

# Social Housing rent changes: Frequently Asked Questions

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.

## 1. What are the changes?

Social housing rent is changing to reduce differences between households with similar incomes who live in similar homes:

- Cottage flat households that currently pay 19% (bed-sit) or 21% (one-bedroom) of assessable income for rent will gradually move to 25% over several years. This will bring cottage flat rent in line with other public housing.
- Households with at least moderate income (above the lowest 40% of the population) will pay up to 30% of income.

Under both changes, eligible households will continue to be able to pay the lesser of market rent or a reduced income-based rent.

## 2. When will the changes happen?

Changes will be introduced over several years as follows -

- Cottage flat changes in stages:
  - 1.5% increase in November 2018 and November 2019.
  - 1% increases every six months from late 2020 to late 2021.
  - Increases due to these changes will be a maximum of \$10 per week at each stage.
- Moderate income changes will be implemented from 2021-22.

## 3. Who will be affected?

These changes will affect:

- Approximately 3,000 households in public housing and several hundred in community housing who live in cottage flats and pay less than market rent.
- Between 500 and 1,000 households with at least moderate income who pay less than market rent.

#### **4. Will any of the same people be affected by both changes?**

This will happen only if a person lives in a cottage flat, pays less than market rent and has at least moderate income in 2021-22.

The changes to Cottage Flat rents are being implemented first and are expected to be complete by late 2021.

The moderate income changes are scheduled for introduction from 2021-22.

Whilst it is unlikely that any households will be affected by both changes at the same time, a review of records will be undertaken in 2021.

#### **5. Will this affect remote Aboriginal communities?**

No, these changes will not affect people living in remote Aboriginal Communities.

#### **6. How much extra will tenants pay?**

Exact changes will vary depending on household composition and income level.

##### Cottage flats

More than 98% of cottage flats are single-person households and, for most, each 1% increase in rent will be approximately \$4.20 per week and \$6.30 for a 1.5% change.

##### Moderate income

Precise changes will depend on a household's income and the market rent of their home. If rent assessment changes from 25% to 30% of income, a single person who earns \$1,000 per week could pay up to \$50 extra per week (provided the new amount is still less than market rent).

#### **7. What will be the biggest rent increase for any home?**

Eligible households pay the lesser of market rent or their reduced income-based rent. This means that an increase in rent will depend on a household's income and the gap between their current rent and market rent.

#### **8. How much time will tenants have to prepare for the changes?**

Changes will be introduced over several years and this will help households to plan ahead.

Changes to cottage flat rents are gradual from late 2018 to late 2021.

Changes for households with at least moderate income do not start until 2021-22.

#### **9. What help is available for people experiencing cost of living pressures?**

The State Government provides concessions and supports across a range of areas from public transport to utilities and housing. Anyone who needs further information can use the 'Concession Finder' website at [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions).

### **10. How are these changes different to the twice-yearly rent adjustments?**

Rents are automatically reviewed twice per year after Centrelink indexes payments in March and September. Rent changes then take effect around May and November. The new rates for cottage flat rents will be introduced at the same time as these automatic reviews.

Rent policy changes, separate from updating rents in line with income changes, need to be considered periodically in light of changes to community expectations, the cost of alternative housing, and Commonwealth welfare policies.

### **11. Will these changes be applied gradually?**

Yes. These changes will be staged over time so that tenants can plan ahead.

### **12. Do these changes apply to community housing?**

Yes. Any homes that are subject to South Australian Housing Trust rent policy are affected by these changes. This includes between 400 and 500 cottage flat homes that were transferred to community housing providers since 2015.

Community Housing Providers will be able to use additional rent to support their ongoing work and the SA Housing Authority will work with providers on the implementation of these changes.

### **13. Why don't you just charge market rent to everyone like in the private market?**

Social housing focuses on people who have major barriers to accessing private housing – the biggest customer group are singles with low income who compete for similar homes against higher income singles, couples and small families.

Various reviews have recommended charging market rents but the same reviews have made this conditional on paying Commonwealth Rent Assistance to public housing tenants - that is not currently allowed under the Commonwealth's *Social Security Act 1991*.

### **14. What is moderate income?**

The vast majority of those living in social housing have low or very low income. Households with incomes above the lowest 40% of the population have moderate income and, based on current data, this is less than 5% of social housing households.

NSW has developed and published income thresholds above which public housing tenants pay up to 30% of income and further thresholds above which public housing tenants must pay market rent.

Specific moderate income thresholds for South Australia, that vary based on the size of households, will be finalised closer to the implementation date in 2021-22.

## **15. 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.

## **16. 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.