

## Social housing rent changes - for a more equitable system

4 September 2018

The South Australian Government is making changes to some social housing rents to make the system more equitable.

The changes include modest rent increases for some cottage flat (smaller bedsit and one-bedroom homes) tenants, and to social housing tenants on moderate incomes.

Under the changes, all eligible tenants of cottage flats will have their rent set at 25% of their assessable income (or market value – whichever is cheaper), a more equitable system than the current situation where some pay 25% while others pay 19% or 21%.

The changes for moderate income earners in social housing mean that people who earn more and benefit from the advantages provided by social housing will pay up to 30% of their income (or market value – whichever is cheaper). This means they will make a slightly greater contribution for their homes than people on lower incomes.

The changes will be made gradually over coming years, starting in November 2018 (cottage flats) or late 2021 (moderate incomes). This gradual change will help households to plan ahead.

### Who will be affected by the changes?

The cottage flat changes will affect about 3,000 public housing tenants and several hundred community housing tenants who currently pay 19% or 21% of their income.

The moderate income changes are likely to affect between 500 and 1,000 households who receive income above the lowest 40% of the population. Income thresholds for this change will be set closer to the implementation date in 2021-22.

### Why are these changes being made?

The changes are being made to make social housing rents more equitable.

Social housing provides affordable and stable homes for tens of thousands of South Australians. Income-based rents provide a critical safety net but, through policy changes

over many years, some similar households with similar incomes who live in similar social housing are paying different rents. The cottage flat changes will address this inequity.

The changes will also reduce the inequity between those in the social system and private renters who do not enjoy the other benefits of social housing. These other benefits include such things as longer leases for stability, flexibility with pets, tenancy support services and relocation assistance when homes are redeveloped.

Households with at least moderate income have more capacity to consider other housing options. When they access reduced income-based rents, they may pay less rent (and enjoy more benefits) than similar households with similar incomes who live in similar private rental. The moderate income changes mean that those with greater income make a greater contribution for the extra benefits they receive in social housing.

### **When will the changes be introduced?**

The changes to cottage flat rents will be made gradually over several years, starting in November 2018. Changes to cottage flat rents will be 1% or 1.5% of income at each scheduled change (capped at \$10 per week). For single pensioners, a 1% change is around \$4.20 per week and 1.5% is \$6.30.

Rent changes for tenants on moderate incomes will be introduced in 2021-22.

### **What do I need to do?**

Tenants do not need to take any specific action now. Affected tenants will be notified of any change to their rent before it occurs.

As always, tenants still need to tell their property manager about any changes to their household or household income.

### **Where do I get further information about the changes?**

The SA Housing Authority (Housing SA) will write to all affected public housing tenants with information about the changes.

A Frequently Asked Questions document is also available, and can be obtained online at [www.sa.gov.au/housing/rentchanges](http://www.sa.gov.au/housing/rentchanges) or by phoning 131 299.

Tenants can also phone the SA Housing Authority (Housing SA) on 131 299 or, for those who live in community housing, they can contact their Community Housing Provider.