



## Rent Charging (Social Housing) Policy

### 1. Purpose

Homes North is required to manage social housing in accordance with the policy guidance set out by FACS Housing. FACS NSW provides assistance to registered community housing providers in NSW to supply subsidised rental accommodation to people on very low to moderate incomes and people with additional needs.

Assistance is provided for the following types of accommodation: social housing, transitional housing and crisis accommodation. The [NSW Community Housing Rent Policy](#) applies to properties governed by an agreement between Housing NSW and a community housing provider for the provision for social housing.

### 2. Scope

This policy applies to all tenants, ex-tenants and applicants of social housing with Homes North. This policy does not include Affordable Housing.

### 3. Definitions

- **Applicant** – the person who makes the formal application for housing assistance
- **Tenant** – the person who signs the Residential Tenancy Agreement with Homes North
- **Resident** – a person who lives in the property on a permanent basis
- **Spouse** – a husband or wife considered in relation to their partner
- **Household members** – all people living in the home regardless of age or relationship

### 4. Policy statement

Homes North is committed to providing social housing in compliance with FACS guidelines, which ensures tenants rents are assessed accurately and fairly.

Homes North requires all tenants living in a property owned or managed by Homes North to pay rent on a weekly or fortnightly basis. Homes North charges market rent for all its Social Housing properties. This is the maximum rent a tenant can be charged. Homes North may only vary the market rent in accordance with the Residential Tenancies Act 2010.

Market rent is the rent a landlord or real estate agent would charge each week if the property were rented in the private market. Market rent is determined using a number of sources including:

- Property valuations and current trends in the private rental market.
- Median rent information provided by the NSW Rental Bond Board.
- The geographical location.
- The size and design of the property.

This means the market rent of our properties will be comparable to similar properties in the private rental market. Market rent is the maximum rent payable.

#### 4.1 Market rent and Rental Subsidies

Social housing provides a discount to market rent based on the capacity of the tenant to pay rent.

Market rent will be shown on the Residential Tenancy Agreement signed between the tenant and Homes North and will be the maximum amount of rent payable for that property at the commencement of the Tenancy Agreement.

##### **Rental subsidies**

The Residential Tenancy Agreement is an agreement between the tenant and Homes North in which the tenant agrees to pay market rent.

A rental subsidy can be applied for by the tenant submitting a completed Rent Subsidy Application to Homes North.

**Capital properties** are owned or managed by Homes North. The market rent is calculated by using the NSW Rental Bond Board median market rent for the area (as above), which is published by FACS Housing. The market rent for capital properties is reviewed annually.

**Leasehold properties** are properties, leased by Homes North from the private market and will have the market rent set for the property by the landlord at the time of signing the agreement between Homes North and the Landlord or agent. Market rents for leasehold properties will continue to be set by the landlord throughout occupancy.

When a tenant's market rent changes, Homes North will notify the tenant in writing in accordance with the requirements of the Residential Tenancies Act 2010.

##### 4.1.1 Market rent limits for studio apartments (bedsitters)

Studio apartments do not appear as a separately identified type of accommodation, in the list of properties assessed in the NSW Rental Bond median rents list. As they do not have a separate bedroom, Homes North will assess the maximum rent

payable for this type of accommodation at seventy five per cent (75%) of the maximum rent payable for a one bedroom property in that location.

## 4.2 Rent and bond payments

At the commencement of the tenancy agreement, the process of rent payment will be explained to the tenant. The rent may be paid either weekly or fortnightly. Tenants will be required to pay two weeks subsidised rent in advance at the time of signing their Tenancy Agreement together with a bond lodgement of two weeks market rent.

Where a tenant presents for sign-up and is unable to pay all or part of any initial payments, an arrangement will be negotiated with the approval from the Operations Manager, who has the delegation to vary the initial payment, prior to the client signing the Tenancy Agreement. This will only be considered where demonstration of financial hardship can be established.

Tenants may pay their rent into the specific accounts made available by Homes North. Payments made by such method will not be subject to the issuing of a receipt by Homes North however, tenants will receive a quarterly rent statement that verifies payments. Tenants may also make cash payments for rent and other charges at any Homes North office for which a receipt will be issued.

## 4.3 Subsidised rent

Subsidised rent is based upon 25% - 30% household's assessable income, plus 100% of the household's entitlement to Commonwealth Rent Assistance (CRA). This is subject to the qualification that the subsidised rent must not exceed market rent. Homes North does not pay the rent subsidy to the tenant, but deducts it straight from the market rent. In effect the tenant is charged a discount to market rent. Rental subsidies will be reviewed twice yearly. Homes North has the authority to grant a rental rebate (subsidy) under the provisions of the Housing Act 2001(NSW).

## 4.4 Percentage of assessable income payable by different household members

Assessment rate	Tenant/Other household member
25% - 30%	The tenant, their spouse or live-in partner, irrespective of their age. All other persons living in the household who are aged 21 years or over.
25%	Clean Energy Supplement

15%	People living in the household aged 18 to 20 years inclusive who are not the tenant, their spouse or live-in partner.
15%	Family Tax Benefit Part A & B
Nil	Persons living in the household aged under 18 years who are not the tenant, their spouse or live-in partner are not assessed for rent-setting purposes.

#### 4.5 Proof of income

To determine the eligibility of a tenant for a rental subsidy, Homes North requires proof of income for the tenant, their spouse or live-in partner (even if they are under 18 years) and other household members aged 18 years or over.

Proof of income must be original or provided through the Income Certification Scheme for Centrelink pensions and allowances and includes:

- income statement from Centrelink
- income statement from the Department of Veteran's Affairs
- payslip, letter or statement from the employer dealing gross wage, applicable tax, deductions, pay period, and payee details for salary or wages
- profit and loss statement completed by an accountant or taxation return for self-employed clients
- letter or statement from an Overseas Government detailing the amount received
- letter or statement from investment organisation about savings/investments etc. providing details of the amount or dividend received
- letter from another organisation or income provider (not listed above) detailing the amount and type of income received.

In addition:

- All stated income must be verified by the income supplier. Such verification must be in writing and copies will be kept by Homes North on the tenant's personal file.
- All documentation verifying a householder's income must be dated. Such documentation will be current and will not be accepted by Homes North, if dated more than one month prior to the date an application for rental assessment is made.
- Additional proof of income may be required by Homes North where there is a difference to a household's standard income, for example, a household not receiving the standard Centrelink income.

- Clients receiving Centrelink benefits are asked to sign a [Centrelink Multiple Deduction Format Scheme \(MDFS\)](#) consent authority form, at the time of signing a Tenancy Agreement, to enable Homes North to obtain the tenant's income details electronically.
- The onus is on the tenant to provide verification of their income within a reasonable period to substantiate a decrease in their income.
- Any changes to a household income must be reported to Homes North within 14 days.

#### 4.6 Assessable household income

Assessable household income is any income that is included in the calculation of a tenant household's rent payment under this policy. This includes:

- Most pensions, benefits and allowances paid by Centrelink and the Department of Veterans' Affairs
- Wages, salaries and some work allowances such as overtime, bonuses, shift allowances and penalty rates
- Other income such as superannuation, compensation, overseas pension, interest from savings and maintenance.

The Clean Energy Supplement is also included as assessable income.

For further information see [NSW Community Housing Rent Policy](#).

#### 4.7 Self-employed tenants

Tenants who are self-employed will need to supply proof of their income that will independently verify any level of income stated. See Proof of Income in this policy and in addition NSW Community Housing Rent Policy (Appendix 4)

#### 4.8 No income

Where a household member who is older than 18 years is not in receipt of any income, Homes North will, for the purposes of the rental assessment, assume that the household member is in receipt of the standard Centrelink rate of pension or benefit in accordance with the FACS Rent Charging Policy

Homes North has the right to reject an application for rental subsidy if the tenant or household member does not have income continually for a period of 12 months.

#### 4.9 Income from wages and salaries

The household member must produce a copy of the most recent payroll advice received from their employer. Wages and salaries will only be verified by the household member's employer.

#### 4.10 Rent payment using Centrelink deductions

Tenants who are in receipt of a Centrelink payment may choose to join the Centrepay Deduction Scheme. The tenant is required to complete a Centrelink Centrepay application form and submit to Homes North, who will arrange rent deduction payments with Centrelink.

#### 4.11 Rent payment methods

Methods of rent and non-rent payment are via:

- Centrelink – Centrepay
- Direct deposit using tenant reference number
- Cash payment at any office
- NAB deposit book at National Australia Bank branches
- BPAY, phone, online or Australia Post outlet with NAB RentCard

Tenants will be provided with a rent deposit statement quarterly. The statement will show the date of payments, amount paid, the relevant period covered by the payment and details of any arrears.

Where a tenant makes non-rent payments, e.g. water usage, a separate deposit must be lodged to that of the rent payment. In circumstances where the tenant has consolidated rent and non-rent payments in the one deposit, the total amount must be appropriated to the tenant's rental account.

Such consolidated deposits may only be appropriated to a non-rent account where Homes North is in receipt of a clear, signed agreement by the tenant of such appropriation.

#### 4.12 Six Monthly Rent and income review

NSW FACS requires Homes North to conduct a review of all social housing tenants rent subsidies twice yearly. This ensures rent charges to tenants are current.

Homes North will:

- Undertake a general income and rent review twice yearly
- Advise tenants in writing of the outcome of the review
- Recalculate the level of rent paid in accordance with the changes in household income
- Reassess the rent level for a tenant, upon being notified by the tenant that the household income has changed.

The date for a rent decrease will be the same date as the date Homes North was notified of the change in the tenant's household income and all of the required information was provided by the tenant within 14 days.

Where the tenant has a genuine reason for having been unable to or having not provided the required information immediately at the time of the change in

assessable household income, consideration may be given to backdating the change in rent to the time of the change in assessable household income. Such approval can be given by the Senior Housing Manager, up to one month, over one month the delegation rests with the Operations Manager.

#### 4.13 Obligations of tenant to notify changes in income

Rental subsidies are granted on a tenant's capacity to pay. Therefore tenants are required to advise Homes North immediately of any changes in household income.

#### 4.14 Failure to supply income details

Tenants will no longer be eligible for a rental subsidy if they:

- Fail to supply their household members and verification of household income, prior to the due date for return of the required information.

They will therefore be required to pay the market rent for the property. In such circumstances, the tenant will receive a final warning in writing advising either:

- The rent will increase to the market rent value, effective immediately, for any one-off rent reviews outside a rent review period
- Market rent will commence at the expiry of the previous rental subsidy.

#### 4.15 Effective dates for rent changes

Advice type	Change in household income	Effective date
Tenant supplies required documentation for a rent and income review.	Nominal increase in household income.	Effective date as notified during the rent and income review. Centrelink entitlement as at the commencement of the new rental subsidy period.
Tenant supplies required documentation in response to a rent and income review.	Decrease in household income.	Date notified of change by tenant.
Tenant supplies required documentation in response to a rent and income review.	Real increase in household income.	Date of change in household income is the nominal date.

Advice type	Change in household income	Effective date
Tenant does not return rent and income review documentation within required time.	N/A	Rent increase to market rent, effective from the date provided as the return date for the rent and Income review forms.
Tenant supplies new household income details, on own volition or as requested. Not during a review.	Nominal increase in household income.	Any change is made effective from actual date of change
Tenant supplies new household income details, on own volition or as requested. Not during a review.	Decrease in household income.	Any change is made effective from date notified of change
Tenant supplies new household income details, on own volition or as requested. Not during a review.	Real increase in household income.	Date of change in household income is the actual date of change.

#### 4.16 Backdating rent subsidies

When Homes North receives a Rent Subsidy Application form notifying of a change to a tenant's household circumstances that occurred sometime in the past, it will reassess the rent subsidy to determine whether the household has been paying the correct amount of rent. If there is a difference in the rent subsidy the household is now eligible for, Homes North will always backdate the subsidy to the date when the change in household circumstances occurred. This will reflect the correct rent that Homes North should have charged and may result in the tenant owing money to Homes North.

Homes North will backdate a subsidy (but not limited to) when:

1. It has proven rent subsidy fraud or non-disclosure
2. A household member's income has decreased and the tenant would be entitled to a reduction in their rent payable. This will not apply where the income has decreased due to some action or lack of action on the part of the person, including where:



- There has been a Centrelink breach
  - There has been a failure to apply for a Centrelink benefit, or the person is not receiving a Centrelink benefit through the person's own fault
3. A household member is now in some form of employment and they are not entitled to the Start Work Bonus
  4. An additional person moves into the household
  5. Family Tax payments have changed due to the birth of a baby.
  6. There is an unapproved absence from dwelling
  7. A change in the household income has been identified in a group subsidy review and it considered that it was reasonable for the tenant to have advised Homes North of the change in their circumstances

Any decision to approve backdating of a rental subsidy rests with the Operations Manager.

#### 4.17 Real increase in household income

For the purpose of this section, a real increase in household income shall mean all increases in income that could not be considered as a nominal increase. Such circumstances will include, but not be limited to:

- An additional resident who receives an income occupying the property.
- Substantial changes in Centrelink benefits not considered a nominal increase in income.
- Additional income being received from sources, other than those previously specified, resulting in an increase in the total assessable household income that could not be considered to be in line with inflation.

The effective date for a rent adjustment (due to a real increase in assessable income) will be the date of the increase of income.

#### 4.18 Start Work Bonus

The FACS Start Work Bonus is an incentive program to assist tenants starting work for the first time or re-entering the workforce after a break. The bonus allows for tenant's rent to remain at the subsidised level for 26 weeks from the time the tenant or another household member starts their new job. Homes North have adopted the benefits of the **FACS Start Work Bonus** program. Tenants should tell us if they or a household member are starting work as soon as possible and Homes North will assess if the tenant is eligible for the bonus.

#### 4.19 Nominal increase in household income

For the purpose of this section, a nominal increase in household income shall mean where the increase in the assessable household income has been due to:

- Inflationary adjustments made by Centrelink to a household member's pension or benefit.
- Adjustment made by Centrelink to a household member's benefit as a result of additional children being born.
- Inflationary or usual wage increases received by a household member.
- Where a household member (not the tenant) has received no real increase in income, however the assessable household income has increased as a result of Homes North rental assessment policy, e.g. household member turning 18 but still receiving the same amount of income.

#### 4.20 Fluctuations

Where a tenant's income varies and it is not considered feasible to consistently change the tenant's rent assessment, it is possible to average the tenant's income over a six month period for the purposes of rent assessment. Such an assessment method will be approved by the Operations Manager.

#### 4.21 Minimum rent

The minimum amount of rent a tenant or a household member will pay is five dollars (\$5.00) per week. This will generally occur where a tenant or household member:

- Is not eligible for Centrelink benefits, for example, because they are in custody.
- They enter a nursing home, rehabilitation centre, correctional centre, respite care, refuge (or other safe place) and they are required to pay for that accommodation.

Tenants must substantiate all claims for the minimum \$5.00 per week rent.

Minimum rents are only for periods of one month at a time up to a maximum of three months (12 weeks).

Any extension of time must be approved by the Operations Manager.

If the period is in excess of three months, the tenant should be requested to surrender their tenancy.

#### 4.22 Assessing less than a statutory rate

Homes North will assess people who receive an income that is less than the Newstart Allowance (or other benefit to which they would otherwise be entitled), as though they receive the appropriate statutory benefit for their age and household composition, including Commonwealth Rent Assistance (CRA). This includes people who receive wages or salaries, or who are self-employed.

#### 4.23 Assessing a reduced statutory income

In some instances, a tenant or household member receives no statutory income, or a reduced statutory income, because they:

- They have chosen not to apply for an income to which they are entitled.
- They receive a Newstart Allowance, have not sought work and have become ineligible for further payments for a specified period.
- They have received compensation or other lump sum payment, or Centrelink deems them to have sufficient resources, and Centrelink expect the person to use those resources for living expenses.
- Have breached Centrelink requirement or are repaying a Centrelink debt.

In these situations, Homes North will assume that a tenant or household member receives a statutory income and will base the rent calculation on the statutory payment to which that person would otherwise be entitled including Commonwealth Rental Assistance (CRA).

#### 4.24 Checking assessments

The assessment of all (100%) rental subsidies will be checked and approved by a second officer from within the Housing Team. Approval will be noted on the assessment retained by Homes North.

#### 4.25 Failure to declare income

Under the Residential Tenancy Agreement, Homes North has the right to seek termination of a Tenancy Agreement through the [NSW Civil & Administrative Tribunal \(NCAT\)](#), if there is a substantiated breach of the Agreement. Only NCAT can determine that a tenant has breached an agreement.

#### 4.26 Notification to tenants

Tenants will be notified in writing of any changes in their assessed rent, including a copy of the rental assessment.

Where the assessed rent results in an increase in the rent payable by the tenant, Homes North will ensure any action taken to increase the tenant's rent does not breach the relevant provisions of the Residential Tenancies Act.

#### 4.27 Legislation and compliance

Homes North is able to charge rent in accordance with the provisions of the Residential Tenancies Act 2010.

*This policy is subject to change from time to time at the discretion of Homes North. Where an individual is observed to not be working within the scope of this policy, the breach will be addressed by a team leader.*

### 5. Responsibilities

It is the responsibility of the:

**Chief Executive Officer** to ensure this policy and associated procedures are applied and committed to by the Senior Management Team.

**Operations Manager, Senior Housing Managers & Asset Manager** to provide the team with timely policy-related support and guidance, to ensure familiarity with this policy and related procedures, to commit to following them accordingly and where relevant, promote the policy to their team.

**Employees** to ensure they comply with this policy, be responsible for their own behaviour and if required, attend relevant training as provided by the company from time to time.

## 6. Where to get more information

Contact Homes North on: 1300 662 72, or 02 6772 5133 or [info@homesnorth.org.au](mailto:info@homesnorth.org.au). For further information see our [Appeals Policy](#) and [Appeals Factsheet](#).

### Relevant legislation

- Housing Act 2001
- Residential Tenancies Act 2010
- NSW Community Housing Rent Policy Housing NSW

### Related policies

- Residential Tenancies Act 2010 (NSW)
- Homes North Transfer Policy
- Homes North Debt Recovery Policy

### National Community Housing Standards

Standard 1.2 – Establishing and Maintaining Tenancies

### Policy Information

Policy number: 1.2.2\2

Adopted: 13.10.17