

NSW AFFORDABLE HOUSING GUIDELINES

TABLE OF CONTENTS

1.0	Guidelines	2
2.0	Definitions of key terms	2
3.0	Application of guidelines	3
3.1	Affordable Housing Innovations Fund	3
3.2	Negotiated planning agreements	3
4.0	Principles	4
4.1	Relationships	4
4.2	Targeting of assistance	5
4.3	Service delivery goals	5
4.4	Financial management	6
4.5	Policy and reporting consistency	6
5.0	Eligibility	7
5.1	Income	7
5.2	Housing need	7
5.3	Local criteria	7
5.4	Assets	7
5.5	Applications may be made directly to community housing providers	7
5.6	Other criteria	7
6.0	Allocation policy	8
6.1	Factors informing allocations	8
6.2	Common access strategies	8
6.3	Applicant registration for affordable housing supply	9
7.0	Rent setting	9
7.1	Affordability	9
7.2	Commonwealth rent assistance and GST	9
7.3	Pricing and financial viability	9
8.0	Reviews of eligibility for affordable housing	10
9.0	Tenure	10
10.0	Trading assets	10
11.0	Applicant and tenant appeal rights	10
12.0	Reporting	11
13.0	Evaluation	11
APPENDIX 1. Possible objectives for affordable housing initiatives		12
APPENDIX 2. Household median incomes		13
APPENDIX 3. Application of GST and Commonwealth rent assistance to rent setting		15

1.0 INTRODUCTION

Increasing the supply of affordable housing through the community housing sector is a strategic priority for the NSW Government to assist a greater number of households in housing need.

An opportunity exists for the community housing sector to play an increased role in its growth through its own investment. Because community housing providers can use debt funding, and can access tax and other concessions to reduce delivery costs, the community housing sector is an attractive partner for the NSW Government in the delivery of affordable housing in areas of need¹.

The NSW Affordable Housing Guidelines set out the policy framework for delivery of affordable housing by registered community housing providers. These guidelines set out:

- Principles for the operation of affordable housing programs;
- Expectations regarding housing outcomes for the target groups to be housed; and
- Expectations with respect to financial and asset management.

The operations of programs to which these guidelines apply are subject to the new Regulatory Code for registered community housing providers. Following amendments to the *Housing Act* 2001, the Regulatory Code has been established through regulations to the Act. The Code will be used to assess applications for registrations under provisions of the *Housing Act* 2001 and will apply to all housing providers registered under the Act.

While affordable housing has many goals that are similar to community housing, there are specific policy and financial parameters and different risk factors, which are reflected in these guidelines.

Compliance with these guidelines will be given effect through the Regulatory Code. Individual affordable housing projects may also be subject to community housing agreements as provided for under amendments to the Housing Act.

2.0 DEFINITION OF KEY TERMS

The national definition of affordable agreed by Australian housing, planning and local government ministers is “housing that is appropriate for the needs of a range of very low, low and moderate-income households, priced to ensure households are able to meet other essential basic living costs.”

‘Affordable housing supply’ is defined within these guidelines to give specific meaning to the particular initiatives to which they apply. Affordable housing supply:

- Is owned by or under the long term control² of registered community housing providers;
- Has been acquired through public; or public and private/community financing;

¹ NSW Department of Housing (2007), NSW Planning for the Future: Community Housing Consultation Draft, p.10.

² These guidelines may also apply to affordable housing projects involving government investment where community housing providers have management responsibility but do not hold title.

- Is allocated to very low, low and moderate income households in housing need;
- Is financially self sustaining – providing housing does not depend on recurrent subsidies from the NSW Government for meeting operational, financing and asset management costs; and
- Meets defined standards of affordability and appropriateness.

In these guidelines:

- ‘Community housing providers’ refers to all providers who are allocated housing subject to these guidelines; and
- ‘Affordable housing programs’ means the programs to which these guidelines apply.

3.0 APPLICATION OF GUIDELINES

These Guidelines apply to affordable housing in which Housing NSW has an interest. This includes:

1. Housing acquired through allocations from the Affordable Housing Innovations Fund; and/or
2. Housing that is secured through the application of planning agreements under the *Environmental Planning & Assessment Act (EP&A Act) 1979* and managed by registered community housing providers where the NSW Government is an investor in that housing³.

The guidelines will also be issued as advisory guidelines to all registered community housing providers to be considered by them for application to any other affordable housing units that they manage or own. This is intended to promote a consistent approach to the provision of affordable housing by registered community housing providers in NSW.

3.1 Affordable Housing Innovations Fund

The Affordable Housing Innovations Fund (AHIF) provides grants to support community housing projects involving debt funding and capital contributions from community housing providers. Grants from the AHIF will provide up to 60% of the value of affordable housing projects while providers must contribute at least 40% of the project value in the form of equity and borrowings. Registered community housing organisations will hold title to housing acquired through the AHIF.

After the first three funding rounds, grants from the AHIF were allocated in conjunction with the National Rental Affordability Scheme (NRAS) and were known as “NRAS A”.

All housing acquired through the AHIF will be subject to these guidelines unless agreed otherwise by the Centre for Affordable Housing.

3.2 Negotiated planning agreements

Under provisions made in 2005 within the *EP&A Act 1979* a planning authority can negotiate for a contribution to affordable housing, among other things, as a condition of development approval on a site-by-site basis. Such contributions, whether land, cash or

³ For example, the affordable housing project at Ropes Crossing, St. Marys (former Australian Defence Industry site).

dwellings can be combined with other resources to enable additional supply of affordable housing.

These guidelines will apply to completed affordable housing units acquired under planning agreements and owned and/or managed by registered community housing organisations where the NSW government is an investor.

4.0 PRINCIPLES

There are five principles which govern the functioning of community housing providers and the delivery of housing affordability. The table below provides an overview to the principles of the supply of affordable housing through community housing providers.

PRINCIPLE	COMPONENTS
4.1 Relationships	Business partnerships – government and CHPs
	Roles and Responsibilities of community housing providers – CHPs to own and operate dwellings
	Consultative relationships – government and CHPs
4.2 Targeting of assistance	Those in need with housing stress
	Those with future income growth or home ownership targets
	Choice of housing for public housing applicants/tenants
4.3 Service delivery goals	Affordability – discounted rent
	Workforce incentives – improving economic circumstances
	Appropriateness – well located dwellings adhering to a number of standards
	Access and information – about affordable houses choice
	Social mix – ensured through projects
4.4 Financial management	Application of funds – procurement costs
	Efficiency – of use of subsidies
	Cost effective – best use of government investment
	Financial sustainability – between affordability and sustainable operation
	Reinvestment of retained earnings – into affordable housing supply
4.5 Policy and reporting consistency	Consistency with community housing
	National consistency
	Portfolio management – business performance

4.1 Relationships and partnerships

Business partnerships – The new initiatives position government and community housing providers as business partners with each party contributing funds and other resources toward increased affordable housing supply.

Roles and responsibilities of community housing providers – In general, community housing providers will own and operate new affordable housing supply. Providers will make

independent business decisions concerning the operation of affordable housing programs, which are informed by the requirements of the NSW government and their financial and policy goals. The NSW government will develop and implement policy objectives for affordable housing supply in addition to appropriate regulatory requirements. The NSW government will monitor providers' performance to ensure compliance under specific program or project agreements and through the Regulatory Code.

Consultative relationships – The NSW government and community housing providers will work together in a transparent, cooperative manner. The NSW government will be mindful of the business consequences for community housing providers of policy decisions concerning affordable housing programs. Policy decisions will be informed by consultation with providers'.

4.2 Targeting of assistance

Affordable housing supply will aim to:

- Create access to affordable housing for households in housing stress who do not meet public housing eligibility criteria; or who would be unlikely to be allocated public or community housing in the short to medium term;
- Support households with income growth potential and/or prospective home ownership in the medium term by offering affordable rental housing; and
- Give public housing applicants and tenants, including those exiting public housing, another choice of housing which may be more suited to their needs.

4.3 Service delivery goals

There are 5 overarching service delivery goals for affordable housing programs in NSW. These include affordability, workforce incentives, appropriateness, access and information and social mix.

Affordability – Affordable housing supply will be let at a discount to local market rents, taking into account household income and capacity to pay. Various methods may be used to set rents.

Workforce Incentives – Rent levels for affordable housing supply will not be set so as to act as a disincentive for households to improve their economic circumstances through employment and training opportunities where they have the capacity to do so.

Appropriateness – Housing acquired through affordable housing programs will be well located, meet a range of household needs, meet environmental and energy efficient standards and be delivered in accordance with service standards common to community housing.

Access and information – Potential tenants will have access to information about affordable housing choices including rent and allocations policies, enabling them to make informed choices between affordable housing, social housing or private market tenures.

Social mix – Affordable housing supply will ensure a social mix by avoiding large congregations of affordable housing units and through the allocation of housing across varying income bands. Consideration should be given to achieving income mix on individual projects noting that allocations will be informed by the need to match demand to available

supply. In some cases, allocations may also be targeted to a specific population group as in a housing development for aged households.

Appendix 1 provides a set of potential objectives for affordable housing programs that should be considered by community housing providers.

4.4 Financial management

Application of funds – All public funding provided to achieve affordable housing supply will be directed to the procurement costs of affordable housing supply, including feasibility costs.

Efficiency - Any subsidies that are provided to access, obtain, manage and maintain affordable housing supply should be used in the most efficient way.

Cost effective – Affordable housing supply will make best use of government investment through utilising for example, partner contributions of land, fee concessions, and tax and planning benefits. Affordable housing supply will also make best use of assets by borrowing against them to deliver more housing.

Financial sustainability – Rent policy needs to achieve a balance between affordability and the sustainable operation of affordable housing, including meeting the cost of private finance. To assist in achieving sustainability, income limits will generally exceed those for public housing and rents will be set to optimise the amount of Commonwealth Rent Assistance (CRA) payable.

Reinvestment of retained earnings - Retained earnings from the operation of affordable housing programs will be reinvested in affordable housing supply. Retained earnings are funds that are in excess of all operational costs and provision for contingent risks.

4.5 Policy and reporting consistency

Consistency with community housing – A number of policy areas such as eligibility and allocations differ from current community housing practice. However, unless specified otherwise within these guidelines, supplementary policies will be consistent with community housing.

National consistency – Affordable housing supply policies developed by the NSW government will take account of the policy framework for affordable housing in other States and Territories. Greater consistency of approaches will act to foster private sector investment and reduce the compliance burden of community housing providers.

Portfolio management – There will be a requirement for separate reporting of and accountability for affordable housing supply as distinct from community housing and other non government social housing supply. As part of the registration process for growth providers, business planning will be required to assess the impact of new affordable housing supply on the whole of the provider's portfolio. Business performance monitoring will consider risks associated with individual affordable housing projects and their impact on the rest of the portfolio.

5.0 ELIGIBILITY

5.1 Income

Affordable housing subject to these Guidelines will target households whose incomes fall within very low, low and moderate income bands as nationally agreed by Ministers. These income bands are defined as:

- Very low - less than 50% of the median household income for Sydney or rest of NSW, as applicable;
- Low – between 50% and 80% of the median household income for Sydney or rest of NSW, as applicable; and
- Moderate – Between 80% and 120% of the median household income for Sydney or rest of NSW, as applicable.

For affordable housing subject to these Guidelines, income eligibility limits will vary by household size as set out in Appendix 2, updated on an annual basis.

Definitions of income will be consistent with those that apply to community housing.

Income limits will be reviewed annually to reflect consumer price index (CPI) adjustments to social security pensions and benefits or movements in average weekly earnings as applicable.

5.2 Housing need

Applicants must be in housing need and unable to resolve this need in the medium to long term without assistance. Factors demonstrating need include currently living in unaffordable and/or unsuitable housing and the need to relocate for employment or family reasons.

5.3 Local criteria

Locally specific criteria may also apply such as connection to the area.

5.4 Assets

Applicants should not have assets or property which could reasonably be expected to solve their housing situation. Policies should not however, discourage eligible households from saving towards a home deposit.

5.5 Applications may be made directly to community housing providers

Applicants for affordable housing are not required to apply to Housing NSW prior to lodging an affordable housing application.

5.6 Other criteria

Other eligibility criteria such as residency will be consistent with community housing practice. Eligibility criteria should be published and comply with the NSW *Anti-Discrimination Act 1977*.

6.0 ALLOCATION POLICY

6.1 Factors informing allocations

It is intended that affordable housing supply will be allocated across three income bands, as previously listed. The allocation to different income bands will aim to balance the needs of households in housing stress with the requirement to generate sufficient income to meet finance as well as other operating costs. Allocations by community housing providers will therefore be informed by a number of factors:

- Financial viability;
- Provision for allocations on a priority basis;
- Achieving a mix of income bands and household sizes in and/or across projects; and
- Matching of supply to need.

Consideration should also be given to local conditions, such as labour supply, when making allocation decisions.

It is recognised that in order to ensure financial viability, revenue from operations must be sufficient to build a surplus – to offset contingent risks and to support investment in additional affordable housing supply. Risk management includes ensuring that any affordable housing properties developed are kept in acceptable condition for their use and that no liabilities occur that would detract from the provider’s ability to deliver services on behalf of the Department.

This means that at least in the short term, allocations of affordable housing supply to higher income households may exceed those for lower income households. Over time, as resources permit the relative allocation of housing in a project or portfolio may need to be adjusted to achieve a balance across the three target income bands.

6.2 Common access strategies

Affordable housing that is the subject of these Guidelines is excluded from the requirement to allocate a specific proportion of new housing to priority public housing applicants⁴. Any approved priority public housing applicants referred under the interim common access system by Housing NSW can be considered for allocation to an affordable housing supply dwelling. Allocation will be dependent on applicants’ needs matching available accommodation and the applicant’s acceptance of the rent and tenancy terms that apply under these guidelines.

If an approved priority public housing applicant is allocated an affordable housing supply dwelling, the allocation will count towards meeting the target number of allocations required of that provider.

Households exiting public housing will be assessed on the same basis as other households that is, they must meet the community housing provider’s eligibility and allocations criteria for affordable housing supply dwellings.

⁴ Only new supply allocated through the Community Housing Assistance Program and public housing transferred to community housing organisations is subject to the Interim Common Access System, which provides that a proportion of this stock must be allocated to priority housing applicants.

6.3 Applicant registration for affordable housing supply

Community housing providers will develop an application process for prospective tenants. This process should include a transparent method for obtaining registrations of interest, such as advertising or drawing applicants from a housing register, and for undertaking assessments of eligibility and priority for assistance. Community housing providers may establish individual or joint waiting lists for affordable housing supply.

7.0 RENT SETTING

7.1 Affordability

Rent setting policy will ensure affordable outcomes for households. Different approaches may be used to achieve this objective such as income based rents, relating rents to the average income level of a target group or rent levels which are a discount to the local market. Regardless of approach, the expected outcome for very low and low income households is that households would not pay more than 30% of their income in rent. Greater flexibility in pricing may be applied to moderate income households but in all cases, the relevant circumstances of the applicant household⁵ and their capacity to pay will be guiding principles.

For purposes of assessing affordability, the rent to (household) income ratio will be defined as rent net of CRA over income net of CRA.

7.2 Commonwealth Rent Assistance and GST

Rent levels should be set to maximise CRA and take advantage of the Australian Taxation Office (ATO) rulings on GST supply. The ATO has ruled that the non commercial supply of accommodation by charities will not attract GST if the rent is less than 75% of the market rent. The ATO has set market rents for NSW as a whole.

Financial analysis shows that:

- For NSW as a whole, the weekly rent at which CRA payments are maximised is lower than 75% of market rents; and
- For Sydney, market rents in some localities are higher than the ATO rulings – these are mainly in northern and eastern suburbs.

This means that rent that is less than 74.9% of market rent will attract both maximum CRA and GST free tax status in most localities.

For some localities, a discount to market rent greater than 25% may be required to attract GST free status. Maximum CRA would continue to be available for these localities. Further information on these issues is contained in Appendix 3.

7.3 Pricing and financial viability

Overall rent policy will be informed by the need to ensure that revenue is sufficient to cover costs, inclusive of debt repayments, as no recurrent subsidy will be available for affordable housing supply.

⁵ For example, relevant circumstances might include benefit to the client accessing housing closer to their work that reduces their outlays for travel.

Rent policy may also include varying prices for individual units of housing according to the amenity and location of the dwelling

Pricing may be adjusted in line with market trends subject to rent levels meeting affordability principles. The process for implementing rent increases shall be in accordance with the Residential Tenancies Act. A minor amendment to Clause 26 of the Residential Tenancies Act will be made to accommodate rent increases.

8.0 REVIEWS OF ELIGIBILITY FOR AFFORDABLE HOUSING

Eligibility reviews will generally take place six months prior to the expiration of a fixed term lease. In the case of long term leases, annual reviews of eligibility may be conducted.

9.0 TENURE

Leases for affordable housing will be for fixed terms determined by the provider relevant to tenant circumstance. A lease should not be longer than a period of ten years in keeping with the NSW Government's longest lease term under Reshaping Public Housing reforms.

Leases will be eligible for renewal for a further term on the condition that tenants continue to meet eligibility criteria (noting that some clients may have moved to a higher income band). Ongoing eligibility will include a consideration of whether a tenant has acquired assets or property that could reasonably be expected to solve their housing situation whilst a tenant.

Where tenants' income is above the maximum income limit for moderate income earners, the ability of the household to move immediately to private rental or home ownership will be assessed in consultation with the tenant.

Assessment of the capacity to move immediately will be influenced by factors such as the:

- Cost of appropriate private rental housing;
- Probability of a household saving sufficient funds to enable a move to home ownership in the short term; and
- Need for a particular location for schooling, employment or necessary medical or family support.

In these circumstances, the tenant will generally have up to 12 months to move to alternative accommodation.

10.0 TRADING ASSETS

Community housing providers may dispose of their affordable housing stock to better meet demand, realise capital growth or redevelop to a higher density. The net proceeds of sales are to be reinvested in affordable housing supply and there is to be no net loss of housing units following reinvestment. The cost of re-housing tenants affected by the sale of affordable housing supply will be met by the community housing provider. Sales may be made to existing tenants.

11.0 APPLICANT AND TENANT APPEAL RIGHTS

Applicants and tenants of Affordable housing supply will have right of appeal to the Housing Appeals Committee (HAC). In assessing appeals, the HAC will take into account the range of

factors that affect decision making for the allocation and management of affordable housing supply including financial viability goals and policy objectives relating to access by different income bands.

12.0 REPORTING

Reporting requirements will be as prescribed through the Regulatory Code and community housing agreements which will specify a range of housing, asset and financial outcomes to be achieved.

13.0 EVALUATION

Community housing providers will be expected to fully participate in independent evaluations of affordable housing programs initiated by the NSW government from time to time. Community housing providers are also encouraged to evaluate a selection of their own affordable housing projects.

APPENDIX 1 – POSSIBLE OBJECTIVES FOR AFFORDABLE HOUSING INITIATIVES

Primary objectives	
<i>Affordable Housing</i>	To improve access to existing housing that is affordable for both low and moderate income households and those with specific housing needs in housing affordability stress (the target groups); and To preserve and add to the supply of affordable housing where it is needed for the target groups.
Supporting objectives	
<i>Appropriate Housing</i>	To ensure that housing provided is appropriate to the needs – and changes in needs – of the target groups in response to: <ul style="list-style-type: none"> • Size and type of household; • Cultural needs of households; • Occupant circumstances (e.g. need for support services; need for stability); and • Locational needs of households. To provide well designed housing and neighbourhoods. To contribute to the environmental sustainability of dwellings provided to the target groups.
<i>Participation</i>	To enable the target groups to participate in decisions about affordable housing policies, products and projects.
<i>Positive non shelter outcomes</i>	To provide affordable housing in ways that can strengthen the economic and social position of the target groups. Specific consideration should be given as appropriate to contributions to: <ul style="list-style-type: none"> • Incentives for workforce participation; • Support for family life and work family balance; • Ways of supporting the health, well being and education needs of occupants; • Enabling ageing in place, and • The development of socially cohesive communities and community building processes.
<i>Choice</i>	To diversify the housing and tenure options available in local housing markets and to provide the target groups with adequate choice.
<i>Equity</i>	To target any subsidies that are provided to the target groups in proportion to need. To give priority of assistance to those most in need.
<i>Longer term benefits</i>	To retain and use any benefits gained from investing in housing for the target groups to meet the needs of future generations. To progressively improve the capacity of the private and not for profit sectors to provide affordable housing.
<i>Unintended impacts avoided</i>	To avoid as far as possible any unintended impacts of the way that initiatives intended to improve the affordability of housing are implemented. For example, to avoid measures that contribute to a sudden surge in demand and a consequential short term boom in house prices.
<i>Efficiency</i>	To use any subsidies that are provided to access, procure, manage and maintain housing in the most efficient way.

Source: Milligan, V. Phibbs, P. Gurrán, N. and Fagan, K. 2007. *Approaches to Evaluation of Affordable Housing Initiatives* Research Paper 7, NRV3 “Housing Affordability for Lower Income Australians”, AHURI: Melbourne, Table 1.1.

APPENDIX 2 – HOUSEHOLD MEDIAN INCOMES

TABLE 1: MEDIAN HOUSEHOLD INCOME LEVELS BY INCOME BAND

INCOME BANDS	% OF MEDIAN INCOME	ANNUAL INCOME RANGE (Sydney) 2009-10	ANNUAL INCOME RANGE (NSW) 2009-10
Very low	< 50% median	< \$31,900	< \$28,600
Low	50% - 80% median	< \$51,000	< \$45,800
Moderate	80% - 120% median	< \$76,500	< \$68,700

CALCULATING HOUSEHOLD INCOME BANDS BY HOUSEHOLD SIZE

To determine the Income Band by Household Size, take the following steps:

Step 1: Add up the number of adults (18 years old or over) in the household.

Step 2: Add up the number of children (under 18 years old) in the household.

Step 3: For each adult and child add up the income allowance using the figures in Table 2.

Examples of Income Bands by Household Size are provided below in Tables 3A and 3B.

TABLE 2: HOUSEHOLD INCOME BANDS BY HOUSEHOLD SIZE

Household members	Gross annual household income		
	Very low	Low	Moderate
Sydney			
Single adult	\$19,300	\$30,900	\$46,400
Each additional adult (18 years or over)	Add \$9,700 to the income limit	Add \$15,500 to the income limit	Add \$23,200 to the income limit
Each additional child (under 18 years)	Add \$5,800	Add \$9,300	Add \$13,900
NSW			
Single adult	\$16,800	\$26,800	\$40,300
Each additional adult (18 years or over)	Add \$8,400 to the income limit	Add \$13,400 to the income limit	Add \$20,100 to the income limit
Each additional child (under 18 years)	Add \$5,000	Add \$8,100	Add \$12,100

TABLE 3*: HOUSEHOLD INCOME BANDS BY HOUSEHOLD SIZE**A: SYDNEY REGION**

Household type	Very low	Low	Moderate
Single	< \$19,300	< \$30,900	< \$46,400
Single + 1	< \$25,100	< \$40,200	< \$60,300
Single + 2	< \$30,900	< \$49,500	< \$74,200
Single + 3	< \$36,700	< \$58,800	< \$88,100
Single + 4	< \$42,500	< \$68,100	< \$102,00
Couple	< \$29,000	< \$46,400	< \$69,600
Couple + 1	< \$34,800	< \$55,700	< \$83,500
Couple + 2	< \$40,600	< \$65,000	< \$97,400
Couple + 3	< \$46,400	< \$74,300	< \$111,300
Couple + 4	< \$52,200	< \$83,600	< \$125,200

B: REMAINDER OF NSW

Household type	Very low	Low	Moderate
Single	< \$16,800	< \$26,800	< \$40,300
Single + 1	< \$21,800	< \$34,900	< \$52,400
Single + 2	< \$26,800	< \$43,000	< \$64,500
Single + 3	< \$31,800	< \$51,100	< \$76,600
Single + 4	< \$36,800	< \$59,200	< \$88,700
Couple	< \$25,200	< \$40,200	< \$60,400
Couple + 1	< \$30,200	< \$48,300	< \$72,500
Couple + 2	< \$35,200	< \$56,400	< \$84,600
Couple + 3	< \$40,200	< \$64,500	< \$96,700
Couple + 4	< \$45,200	< \$72,600	< \$108,800

* These tables will be updated annually by the Centre for Affordable Housing and available on its website (www.housing.nsw.gov.au/Centre+for+Affordable+Housing/)

APPENDIX 3: APPLICATION OF GST AND COMMONWEALTH RENT ASSISTANCE TO RENT SETTING

Rent setting by community housing providers should aim to maximise Commonwealth Rent Assistance and take advantage of GST exemptions.

The Australian Tax Office rules state that the non-commercial supply of accommodation by charities will be GST-free if accommodation provided is supplied for consideration that is less than 75% of the GST inclusive market value.

The ATO has established benchmark maximum rents that community housing providers can use to determine the value of 74.9% of market rents. Table 3 sets out the current ATO weekly market maximum rents for NSW by number of bedrooms and the value of rent at 74.9% of the benchmark.

TABLE 4: ATO WEEKLY MARKET RENTS BY BEDROOM SIZE

House Size	ATO Set Market Rate	Maximum Rent (74.9%)
1 bedroom	\$393.75	\$294.92
2 bedrooms	\$543.75	\$407.27
3 bedrooms	\$693.75	\$519.62
4 or more bedrooms	\$893.75	\$669.42

Source: Table 5, Charities Consultative Committee Resolved Issues Document, Part 3 – Non-Commercial Activities of Charities, Cost of Supply and Market Value Tests, ATO. September, 2009. This data is updated annually by the ATO (<http://www.ato.gov.au/businesses/content.asp?doc=/Content/16250.htm&page=8>)

Current maximum CRA rates are set out in Table 5 below. As shown the weekly rent at which CRA payments are maximised (rents beyond this point do not attract additional CRA) is below 74.9% of market rents shown in Table 4.

This means that community housing providers can potentially set rents that maximise CRA but still fall below the 75% benchmark.

Determining the extent to which the GST rule will be of benefit to community housing providers would likely take account of:

- Whether a discount of 25% or more below market rents is financially sustainable; and
- The extent to which GST exempt status assists financial sustainability – in some cases, a smaller discount to market rent above ATO rulings may be more cost effective than savings on GST.

TABLE 5*: RENT ASSISTANCE RATES PAID FORTNIGHTLY UNDER FAMILY ASSISTANCE ACT 2009

Family Situation	Maximum rate of RA	Rent threshold	Fortnightly Rent at which max. rate of RA is payable	Weekly Equivalent
Single, no children	\$111.20	\$98.80	\$247.07	\$123.54
Single, no children, sharer	\$74.13	\$98.80	\$197.64	\$98.82
Couple, no children	\$104.80	\$161	\$300.73	\$150.37
Partnered, illness separated, no children	\$111.20	\$98.80	\$247.07	\$123.54
Partnered, temporarily separated, no children	\$104.80	\$98.80	\$238.53	\$119.27
Single, 1 or 2 children	\$130.48	\$130.06	\$304.03	\$152.02
Single, 3 or more children	\$147.56	\$130.06	\$326.81	\$163.41
Couple, 1 or 2 children	\$130.48	\$192.50	\$366.47	\$183.24
Couple, 3 or more children	\$147.56	\$192.50	\$389.25	\$194.63
+ Couple, illness separated, temporarily separated 1 or 2 children	\$122.22	\$121.80	\$284.76	\$142.38
+ Couple, illness separated, temporarily separated 3 or more children	\$138.18	\$121.80	\$306.04	\$153.02

Source: Centrelink, 2009.

+ Rates for couples who are temporarily separated with children are from 2007 Centrelink data.

*This table will be updated regularly and available from the Centrelink (http://www.centrelink.gov.au/internet/internet.nsf/payments/rent_rates.htm)