

# Affordable Housing Tenancy Guidelines

May 2019



northern  
beaches  
council

# **1. Management of Affordable Housing**

## **1.1 Objectives**

The objective of Council's Affordable Tenancy Guidelines is to outline the requirements for the allocation and management of tenancies for properties within the Northern Beaches Council Affordable Housing Portfolio. It also sets out criteria for eligibility, rent, management of waiting lists and asset management.

It is intended the full cost of the program, including day-to-day property and cyclical maintenance, tenancy management, administration fees and major upgrading works is fully covered by rent revenue collected by the Housing Manager (Council or its nominated agent)

## **1.2 Tenant Eligibility Criteria**

A successful applicant will need to satisfy the following criteria:

- must be permanently employed and earning a gross weekly household income not exceeding the median household income for the Sydney Statistical Division as established by the Australian Bureau of Statistics and advised by the Council from time to time or in keeping with income eligibility limits determined by the NSW Affordable Housing Guidelines (SEPP).
- has a local connection (e.g. is an employee in the Northern Beaches local government area or has family living in the area);
- does not own assets or property which could reasonably be used to solve their housing needs;
- is an Australian citizen or permanent resident;
- must be over the age of 18 years;
- must not already be living in secure subsidised housing (Housing NSW or Community Housing managed accommodation), however persons living in short-term emergency accommodation are eligible to participate; and
- is not a former tenant of Council's Affordable Housing.

## **1.3 Assessment of tenants and allocation of homes**

The Housing Manager (Council or its nominated agent) engaged to manage the dwellings will advertise for tenants through relevant electronic media and other relevant avenues of communication locally. Advertisements will clearly stipulate eligibility criteria. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest evidenced need for rental accommodation (relative to other applicants). The Housing Manager will make allocation decisions after an assessment and interview process.

The Housing Manager, who has the experience and expertise to make the decisions, will also take into account other factors such as appropriate match of properties suited to tenants' needs, previous acceptable tenant history, proof of income level (percentage of weekly household income spent on rent) and other housing considerations.

In addition to submitting an application form, short listed applicants will be required to attend an interview with the Housing Manager as part of the assessment process.

If necessary, a ballot will be drawn from a short list of applicants.

In accordance with the provisions of the NSW Residential Tenancies Act 2010, a standard residential tenancy lease will be entered into between the Housing Manager and the tenant.

The standard residential tenancy lease will be renewed on a twelve monthly basis. This gives the Housing Manager the opportunity to ensure that tenants continue to meet Council's affordable housing eligibility criteria.

A five (5) year maximum assistance period will apply, providing households with a greater level of housing certainty, as well as an opportunity to enhance their capacity to enter the private rental market or home ownership by the end of that period.

#### **1.4 Setting of Rents**

The rent charged for Councils' affordable dwellings shall be calculated in accordance with the following:

- (a) Rent calculated in accordance with clause 6(1) (a) of the State Environmental Planning Policy (Affordable Rental Housing) 2009. Under clause 6(1) (a), the maximum rent is 30% of 120% of the median household income for the Sydney Statistical Division (SSD) according to the Australian Bureau of Statistics. The median gross weekly household income reported in the 2016 Census of Population and Housing is \$1,750. Therefore the maximum allowable rent at that date would have been \$630 per week, OR
- (b) Rent calculated in accordance with clause 6(1) (b) of the State Environmental Planning Policy (Affordable Rental Housing) 2009. Under clause 6(1) (b), the maximum rent is that under the National Rental Affordability Scheme (NRAS). Guidelines are published by the Federal Government with regard to eligible target groups and rents that may be charged. Rents are set by reference to market rents (The NSW Government Rent and Sales Report, published quarterly, is used to establish the median weekly market rent in the Northern Beaches for a comparable property), and must be at least 20% below the prevailing market rate. Income eligibility limits are set for households, depending on their composition.

Unless otherwise determined between Council and its nominated agent (Housing Manager), the following will apply:

- a bond equivalent to four (4) weeks rent shall be payable by the tenant upon lease commencement;
- rent payment is required fortnightly in advance;
- a tenant who falls into arrear with their rent payments will be given a reminder and provided with an opportunity to negotiate a program of repayments at one week in arrears. Legal action will commence if these provisions have not resulted in an agreement at two weeks in arrears;
- Council or its agent will conduct an inspection of the dwelling annually; and
- rent adjustments and all other leasing arrangements between the Housing Manager and Tenants will be undertaken in accordance with the NSW Residential Tenancies Act 2010.

#### **1.5 Waiting List for Council's Affordable Housing**

Applicants previously assessed as being eligible for affordable housing but not offered rental accommodation under this Program will be placed on the Waiting List. When a dwelling becomes vacant for letting within 12 months from the date of their application, they will be contacted again. If they meet the eligibility criteria, and are still interested in pursuing a vacancy, their application will be reassessed and considered on the same footing with fresh applications received. Tenants who have previously been housed under the Program will not be eligible for re-application.

## **1.6 How Council will manage the Affordable Housing**

Council resolved at its meeting on 28 August 2018, that following Council obtaining appropriate Affordable Housing stock, an open Request for Tender be issued for the provision of Affordable Housing Services on the Northern Beaches. Council will engage a registered Community Housing Provider (CHP) with relevant experience and expertise.

The CHP appointed by Council to manage its affordable housing stock will be paid a management fee negotiated as part of the selection process. Income generated from the rental properties is intended to cover the cost of maintaining the properties together with the program's administration.

## **1.7 Residential Property Management Agreement**

Council, as property owner, will enter into a contract with the successful CHP for an initial five-year period to manage its affordable housing via a Residential Property Management Agreement. The Residential Property Management Agreement will set out the rights and responsibilities of both parties. It provides for both tenant management and property management procedures, and any other requirements a housing manager is required to implement as part of Council's Program, such as rent setting details, tenant selection and dwelling allocation procedures.

It also sets out entitlements for costs and management fees, financial reporting requirements and allocation of funds, performance review processes, dispute resolution and other such detailed contractual matters.

It is envisaged that a comprehensive review of the Affordable Housing Portfolio will occur at least every three years, including the financial viability in general and the performance of the CHP.

## **1.8 Asset Management**

The affordable housing dwellings owned by Council will be classified as 'operational' under the *Local Government Act 1993* for the purposes of allowing Council to conduct ongoing consolidation of its affordable housing stock.

The affordable housing portfolio will be reviewed every 3 years to determine whether dwellings should be disposed of and replaced or retained and further funds provided for their maintenance or renewal.

The three-year review term will consider:

- Timeframes for asset renewals such as painting and replacing floor coverings;
- Tenancy terms;
- Changes in market trends and values.

Consideration will also be given to the results of the program to date and the type and size of dwelling considered most suitable to deliver the objectives of the program.

Towards the end of the three-year leasing period, or when a unit becomes vacant, Council will undertake a condition assessment and make any necessary internal repairs, prior to reletting.

This strategy aims to minimise Council's ongoing maintenance and renewal obligations and costs as the dwellings age.