capital value as determined in the Funding Allowances
Maintenance Allowance for whole property	50% of normal property maintenance allowance as per the Funding Allowances, x 3 households (i.e. the Community Housing Provider would retain 150% of the normal allowance in this case, as they retain 50% for each household).
Administration Allowance for whole property	50% of normal administration allowance as per the Funding Allowances, x 3 households (i.e. the Community Housing Provider would retain 150% of the normal allowance in this case, as it retains 50% for each household).

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This measure allows Community Housing Providers with Group Households to retain more than the standard funding they would normally retain, than if the property was used for non- Group Household purposes.

➤ *Rationale – Allowing Community Housing Providers with Group Household properties to retain more than the standard allowances that would normally apply recognises that these properties are generally subject to greater maintenance and administration costs, as:*

- 1) They are usually bigger than standard 3 bedroom residential properties; and*
- 2) There are often greater administration and maintenance costs in providing this style of housing and associated services given the circumstances of their occupants.*

#### 7.2.3.20 Carers

Where a Carer (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, the Carer's income from all sources is not included as assessable income when assessing the household's rent.

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. If the Carer Payment is not received, a letter from a health professional with direct knowledge of the circumstances is required.

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

#### 7.2.3.21 Income of Visitors

The income of Visitors is assessed as per the Community Housing Provider's By-laws, or where these are not defined, after a maximum of 12 weeks.

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.



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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.

### 7.2.3.22 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 is as follows:

- Family Tax Benefit A – 15% of all FTBA is added to the household rent
- Family Tax Benefit B – 15% of all FTBB is added to the household rent
- Child Support Payments - 15% is added to the household rent. (See also next dot point Children in Shared Custody Arrangements).
- 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: The \$10 deduction from weekly household income that applied prior to implementation of this policy with respect to children has ceased.*

*Note 2: 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 3: Foster Carers may be eligible for Family Tax Payments, which are assessable as above. Some Foster Carers may also receive a subsidy from Families SA – this is referred to as the Carer Subsidy Payment, and is not assessable.*

### 7.2.3.23 Payments with Respect to Children Aged 16 – 20 years<sup>6</sup>

With respect to children of the tenant or tenant's partner aged 16 – 17 years who are living with them, the following arrangements apply<sup>7</sup>:

<sup>6</sup> Income received directly by children under the age of 16 years is not assessable.

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- Where parents receive Family Tax Benefits and/or Child Support payments - see 7.2.3.22 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 aged 18 - 20 years and residing in the household, the following arrangements apply:

- If the child receives only earned income (e.g. wage/salary), 15% of the gross income is added to the household rent.
- If the child receives only a statutory income<sup>8</sup>, 15% of the gross income is added to the household rent.
- If the child receives a combination of earned income and statutory income, 15% of the at home rate of maximum Youth Allowance applicable to their age is added to the household rent.

#### 7.2.3.24 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 up to 25%.

The income of adults aged 21 and over, formerly under Guardianship of the Minister, and still living with their foster parents, is assessed at 20%.

#### 7.2.3.25 Income of Students Living Independently

The income of students living independently (i.e. away from home) is assessed as follows:

- The actual income a student receives 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.
- 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).*

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<sup>7</sup> 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%.

<sup>8</sup> Refer to Appendix 2 – Assessable Income Types

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*Note 2: 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.*

### 7.2.3.26 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 income.

### 7.2.3.27 Rent Payable Hardship Reduction

This rent policy provides for gradual implementation, through incremented increases (capping), of rent increases arising from application of the rent reforms introduced in October 2012.

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.

These situations include those where the household is:

- capped due to the introduction of the October 2012 rent reforms, 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 Newstart from or after 1 January 2013 as a result of a Federal Government policy change, or
- where the tenant's partner dies.

#### What is the Rent Payable Hardship Reduction?

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, defined in 7.2.1, is the amount calculated before applying 100% Commonwealth Rent Assistance to the rent assessment).

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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 Newstart as a result of a Federal Government policy change, or where the tenant's partner dies.

The Community Housing organisation 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.

Because the Rent Payable Hardship Reduction provision relates specifically to the introduction of the 2012 rent reforms, the Community Housing Provider may at its discretion apply and backdate the provision up to the date of such a change of circumstances, but no earlier than October 2012.

### 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.

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*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.

### **7.2.4 Incorrect Rent Assessments**

#### **7.2.4.1 Where the Community Housing Provider Assesses Rent Incorrectly**

Where a household’s rent has been incorrectly assessed due to an assessment error, the following will apply:

- Where the newly assessed rent is **lower** than the previously assessed incorrect rent, the lower rent should apply from the date it should originally have been applied had the error not occurred (i.e. from the next rent period after the change in household circumstances was advised.
- Where the newly assessed rent 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.)

#### **7.2.4.2 Where Centrelink Assesses Income Incorrectly**

Where income changes because of a previously incorrect assessment by Centrelink and the new rate of income payment is backdated by Centrelink, 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 **lower** than before (i.e. Centrelink previously overpaid the tenant), the new lower rent which results will be backdated as above (7.2.5.1) so that the tenant is not disadvantaged. However this would only occur if the overpayment occurred due to Centrelink error.

### **7.3 Passing on Changes in Rent**

#### **7.3.1 Notice Required for Changes in Rent**

Under section 55 of the Residential Tenancies Act 1995, 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.

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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).

### **Increases in Income Based Rent due to a change in government policy**

These increases may be applied only after 6 months has expired since the date a previous rent increase occurred due a change in government policy.

Increases greater than \$10pw will be passed on in increments of \$10pw every 6 months. This is known as capping. See 7.3.2 for further information.

### **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 resulting in 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 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.

### **Rent decreases**

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

Except where a rent has been incorrectly assessed by the Community Housing Provider (refer 7.2.5.1), 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 organisation agree to do this (refer Note 3 in 7.2.4 and 7.2.3.2).

### **7.3.2 Passing of Rent Increases in Increments (Capping)**

Rent increases due to a change in Market Rent (for agreements entered into prior to 1 March 2014) or to changes in government rent policy will be applied in increments of a maximum of \$10 per week every 6 months (e.g. at March/April and September/October bulk rent reviews), until the Assessed Rent is reached. (Note: The final increment may be less than \$10.) The amount of unrealised capping (i.e. the value of increments remaining) is referred to as the Rent Allowance.

Where rent increases occur for mixed reasons i.e. partly due to a change in the household's income, and partly due to a change in government rent policy, the increase will be treated as for changes in government policy, and will be capped.

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Households which are on increments moving towards a higher rent are treated in the same way as other households on Income Based Rents, and must provide proof of income as required. Households which do not provide proof of income will be ineligible to continue receiving increments and will be charged full Market Rent, without increments. However, if the required proof of income is provided to the Community Housing Provider with 14 days of the date that Market Rent was first charged, then their rent will be reassessed in line with this proof of income. If the household is again eligible for an Income Based Rent, or a capped Market Rent, then any applicable capping which previously applied (before their rent was changed to Market Rent) and which would normally have continued to apply, will be reinstated from the date that Market Rent was charged.

Where a currently capped household has a change in rent which in itself results in capping, the new capping arrangements are applied to the current Rent Payable.

Appendix 4: Summary of Application of Capping is included for reference. Examples of applied capping will also be listed on the website address shown at the bottom of this page.

### **7.3.2.1 Providing Notice of Increments (Capping)**

Where rent increments (capping) apply, Community Housing Providers can provide notice of future incremental rent increases in one letter rather than providing a separate letter for each incremented increase every 6 months.

Where the above occurs, 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.

### **7.3.2.2 When Does Capping Apply?**

New capping applies, and existing capping continues to apply where:

- For an existing tenancy, Assessed Rent increases by more than \$10 per week due to a change in government rent policy
- The tenant pays Market Rent and the Market Rent increases by more than \$10 per week (for agreements entered into prior to 1 March 2014),
- 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 7.2.1). In this situation, capping applied previously continues to apply until the new Assessed Rent figure is reached.

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- One of the tenants in a joint tenancy vacates or dies, and the tenancy is assigned to another joint tenant (at the same property)
- A tenant transfers to another debentured community housing property, (regardless of who initiates the transfer e.g. Community Partnerships and Growth, Community Housing Provider, or tenant)
- A member of a currently capped household receives an increase in income (excluding CPI increases) - capping continues for the original circumstance, but the increase in rent due to the increase in income is passed on in full.
- 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.
- The transfer of an existing tenancy is initiated by Housing SA or the Community Housing Provider (e.g. for asset management reasons). In these cases:
  - 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 this 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 equal to or higher than the rent paid at the previous property, then:
    - Rent is set at the same \$10 increment level that the household was paying when they vacated the previous property, 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.
  - These provisions apply regardless of whether the tenant is transferring within their existing Community Housing Provider, or to another Association or Co-operative.

*Note: If both the property and the tenant are transferred to another Community Housing Provider, 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.*

*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.*



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### 7.3.2.3 When Does Capping Not Apply?

Capping does not apply in the following situations:

- Capping is not applicable to new housing offers/allocations. It applies only to existing tenancies at the time that rent policy changes, or to changes in Market Rent for agreements entered into prior to 1 March 2014.
- When capping related to a particular government policy change is fully realised, (and the Rent Allowance 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 a new person moves into a capped household, capping does not apply with respect to the new person – rent increases relating to this member are passed on in full. However, any unrealised capping remains in place for the originally capped household.
- Where a member of a currently capped household receives an increase in income (excluding CPI increases), the rent increase which results from the increase in income is passed on in full, however, capping continues to apply for the original circumstance.
- 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 rent will be charged to the household from the time they occupy the new property.

### 7.3.2.4 When Does Capping Cease?

Capping ceases in the following circumstances:

- When the Rent Payable reaches the Assessed Rent.
- 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.<sup>9</sup>

Note: There are two exceptions, i.e. where:

- 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

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<sup>9</sup> Note that new capping may apply again in the future if the tenant pays Market Rent and Market Rent increases by more than \$10 per week (except for agreements entered into on or after 1 March 2014)

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the change in circumstance, but would still apply for the originally capped household. (See 7.3.2.3).

- If the tenant elects to vacate the property.

### **7.3.2.5 Capping and CPI Increases**

In relation to capping and CPI increases:

- Centrelink rent thresholds and maximum CRA rates are indexed in line with CPI changes, twice a year, on 20 March and 20 September. Bulk programmed rent reviews align with these dates.
- CPI increases are not rounded.
- CPI increases will be included in the Rent Allowance.

### **7.3.3 Passing on Decreases in Rents**

Refer to 7.2.4 Changes in Household Circumstances.

## **7.4 Management of Rent Matters**

### **7.4.1 Responsibility for Rent Matters**

The person(s) named on the tenancy agreement are legally responsible for ensuring the payment of rent charged; irrespective of how other household members' income contributes towards the rent charge. This reflects common practice in other forms of rental e.g. private rental, public housing, etc.

Given this, it is the responsibility of the person(s) named on the tenancy agreement to:

- Determine how the total rent charge should be apportioned between all household members; and
- Ensure other household members:
  - Meet their obligations (if any) in contributing towards rent payment; and
  - Provide appropriate proof of income if the household is applying to be charged (or continue to be charged) an Income Based Rent, and for each 6 monthly rent review where the tenant pays an Income Based Rent.

Community Housing Rent Policy provisions apply irrespective of whether household members have separate or tenant in common tenancy agreements (unless the agreement specifically indicates otherwise). Community Housing Providers should seek advice from Community Partnerships if further direction is required.

### **7.4.2 Rent Arrears**

#### **Rent Arrears By-law**

Community Housing Providers are required to have a Rent Arrears By-law passed by Special Resolution, and approved by Community Partnerships. The By-law must align with wording in Community Partnerships' Model Rent Arrears By-law. Alternative wording may be approved in exceptional circumstances.

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### Rent Arrears Management

Rent arrears must be managed by Community Housing Providers in a timely manner so that:

- Tenants do not fall so far behind with their rent payments that they cannot afford to pay their debt within a reasonable amount of time (which will depend on the amount of rent owing in relation to the rent charge.)
- The organisation is managed properly and is able to fulfil its responsibilities on time (including paying for maintenance, administration and capital contributions.)

Community Housing Providers must produce rent records in a format acceptable to the Residential Tenancies Tribunal. To assist with this, Community Partnerships has created an online Tenant Rent Record Template (see website address shown at the bottom of this page) which meets these requirements. All Community Housing Providers are encouraged to use this template to record rent charges and payments on an ongoing basis (unless they have another appropriate template), and particularly when presenting information to the Residential Tenancies Tribunal.

### Reporting to Community Partnerships

All Community Housing Providers must report on rent arrears monthly to Community Partnerships using the Capital Contribution Statement (located on the website address shown at the bottom of this page) or another template approved by Community Partnerships.

For any tenancy showing rent arrears of greater than 4 weeks' rent, Community Partnerships may discuss the situation with the Community Housing Provider, and ask the organisation to provide a plan for managing the arrears within an appropriate time frame.

If Community Partnerships finds that the Community Housing Provider either has not reported rent arrears accurately, or has not taken appropriate action to remedy rent arrears, it may consider undertaking an investigation into the matter.

For further information on the management of rent arrears refer to the following documents on the website address shown at the bottom of this page:

- Model Rent Arrears By-law
- Tenant Rent Record Template
- Capital Contribution Statement
- Fact Sheets
- Rent Arrears Process
- Community Housing Rent – What Do Tenants Need To Know?
- Role of Tenant Information and Advocacy Service
- Role of the Residential Tenancies Tribunal.

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### **7.4.3 Community Partnerships Recommended Tenancy Agreements**

Community Housing Providers are strongly encouraged to house tenants using Community Partnerships' recommended Tenancy Agreements, available on the website address shown at the bottom of this page.

These Tenancy Agreements:

- Are specifically designed for Community Housing purposes; and
- Incorporate particular tenancy obligations unique to Community Housing (e.g. a tenant's obligations to the Community Housing Provider where charged Income Based Rent); and
- Meet Residential Tenancies Act requirements.

The Community Partnerships' recommended Tenancy Agreements specifically allow an Community Housing Provider to terminate a tenancy if the tenant does not meet their obligations in relation to an Income Based Rent or Market Rent. Standard Tenancy Agreements do not allow this.

### **7.4.4 Review of Information Provided to Community Partnerships**

Data submitted by Community Housing Providers in Community Partnerships' Capital Contribution Statement (or similar report approved by Community Partnerships) may be matched to data submitted as part of the Annual Data Collection in order to check consistency of information/data provided and whether there are any discrepancies (e.g. occupancy information).

### **7.4.5 Centrelink eServices – Income Confirmation Service**

Community Housing Providers may choose to make use of Centrelink's eServices to receive electronic confirmation of tenants' income (with the tenant's consent). Using this service is free for both the Community Housing Provider and tenant, and saves considerable time for both parties.

Where an Community Housing Provider signs up for Centrelink eServices, Centrelink requires the Community Housing Provider to collect authorisation from the tenant for the Community Housing Provider to access the tenant's payment details.

As an alternative to using Centrelink eServices, tenants may choose to use the Centrelink website to obtain electronic copies of their payment details, and provide these to the Community Housing Provider as required. Further information is available on the Centrelink website at [www.centrelink.gov.au/internet/internet.nsf/online\\_services/index.htm](http://www.centrelink.gov.au/internet/internet.nsf/online_services/index.htm) and [www.centrelink.gov.au/internet/internet.nsf/businesses/customer\\_confirmation.htm](http://www.centrelink.gov.au/internet/internet.nsf/businesses/customer_confirmation.htm)

*Note: Centrelink can confirm whether a tenant receives an income from the Dept Veterans Affairs; however Centrelink is unable to provide a statement of income confirming Veterans Affairs payment amounts. This must be obtained by the tenant from Veterans Affairs.*

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**7.4.6 Electronic Verification of Rents (EVoR)**

Where the tenant has provided written consent, EVoR allows CHOs who are registered with Centrelink to notify Centrelink electronically of the tenant's rent i.e. they do not need to forward a rent certificate. Centrelink will then automatically adjust the amount of Commonwealth Rent Assistance paid, effective from the new rent date.

Community Partnerships encourages tenants and CHOs to take advantage of this free service. Tenants' permission to use EVoR may be combined with other Centrelink services, such as Centrepay or Confirmation services.

More information about EVoR is available on the Centrelink website at <http://www.centrelink.gov.au>

**7.4.7 Disputed Proof of Income**

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.

**8. Version Record**

Version 1 of this policy was first approved in 2005. Changes in subsequent versions are as follows:

Version number	Version Date	Change description	Principal Change Author
1	October 2005	Development of new policy	Andrew Lambert
2	March 2008	<ul style="list-style-type: none"> <li>• General clarification. Also addition of new provisions regarding:</li> <li>• Centrelink electronic confirmation of income; and</li> <li>• Non deductibility for rent purposes of community housing rent claimed as a tax deduction</li> <li>• Annuities/allocated pensions – use of Centrelink's "assessable" amount only in rent assessments</li> <li>• Clear requirements on proof of income for self-employed persons</li> <li>• March 2008 implementation of Young people under Guardianship still living with foster parents are treated as natural children except when they turn 21 – then to be charged 20%.</li> </ul>	Andrew Lambert and Monique Pringle

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3	November 2008	Table 5.2 (page 35) – deletion of “lump sum payment - disability” and “lump sum payment – redundancy” to be consistent with the wording under “lump sum payments” (page 28).	Lynley Street
4	May 2009	<ul style="list-style-type: none"> <li>• Insertion of section 4.1.9 Rent Arrears</li> <li>• Added comment in 4.1.2 about the mandatory use of Rent Calculator on the community housing website</li> <li>• Clarification under 5.3 regarding assessable amount of annuity income.</li> <li>• Clarified backdating reduced rents in 2.7, 4.1.6, and 4.3.5</li> <li>• Added some income types in 5.2</li> <li>• Changed OCH’s name to Housing SA, Community Partnership and Growth</li> <li>• Confirmed non-assessability of annual FTB payments through tax system in 4.3.16</li> <li>• Added meal, travel, uniform allowances as non-assessable as per Housing Services rent policy (section 5.2).</li> </ul>	Monique Pringle
5	September 2009	<ul style="list-style-type: none"> <li>• 4.1.5 Charging less than the prescribed rent - Insertion of clause on special rent arrangements for some cottage flats remaining under Public Housing Rent Policy while managed by an Association.</li> <li>• 4.2.1 Maximum Property Rent - Clarification of ‘hardship’ clause, i.e. how the modified ceiling rent is calculated.</li> <li>• 4.2.3 Discounting Maximum Property Rent - Amendment to include Associations (as well as Co-operatives) as using discounted ceiling rent schedules.</li> <li>• 4.3.9 Minimum Income clarified</li> <li>• 4.3.20 Interest and Earned Income – correct rent assessment using correct proof of income requirement clarified</li> <li>• 4.3.25 Federal Pension changes Sept 09 outlined</li> <li>• 5.2 Non-Assessable Income – Four new types of income added</li> <li>• 5.3 Proof of Income – clarification around Interest and Investment Income requirements added</li> <li>• Appendix 1 added with formulae explaining the Federal Pension calculations</li> </ul>	Monique Pringle
6	March 2010	<ul style="list-style-type: none"> <li>• Income types updated and further explained according to Centrelink and Department of Veteran’s Affairs.</li> <li>• Clauses added to align with Housing SA Rent Assessment Guidelines whereby students and extra persons will not be</li> </ul>	Monique Pringle

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		charged rent if they can provide verification from a health/disability professional (third party Service Provider) that they are caring for the tenant or a member of the tenant's household. There are four requirements to be met around this clause, and these are expanded in Appendix 2 (Definition of care, Kinds of care, Minimum hours of care, Formal Agreement/Monitoring arrangements)	
7	May 2010	<ul style="list-style-type: none"> <li>Reference to rent setting for co-tenancy arrangements removed.</li> <li>Appendix 2 removed.</li> </ul>	Malin Bagling-Jonsson
8	July 2010	<ul style="list-style-type: none"> <li>Addition (clause 4.3.14) of information about assessability of income of extra persons providing care for a member of the household</li> </ul>	Liz Hodgman
9	November 2010	<ul style="list-style-type: none"> <li>Additional paragraph in 4.2.1 to reflect current practice with respect to the application of a rent 'discount'. (This is included for clarification only; there is no change to a way rents are currently assessed.)</li> </ul>	Liz Hodgman
10	March 2011	<ul style="list-style-type: none"> <li>Removal of quarantine of single pension increase in Sept 2009 for rent assessment purposes</li> <li>Clarification/additional wording with respect to acceptable proof of income for income streams which do not earn interest, and other income types</li> <li>Assessable and Non-Assessable Income types significantly updated in line with Housing SA policy.</li> </ul>	Liz Hodgman
11	October 2012	<p>Version 11 is a complete policy revision, including rent reforms announced by the Minister for Housing in Sept 2010, and further policy changes in 2011 and 2012, with additional information relevant to implementation of the new rent calculator (to be implemented in late 2012).</p> <p>The format of the document has also been significantly revised.</p> <p>Policy changes include:</p> <ul style="list-style-type: none"> <li>Implementation of Market Rents</li> <li>Change to treatment of Commonwealth Rent Assistance</li> <li>Changes to treatment of Family Tax Benefits, Child Support Payments, and income for Children aged 16 – 20 years living at home</li> </ul>	Liz Hodgman

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		<ul style="list-style-type: none"> <li>• Changes to treatment of capping</li> <li>• Removal of participation discount (where previously applied, was applied only to full rent payers)</li> <li>• Application of rent increments (capping)</li> <li>• New rent terminology/definitions</li> <li>• New information about levies including revised definition of additional services levy, the affordability benchmark, voluntary levies, and levies for water use charges.</li> <li>• Amendments to lists of assessable and non-assessable incomes</li> <li>• Assignment of statutory status against assessable income types.</li> <li>• Increase from \$10pw to \$20pw income increase threshold for requirement by tenants to notify their Community Housing Provider of changes in household income.</li> </ul>	
12	May 2013	<ul style="list-style-type: none"> <li>• Introduction of Rent Payable Hardship Reduction provision (7.2.3.27)</li> <li>• Additional clarifying information in relation to Minimum Income (7.2.3.10) and action to be taken where the Minimum Income policy has been misinterpreted prior to implementation of the October 2012 rent reforms</li> <li>• Clarification that assessments are based on CRA eligible amounts, not CRA received.</li> <li>• Clarification that income assessments apply for each household member.</li> <li>• Clarification that rounding of rent charge applies to the weekly rent charge</li> <li>• Inclusion of information about Centrelink's Electronic Verification of Rents (EVoR) service</li> <li>• Advice that references to Centrelink pensions and benefits also include Dept. Veterans Affairs pensions and benefits</li> <li>• Inclusion of Appendix 4: Summary of Application of Capping (omitted in error from Version11)</li> <li>• Information about treatment of capping where one tenant in joint tenancy vacates or dies</li> <li>• Additional information about treatment of capping for tenant transfers</li> <li>• Removal of reference to "Notice of Rent Increases - Increments" template letter (obsolete)</li> <li>• Information about assessability of the Govt Authority Concessional Amt (Appendix 2)</li> </ul>	Liz Hodgman



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		<ul style="list-style-type: none"> <li>• Minor text and formatting changes.</li> </ul>	
13	Sept 2013	<ul style="list-style-type: none"> <li>• Addition to Section 7.2.3.20 “Carers”, stipulating that the non-assessable income provision for carers’ income will only apply to one income per household, specifically to the carer who is either in receipt of Centrelink Carer Payment, or the lower of the carers’ incomes.</li> </ul>	
14	March 2015	<ul style="list-style-type: none"> <li>• Alignment with Residential Tenancies Act amendment. For agreements entered into on or after 1 March 2014, increases to Market Rents may be applied only after 12 months from the agreement date or from the date that Market Rent last increased (7.3.1)</li> <li>• Market Rent increases for agreements entered into from 1 March 2014 (7.3.2.2, 7.3.2.3, Appendix 4) will not be capped.</li> <li>• Replacement of references to ‘Rent Funding Worksheet’ with ‘Capital Contribution Statement’</li> <li>• Removal of duplicated information relating to Advising Changes of Circumstances</li> <li>• Revised explanation of equity households and how equity tenants’ rents are calculated (7.1.8)</li> <li>• Advice that tenants charged Income Based Rents should include information about Market Rent, Assessed Rent and Rent Payable (7.2.3.1).</li> <li>• Minor text and formatting changes</li> <li>• Reflect Machinery of Government changes (transfer of responsibilities from Housing SA to Renewal SA).</li> </ul>	

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## 9. Appendices

### Appendix 1: Proof of Income

The following table shows the documentation required for proof of income:

Persons who receive wages or salary
<ul style="list-style-type: none"> <li>• Current pay slip showing gross wages (including any regular overtime) for either 6 consecutive weeks or showing year to date earnings. Workers compensation income maintenance payment must also be provided where relevant; or</li> <li>• Current letter/statement from present employer showing current or average gross weekly income including overtime.</li> </ul>
Persons who receive government payments (e.g. pensions, benefits, allowances, etc.)
<ul style="list-style-type: none"> <li>• Income Statement or other formal documentation from Centrelink, Department of Veterans Affairs, or other Government department confirming current pension/benefit payments, including allowances (e.g. Family Assistance, etc.) and all other income; or</li> <li>• Documentation from Workcover verifying current payments</li> <li>• Documentation from the Department administering Austudy, verifying the current benefit payable</li> </ul>
Notes:
<ul style="list-style-type: none"> <li>• Centrelink/Government proof of income documentation must include the gross amount of all non-Centrelink payments (e.g. superannuation/retirement funds/annuities) that Centrelink assesses that the person may receive. However in cases where a <u>lower</u> Centrelink assessment of income is assessed for rent purposes (e.g. Centrelink's assessment of the "assessable" (not gross) amount of annuity income), documentation which shows Centrelink's lower non-gross assessable amount is required.</li> <li>• For superannuation/retirement funds/annuities it is important to identify the two parts of the payment a tenant receives.</li> <li>• Part of the income received by a tenant represents a return of the capital (or savings) originally invested in the fund – this is identified as the "<u>gross</u> amount" and is <u>not</u> assessable.</li> <li>• Part of the income received by a tenant 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).</li> <li>• In some instances, because of the conditions which apply to the respective investments (e.g. income streams which are not deemed). The Q062 letter will not show a (net assessable) amount of interest. In such circumstances, rent is assessed without inclusion of interest on the investment.</li> <li>• The correct form/letter to ask for is the Q062 letter. This must be specifically requested by the tenant. It clearly states in a section on Superannuation and Annuities the amount of money in the fund and the yearly ("assessable") income, used for rent calculation.</li> </ul>
Persons who are self-employed:
<ul style="list-style-type: none"> <li>• A current statement of taxable income from a Certified Practising Accountant (CPA) or registered tax consultant, which states taxable income for the year to date or last financial year, is on formal business letterhead or other relevant documentation, and includes accountant or other appropriate contact details which allow the Community Housing Provider to query or verify information; and is obtained at the tenant's cost.</li> <li>• <u>Only</u> where the above statement is not available, the tenant must provide:</li> </ul>

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<ul style="list-style-type: none"> <li>▪ Statutory declarations providing business profit and loss details at least every 6 months (see Note 1 below); <u>and</u></li> <li>▪ A notice of taxable assessment from either a CPA, tax consultant, or the Australian Tax Office (ATO) at least once per financial year confirming their actual net business income for the period.</li> <li>▪ Failure to provide additional proof of income within this time will result in rent being set to Market Rent.</li> </ul>
<ul style="list-style-type: none"> <li>• Note: Where Community Housing rent is claimed as a self-employment/business expense to the ATO, the rent claimed must be specifically identified as part of the above proof of income.</li> </ul>
<b>Persons who receive significant interest:</b>
<ul style="list-style-type: none"> <li>• Interest as shown on the relevant income statement from Centrelink or other Government Department.</li> </ul>
<ul style="list-style-type: none"> <li>• Or only where such a statement is not available (i.e. the person receives no Centrelink benefits), a passbook/statement/letter from the financial institution showing the amount and period covered by any interest payment, or the balance of the account and interest rate payable.</li> </ul>
<ul style="list-style-type: none"> <li>• See also Notes under “Persons who receive government payments”</li> </ul>
<b>Persons who receive income from their parents (e.g. students living away from home):</b>
<ul style="list-style-type: none"> <li>• Statutory Declaration from applicant’s parent(s), where income is provided by the parent(s), stating the weekly/monthly amount of financial and/or the value of any other support provided.</li> </ul>
<b>Notes:</b> <ol style="list-style-type: none"> <li>1. Applicants may be required to provide additional proof of income beyond the above, where the documentation provided does not provide a clear and verified income.</li> <li>2. “Current” is defined as up to but no more than 2 weeks old.</li> <li>3. Photocopies of all documentation should be taken and retained with each rent assessment.</li> <li>4. Tax file numbers should be deleted from any documentation retained.</li> <li>5. Where a credit card is used for ID purposes, full details of the card should not be taken or retained by the Community Housing Provider, which should instead photocopy the signature side of the card, and add additional verification in writing e.g. “card sighted and is valid”, with the Community Housing Provider’s officer’s name, and the date.</li> </ol>

This information can also be found in the *Community Housing Eligibility Policy and Procedures*, located on the website address shown at the bottom of this page.

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**Appendix 2: Assessable Income Types**

Income type	Statutory Status	Notes
Age Pension (including Blind pension)	Statutory	
Allocated Pension (income component only)	Statutory	The deductible component of the pension (i.e. capital withdrawn) is not included as assessable income
Austudy/Abstudy	Statutory	See Student income and Very Low Income Households
Ausaid	Statutory	
Carer Payment	Statutory	See 4.3.14 – Assessable if the Carer is the tenant or the tenant's partner, OR is providing care to someone other than the tenant
CDEP – Community Development Employment Project	Statutory	
Child Care Payment	Non-statutory	Where the tenant/partner receives income from the provision of a childcare service, the total net income (i.e. gross less allowable expenses) received from the provision of childcare is determined as assessable income.
Child Support Payments/Maintenance and "in kind" payments	Statutory	See 7.2.3.22 Children in Shared Custody Arrangements. Also includes Adult Child Maintenance.
Commonwealth Rent Assistance (CRA)	Statutory	Note: Assessed at 100% i.e. all CRA for which the household is eligible is included in the rent charged.
Defence Force Reserve Pay	Statutory	
Disability Support Pension	Statutory	
Disability Wage Supplement	Statutory	
Domestic Allowance (Veteran's Affairs payment)	Statutory	
Exceptional Circumstances Relief Payment	Statutory	
Family Tax Benefit A	Statutory	See children's income. Family Tax Benefit Part A helps families with the cost of raising children. It is paid for dependent children under 21 years or full time students aged between 21 and 24 years (who are not receiving Youth Allowance or similar payments like Abstudy or Veterans' Children Education Supplement.)
Family Tax Benefit B	Statutory	See Children's Income 7.2.3.22
Farm Household Support	Statutory	
Foreign Pension Deduction	Statutory	
Govt Housing Authority Concessional Amt	Statutory	This is the amount of Federal Government pension increase from May 2009, quarantined

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		by the State Government from rent assessment until March 2011. While separately itemised on some income statements, it is included in the total pension payment and should <u>not</u> be entered as a separate income type in rent calculators
Incapacity Payments	Statutory	Under the Safety Rehabilitation and Compensation Act 1988
Income maintenance payments from an insurer	Statutory	Income loss protection payments from an insurer due to a non-work related injury
Income Support Supplement (Veterans Affairs Payment)	Statutory	
Interest received	Non-statutory	See interest and investment income
Lump Sum Payments	Depends on income type	See lump sum payments
New Employment Incentive Scheme (NEIS)	Statutory	
NEIS/AEIS Deduction	Statutory	
Newstart Allowance	Statutory	
Overseas income	Depends on income type	See overseas income 7.2.3.15
Parenting Payment (Partnered and Single)	Statutory	
Paid Parental Leave	Statutory	Assessable since 20 Sept 2011
Partner Allowance	Statutory	
Real estate and business	Non-statutory	
Rehabilitation Allowance	Non-statutory	
Salary / wages (gross, i.e. before tax)	Non-statutory	See income based rent. Includes regular overtime, incentives, etc.
Salary sacrifice components	Non-statutory	See Salary Sacrifice
Scholarship income	Non-statutory	See income away from home
Self employed earnings	Statutory	
Sickness Allowance	Statutory	
Special Benefit	Statutory	
Spousal Maintenance	Statutory	
Superannuation payments, pensions and annuities	Statutory	
Totally and Permanently Incapacitated Pension (TPI) (Vet Affairs pension)	Non-statutory	The amount of the DVA Disability pension up to the Centrelink rate of Disability pension IS assessable; the remainder is called the Veterans Affairs Disability Allowance and is NOT assessable.
Trusts and Companies	Statutory	See Interest Received
Veterans Affairs pensions	Statutory	Base rate of comparable Centrelink payment only is

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(excluding Disability Allowance)		assessable.
Veterans Affairs Incapacity (for work) Payments	Statutory	Under the Safety Rehabilitation and Compensation Act 1988
Vet. Affairs/Defence Force Income Support Supplement/Allowance (payment to War Widows)	Non-statutory	
Wages	Statutory	
War Widow's pension (excluding Disability Allowance)	Statutory	
Widow Allowance	Statutory	
Widow's B Pension	Statutory	
Wife Pension	Non-statutory	Including Wife Pension (Age) and Wife Pension (DSP)
WorkCover Income Maintenance Payments	Statutory	Income payments while on WorkCover.
Youth Allowance (including Youth Allowance Special)	Statutory	See Student income and very low income Where the Youth Allowance is paid to the parent, it will be deemed to be paid to the child for rent assessment purposes.
Youth Disability Supplement	Statutory	

This information can also be found in the *Community Housing Eligibility Policy and Procedures*, located on the website address shown at the bottom of this page.

Note: Please refer to Community Partnerships for advice on the assessability of income types not listed above.

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**Appendix 3: Non-Assessable Income Types**

Income type	Notes
Abstudy Pension Education Supplement	Included under Pension Education Supplement
Additional Assistance - Regular	
Additional Boarding Allowance	Known as Assistance for Isolated Children – Basic and Additional Boarding Allowance
Allocated Pension	Deductible component only i.e. capital withdrawn (the income component of the pension is assessable)
Assistance for Isolated Children – Basic and Additional Boarding Allowance	Also referred to as the Additional Boarding Allowance and/or Basic Boarding Allowance
Assistance for Isolated Children (AIC) Pension Education Supplement	
Australian Government Disaster Recovery Payment (emergency payments e.g. bushfire, flood)	
Baby Bonus	
Bereavement Allowance	
Bereavement Payment	
Board (covering food, electricity, water etc.)	See Income Based Rent
Carer Allowance (includes Carer Allowance (Adult) and Carer Allowance (Child))	See 7.2.3.20
Carer's Bonus (payable to recipients of both Carer's Allowance and Carer's Payment)	
Carer Payment	See 7.2.3.20 Also referred to as Carer Pension. Non-assessable if the carer is other than the tenant or tenant's partner AND is providing care to the tenant.
Carer Subsidy Payment (paid by Families SA to people who provide foster care)	
CDEP Participation Supplement	Paid by Centrelink to help cover the costs of participation in CEDP
Carer Supplement	
Centrelink or other government payment loans	See Minimum Income and Students
Child Care Benefit/ Child Care Assistance	Helps with cost of child care for long day care, family day care, occasional care, outside school hours care, vacation care and registered care
Clean Energy Advance Payment	
Clean Energy Supplement	

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Crisis Payment (from Centrelink)	
Double Orphan's Pension	
Economic Stimulus Package one off payments	
Education Entry Payment (incl. temporary supplement)	
Education Supplement/Training Allowance	
Employment Entry payment	
Ex gratia payments for Australian Service Personnel POWs	Specific one off payments for Australian Service Personnel who were prisoners of war. Interest from such payments is however assessable.
Family Tax Benefits Lump Sum Payment (only applies to annual payment via tax system)	
Financial Supplement Loan	
Funeral Bonds/Pre-paid Funeral Plans	Where interest earned is reinvested in the Bond/Plan
GST component of pensions or benefits	
Incentive Allowance	Was payable before the introduction of DSP in 1991 to all recipients of the sheltered employment allowance, and invalid pension, who were undertaking training at an activity therapy centre, or training at an adult training centre, or independent living training. Rates are frozen at the rate payable at 11 Nov 1991. The rates are \$62pf for recipients without dependents.
Large Family Supplement	Paid as a component of Family Tax Benefit A.
Maternity Immunisation Allowance	
Meal Allowance (from Employer)	
Mobility Allowance	
Multiple Birth Payments/Allowance	
Pension Bonus Scheme	Provides a tax-free lump sum payment to people who elect to continue to work after they reach Age Pension eligibility age and defer claiming the Age Pension. Where a tenant/household occupant has registered for this bonus with Centrelink and receives a lump sum payment under the scheme, the lump sum is excluded for rent assessment purposes, although any interest earned on such sums, where invested, will be assessed as income.
Pension Education Supplement / Training allowance	
Pension Supplement	(as of 20 Sept 2009) including Pharmaceutical Allowance, Telephone Allowance/Utilities Allowance and GST component on pensions and allowances)



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Prisoner of War Allowance	
Pharmaceutical Allowance	
Redundancy Payments on loss of employment	Includes Targeted Voluntary Separation Payments. Where a tenant/household occupant receives a lump sum redundancy payment on loss of employment, the total amount of the payment, including any component covering unused leave entitlements (i.e. annual leave, long service leave, sick leave, etc.) is excluded for rent assessment purposes, although interest earned on such sums, where invested, will be assessed as income.
Remote Area Allowance	
Seniors Bonus	
Student loans made through a Commonwealth program	See Students
Telephone Allowance	
Training and Learning Bonus	On-off specific government payment to assist participation in training
Training Supplement	
Travel Allowance (from Employer)	
Uniform Allowance (from Employer)	
Utilities Allowance	
Veterans Affairs Disability Allowance (the amount of DVA Disability Pension over and above the Centrelink rate of Disability Pension)	
Work For The Dole Supplement	

Note: Please refer to Community Partnerships for advice on the assessability of income types not listed above.

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## **Appendix 4: Summary of Application of Capping**

Examples of capping scenarios are listed on the website address shown at the bottom of this page.

### **TERMINOLOGY**

**Assessed Rent** = amount of assessed rent applicable to the household's income without capping applied.

**Rent Payable** = the amount tenant pays (after optimisation of CRA and capping applied) Note: May include Non-Member Tenant and/or Additional Services levies.

**Rent Allowance** = the amount of unapplied capping (i.e. difference between Assessed Rent and Rent Payable).

### **WHAT IS CAPPING?**

Where rent increases are capped (see 7.3.2.1–7.3.2.5) they will be applied in increments of \$10pw every 6 months until the Assessed Rent is reached. CPI increases are included in capping/Rent Allowance.

### **WHEN DOES NEW CAPPING APPLY, OR EXISTING CAPPING CONTINUE TO APPLY?**

- Where there are decreases in rent due to a decrease in income of the originally capped household, and the new Assessed Rent is not lower than the Rent Payable.
- Where a member of a currently capped household receives an increase in income (excluding CPI increases), capping continues for the original circumstance, but the increase in rent due to the increase in income is passed on in full.
- Where one of the tenants in a joint tenancy vacates or dies, and the tenancy is assigned to another joint tenant (at the same property)
- Where a tenant transfers to another debentured community housing property, regardless of whether the transfer is initiated by Community Partnerships and Growth, the Community Housing Organisation, or the tenant.
- Where 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.

Notes:

1. A household affected by a government policy change will have capping applied at the twice yearly programmed rent reviews until their Assessed Rent is reached.
2. Where rent increases for mixed reasons i.e. partly due to change in the household's income, and partly due to a change in government policy, the increase will be treated as for changes in government policy, and will be capped.

### **WHEN DOES CAPPING NOT APPLY?**

- Capping is not applicable to new housing offers/allocations – it applies only to existing tenancies at the time that rent policy changes are implemented.
- Where an agreement is entered into on or after 1 March 2014 and Market Rent applies
- When capping related to a particular government policy is fully realised (i.e. the Rent Allowance 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 a new person moves into a capped household, capping does not apply with respect to the new person – rent increases relating to this member are passed on in full. Capping remains in place for the originally capped household.

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- Where a member of a currently capped household receives an increase in income (excluding CPI increases), the rent increase due to the increase in income is passed on in full. Capping continues to apply for the original circumstance.

### **WHEN DOES EXISTING CAPPING CEASE?**

- When the Rent Payable reaches the Assessed Rent.
- If 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 1: There are two exceptions, i.e. where:

- The Assessed Rent increases to Market Rent due to a government policy change (in which case capping would continue to apply for agreements entered into prior to 1 March 2014 ), and
- The Assessed Rent for a capped household increases to Market Rent due to change of circumstances (e.g. a new person moves into a currently capped household, or members of an 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.

Note 2: Capping may restart again in the future if the tenant is paying Market Rent and Market Rent increases by more than \$10 per week for agreements entered into prior to 1 March 2014.

- Where there are decreases in rent due to a decrease in income of the originally capped household and the new Assessed Rent falls to below the Rent Payable.
- Where the tenant vacates or dies and the tenancy is assigned to another household member who is not a current signatory to the tenancy agreement.