



**Bayside Council**

Serving Our Community

# **Affordable Housing Tenancy Policy**

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Affordable Housing Tenancy Policy  
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# 1 Introduction

## 1.1 Background

The objective of this policy is to provide a framework for the management of Bayside Council's (Council) Affordable Housing properties including establishing arrangements for the management of the properties by Community Housing Providers and criteria for the tenancing and allocation of the properties. This policy is to be read in conjunction the Bayside Housing Strategy, the Affordable Housing Strategy and Affordable Housing Contributions Scheme (when developed).

## 1.2 Definitions

The definitions of certain terms are:

### ***Affordable Housing***

Affordable Housing is housing that is appropriate for the needs of very low income households, low income households and moderate income households and priced so that these households are also able to meet other basic living costs, such as food, clothing, transport, medical care and education.

### ***Council***

Bayside Council

### ***Community Housing Provider***

Community Housing Providers (CHP) are not-for profit organisations that build or manage housing for eligible people who are unable to access appropriate housing in the private market. The community housing sector is a regulated environment in NSW.

### ***Housing Manager***

Housing Manager is the person(s) employed or contracted by the appointed Community Housing Provider to manage Council's affordable housing dwellings on a day to day basis.

### ***Planning Agreement***

A Planning Agreement is a planning tool that allows planning authorities such as local councils and developers to work together to deliver innovative infrastructure outcomes alongside development proposals. A Planning Agreement could include provision of or monetary contributions for Affordable Housing.

## 1.3 Policy Statement

Bayside Council is committed to maintaining diversity in the Bayside community through the provision of housing that meets the needs of our residents including the supply of housing that is affordable to households earning moderate weekly incomes or less.

It is designed to assist employed people on very low, low and moderate incomes for a period of up to three years, to give them a greater level of housing certainty and opportunities to enter the private rental market or home ownership by the end of that period.

It is also the intention of the Policy to:

- Promoting future capacity of Council to subsidise allocation of a portion of Council's housing portfolio to households on low incomes;
- Making provision for the full cost of the Policy, including day to day property and planned cyclical maintenance, tenancy management, administration fees and major upgrading works to be covered by rent revenue collected by the Housing Manager; and
- Returning any surplus income generated by the Policy to Council's affordable housing account for future upgrading, new capital works, acquisition or leasing of additional housing stock or related purposes.

## 1.4 Scope of Policy

This Policy applies to properties within Bayside's Affordable Housing portfolio. These properties are owned or leased by Council and managed on its behalf by a registered Community Housing Provider appointed by Council.

# 2 Need for Affordable Housing

## 2.1 What is Affordable Housing

**Affordable housing** is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs, such as food, clothing, transport, medical care and education. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.

Very low, low and moderate income households defined as:

- a **very low income** household earns less than 50% of the median household income for Sydney.
- a **low income** household earns between 50% and 80% of the median household income for Sydney.
- a **moderate income** household earns between 80% and 120% of the median household income for Sydney.

The median household income for the Sydney Statistical Division is as reported by the Australian Bureau of Statistics.

## 2.2 Difference between Affordable and Social Housing

While affordable housing has many goals that are similar to social housing, there are also some key differences, including:

- Affordable Housing is open to a broader range of household incomes than social housing, so households can earn higher levels of income and still be eligible;
- Households do not have to be eligible for Social Housing to apply for affordable housing, though Social Housing eligible households may also be eligible for affordable housing;
- Allocations policy for Affordable Housing is different to Social Housing and may prioritise different target groups;

- From time to time, Community Housing Providers may invite eligible households on the NSW Housing Register to apply for Affordable Housing properties. However, this does not constitute an offer of Social Housing and the household can refuse this invitation, or an offer of an Affordable Housing tenancy, without penalty to their status on the Register;
- If a household on the NSW Housing Register accepts a tenancy in an Affordable Housing property, they will be regarded as suitably housed and removed from the Register; and
- Rents for Affordable Housing are calculated differently to Social Housing and there are different tenancy arrangements.

## **2.3 Why Have an Affordable Rental Housing Policy**

Housing has a vital role to play in developing sustainable and diverse local communities. Providing housing that is affordable and appropriate to the needs of the local community will also ensure a strong and stable labour force and sustain local businesses.

The lack of Affordable Housing for households on low and middle incomes is a critical and recurring theme in Bayside.

Many households on moderate or lower incomes cannot afford to rent in Bayside without experiencing housing stress or being forced into sub-standard housing in order to secure affordable rents.

The consequences of poor rental and home purchase affordability are substantial with obvious examples being:

- Local residents with established ties being driven further away from the area in search of more affordable housing. This has tended to undermine social bonds and diversity in the local community.
- Community sector and lower paid employees who have relocated further afield in order to find more affordable housing options. This adversely affects the operational viability of local services and businesses.

In recognition of the important role Affordable Housing plays in the local community, Council has developed an Affordable Rental Housing Program.

This Program, along with a range of other Affordable Housing initiatives adopted by Council, is designed to sustain a culturally vibrant and socio-economically diverse local community.

## **2.4 How Council Acquires its Rental Dwelling Stock**

Council obtains its rental housing stock from developers who have participated in a Voluntary Planning Agreement process to transfer a proportion of build dwellings to Council's ownership, for affordable housing purposes. Upon registration of the strata plan, the developer transfers the dwellings to Council's ownership.

Council may also receive cash contributions for affordable housing purposes from developers as part of the negotiated Planning Agreement process. Funds accumulated in a separate account through this process are used to add to the supply of Council's rental housing portfolio.

Additionally, housing stock maybe acquired or leased utilising surplus income generated by the Program.

Affordable Housing acquired through Affordable Housing programs must be well located, meet a range of household needs and meet environmental/energy efficient standards.

## 3 Tenancy Management

### 3.1 Eligibility Criteria

A successful applicant needs to provide documentary evidence to support their application and satisfy the following criteria:

- Is an Australian citizen or have permanent residency in Australia
- Is over the age of 18 years
- Lives in the Bayside Local Government Area at the time of application and have lived in the LGA for at least three years prior, or if living in another LGA at the time of application that they have lived and/or worked in the Bayside LGA for at least five years in the previous ten years
- Does not own assets or property that could reasonably be expected to be used to solve their housing needs
- Must not be living in subsidised housing (Housing NSW or Community Housing managed accommodation)
- Has a household income within the specified income eligibility limits.

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

This Policy recognises that, from time to time, additional eligibility criteria may be applied to some affordable housing properties.

Any additional eligibility criteria must be included in the eligibility policy, including a brief statement of why there is a variation in criteria for some properties.

### 3.2 Income

Maximum income eligibility limits applied under this Policy are derived from the relevant median income figures for Sydney and are set at the top of the moderate income band level.

Income eligibility limits vary according to household size, with the maximum limit increasing with each additional person in a household. However, applicants must provide proof that their total average gross household income, taken over two years preceding their application for the Program does not exceed 120% of the median household income for Sydney.

The maximum income limits for eligibility into properties covered by this Policy are set out in Tables 2 and 3 of the Appendix of the *NSW Affordable Housing Ministerial Guidelines*. There is no minimum income eligibility limit.

Assessable income is defined in the NSW Communities and Justice *Community Housing Rent Policy*. Income limits are reviewed annually to reflect consumer price index (CPI) adjustments to social security pensions and benefits or movements in average weekly earnings as applicable and updates are published in the Ministerial Guidelines annually.

### **3.3 Allocations**

Vacancies in the Bayside Affordable Housing Program are advertised by the Housing Manager. Advertisements clearly stipulate eligibility criteria including tenure. Applicants who fulfil the criteria become eligible applicants. Eligible applicants, whose household size matches the property size available, are short listed. If necessary, a ballot is drawn from these short listed applicants.

Eligible applicants are advised of vacancies in the Program that are appropriate to their needs for a period of twelve (12) months following their original application.

Affordable Housing is allocated to a mix of very low, low and moderate income households. However, to ensure a broad tenancy mix, as a guide a target of up to one third of the portfolio is allocated to very low and low income households.

To assist in allocating across income bands, the maximum income limits defining each band for different household configurations are set out in Table 3 of the Appendix of the NSW *Affordable Housing Ministerial Guidelines*.

From time to time Council may target allocations to a specific population group such as in a housing development for aged households. Where possible, Council should still try to achieve the target mix of income bands when allocating within this population.

When making an allocation, Council's Community Housing Provider will aim to balance the needs of households in housing stress with the requirement to generate sufficient income to meet finance and other operating costs.

Preference is to be given to the following groups:

- households in housing stress whose housing needs cannot be met in the short to medium term; or
- households with the potential to transition into home ownership in the medium term; or
- social housing applicants and tenants, including those exiting social housing, seeking another choice of housing which may be more suited to their needs.

## **4 Setting and Reviewing Rent**

Affordable Housing is let at a discount to market rent which takes account of household income and capacity to pay.

The rent for each property does not exceed more than 75% of Bayside LGA's weekly median rents for a comparable property at the time of commencement. This means that if the median rent is estimated at \$500 per week, then the tenant will pay \$375 per week.



An additional rent reduction of up to 10% from the median is provided to meet the target for allocation of up to one third of the portfolio to very low and low income households in the program.

Regardless of approach, rent setting aims to ensure affordable outcomes. Households on very low and low incomes should not pay more than 25-30% of their gross income in rent.

Greater flexibility in pricing may be applied to moderate income households but, in all cases, the relevant circumstances of the applicant household and their capacity to pay will be guiding principles.

Rent payment is required fortnightly in advance. Where a tenant falls into arrears with their rent payments, they are given a reminder and an opportunity to negotiate with the housing manager a program of repayments.

A bond equivalent to two (2) weeks rent is payable by the tenant upon lease commencement or otherwise as agreed between the tenant and the Housing Manager.

Rents may be reviewed annually and adjusted in line with market trends, subject to rent levels meeting affordability requirements set out above.

The process for implementing rent increases and all other leasing arrangements will be undertaken by the Housing Manager in accordance with the *NSW Residential Tenancies Act 2010*.

## **5 Ongoing Eligibility**

### **5.1 Tenure**

Tenants may participate in the Program for up to three (3) years and consideration may be given for an extension of up to a further two (2) years on the Program, providing a reasonable 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 the Program.

Leases will be renewed on a twelve (12) monthly basis. This will provide an opportunity for the Housing Manager to assess annually ongoing eligibility for tenants to remain in the Program.

The Housing Manager will be required to clearly communicate the time period and the objectives to prospective tenants before a Tenancy Agreement is signed.

### **5.2 Eligibility Assessments**

To remain in Affordable Housing, households must continue to meet all criteria outlined in section 3 of this Policy, except income. That is, households still need to meet general eligibility criteria, demonstrate an ongoing housing need and not have assets which could reasonably be expected to meet their housing need.

The exception is income, where existing tenants are permitted to earn up to 25% above the maximum eligibility income for moderate income before they become ineligible.

Ongoing eligibility maximum income limits for tenants of affordable housing are updated annually and detailed in Tables included in the Appendix to the NSW Affordable Housing Ministerial Guidelines.

## 6 Rights and Obligations

The rights and obligations of Council and the tenants in the Bayside Affordable Housing Program will be consistent with the NSW *Residential Tenancies Act 2010*.

Council or the Housing Manager will conduct an inspection of the premises annually.

## 7 Asset Management

The Affordable Housing dwellings owned by Council will be classified as 'operational' for the purposes of allowing Council to conduct ongoing consolidation of its affordable housing stock.

The Affordable Housing portfolio will be reviewed every three (3) years to determine whether dwellings should be disposed of and replaced or retained and further funds provided for their maintenance or renewal.

The review will consider:

- Timeframes for asset renewals such as painting and replacing floor coverings and other planned maintenance
- 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 dwellings considered most suitable to deliver the objectives of the program.

Towards the end of the three (3) year leasing period or when a unit becomes vacant, Council and the Housing Manager will undertake a condition assessment and make any necessary internal repairs, prior to re-letting.

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

Retained earnings from the operation of the Bayside Affordable Housing Program will be reinvested in adding to affordable housing supply, asset maintenance and management. Retained earnings are funds that are in excess of all operational costs and provision for contingent risks.

## **8 Policy Implementation**

### **8.1 Policy Responsibilities**

#### **8.1.1 Manager Community Life**

Responsible for the overall implementation and review of this Policy in consultation with the Manager Property and the Community Housing Provider.

#### **8.1.2 Manager Property**

Responsible for the appointment and review of the performance of the Community Housing Provider in conjunction with the Manager Community Life and financial management and asset management responsibilities outlined in this Policy.

#### **8.1.3 Manager City Works**

In conjunction with the Manager City Works and Community Housing Provider develop cyclical asset maintenance plans and asset renewal strategies including procurement of relevant contractors and service providers.

#### **8.1.4 Community Housing Provider**

Responsible for the assessment of tenancy applications and day to day management of tenancies and the housing in accordance with the Agreement with Council and this Policy.

#### **8.1.5 All Other Council Officials**

Responsible for relevant functions in the implementation and management of the Affordable Housing in accordance with Council policy. Roles include customer enquiries, financial management, asset maintenance, maintaining confidentiality and protecting the privacy of individual tenancies.

### **8.2 Procedures**

The Manager Property may approve procedures that support this policy.

## **9 Document Control**

### **9.1 Review**

This Policy is reviewed at least every four years and when relevant legislation and guidelines change. Reviews to consider changes to key principles and housing markets in the affordable housing space.

Minor editorial amendments to this Policy and those resulting from changes to legislation and Commonwealth and State Government guidelines, may be approved by the Manager Governance & Risk.

## 9.2 Related Documents

- Bayside Housing Strategy
- NSW Affordable Housing Ministerial Guidelines
- Environmental Planning and Assessment Act 1979
- State Environmental Planning Policy (Affordable Housing) 2009
- Residential Tenancies Act (NSW) 2010
- Community Housing Rent Policy – NSW Government

## 9.3 Version History

This document is the initial adopted/approved version of the Policy.

<b>Version</b>	<b>Release Date</b>	<b>Author</b>	<b>Reason for Change</b>
1.0	10/03/2021	Senior Property Specialist	New document