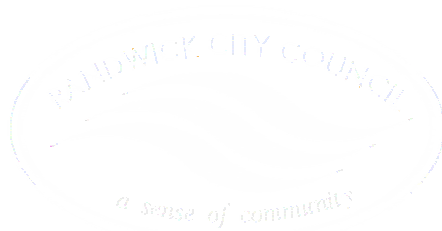




Affordable Rental Housing Program

Program + Procedures



1. Aims of the Affordable Rental Housing Program

This Program is one of a number of initiatives being implemented by Council to encourage the supply of housing that is affordable to households earning a moderate weekly income or less.

The aims of the Program are to assist local residents or employees whose incomes exceed the eligibility criteria for public housing but are unable to rent locally without succumbing to housing stress.

It is designed to assist employed people on low to moderate incomes for a period of up to five 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 Program to:

- assist tenants on low to moderate incomes for a maximum period of five years;
- allocate more than half of Council's housing portfolio to households on low incomes, as the preferred mix;
- ensure the full cost of the Program, including day to day property and cyclical maintenance, tenancy management, administration fees and major upgrading works are fully covered by rent revenue collected by the Housing Manager; and
- return any surplus income generated by the program to Councils' affordable housing account for future upgrading, new capital works or related purposes.

The five year maximum assistance period will give households 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.

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

2. Why Have An Affordable Rental Housing Program?

Housing has a vital role to play in developing sustainable local communities. Providing housing that is affordable and appropriate to the needs of the local communities will also ensure a strong 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 Randwick City: housing costs in the LGA are among the highest in NSW.

Many households on moderate or lower incomes cannot afford to rent in the inner city and the eastern suburbs 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 sub-region in search of more affordable housing. This has a tendency to weaken the connection, sense and strength of the community fabric.
- Employers are experiencing the problem of retaining low paid workers. The costs of recruiting and training new employees, and from failures to meet service standards or production deadlines affect the financial viability of local businesses.¹

In recognition of the important role affordable housing plays in our local community, the Council has developed an affordable rental housing program.

This, along with a range of other affordable housing initiatives adopted by Council will help support and encourage local supply.

3. How does Council get 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 built 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.

Contact details of the housing manager (Housing Association) will be posted on Council's website, should the local community wish to find out more about the rental housing program.

4. Eligibility Criteria

The Program has defined two major income groups with a need for accommodation below market rent prices, as follows:

Group 1	Low (\$549.75 - \$879.60 gross/week)
Group 2	Moderate (\$879.60 - \$1,319.40 gross/week) ²

Initially a mix of low and moderate income households will be allocated dwellings. Allocation of more than half of Council's housing portfolio to households on low incomes as the preferred mix can only happen over time: when Council has sufficient

¹ Judith Yates, 2005. Are occupational choices affecting housing choice? Paper prepared for the Australian Social Policy Conference 2005: A quarter of a century of social change, UNSW. 20-22 July, 2005, page 18.

² May 2005 figures. These figures are adjusted on a yearly basis, obtained from the Centre for Affordable Housing (DOH).

housing stock and/or surplus rental income to guarantee the financial viability³ of its rental housing operations.

A successful applicant will need to satisfy the following criteria,

- must be permanently employed and earning a gross weekly household income of between \$ 549.75 - \$1,319.40,
- has a local connection (e.g. family living in the area and/or is an employee in Randwick City),
- does not own assets or property which could reasonably be used to solve their housing needs,
- is an Australian citizen or permanent resident,
- must not already be living in subsidised housing (Department of Housing or Community Housing managed accommodation),
- is not a former tenant of Council's ARHP, and
- is not an employee of Randwick City Council.

The Council's Housing Program is about complementing, not duplicating the role of the public housing authority whose priority it is to assist households with the greatest needs.

5. How Tenants are Assessed and Allocated Homes

The Housing Manager engaged to manage the dwellings will advertise for tenants in local newspapers at the commencement of the program. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest need for rental accommodation (relative to other applicants). Allocation decisions will be made by the Housing Manager 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 and income level⁴ (percentage of weekly household income spent on rent, and other social 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.

³ Financial viability in this context means that the full cost of its affordable rental housing program is covered without the Council incurring out of pocket expenses/debts. The cost of replacing housing assets and other related building life cycle components have to be accounted and planned for. In time, there may be an opportunity to provide a bigger discount on the market rent in some circumstances, funded by surplus income from properties generating higher rental incomes.

⁴ Ideally, and where possible, the rent paid by tenants should fall within the percentage range of 25% and 30% of their gross household weekly incomes, including any rental housing subsidies received from Centrelink.

In accordance with the provisions of the NSW Residential Tenancies Act 1987, a standard residential tenancy lease will be entered into between the Housing Association and the tenant.

6. Housing Register for Council's Affordable Rental Housing Program

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

7. Rent Policy

The rent for each property will be set at a maximum of 75% of weekly market rent for comparable dwellings. This means that if the weekly market rent is estimated at \$280 per week, then the tenant will pay \$210 per week.

A bond equivalent to four (4) weeks rent shall be payable by the tenant upon lease commencement or otherwise as agreed between the tenant and the Housing Manager. From time to time, the rents charged for affordable housing properties will be readjusted to bring them more in line with current weekly market values. However, rent adjustments and all other leasing arrangements between the Housing Association and tenants will be undertaken in accordance with the NSW Residential Tenancies Act, 1987.

A market-based rent formula instead of an income-based method (as used for public housing tenants) provides greater certainty for Council's program to sustain itself at no additional costs to rate payers (cost neutral).

8. Exit Strategy: planning for beyond the 5th year

The Housing Manager, at their discretion, may offer appropriate training or counselling services to tenants before the end of their third year of occupancy. This may be in the form of development of a budgeting or savings plan towards a home deposit, or any other appropriate training programs considered relevant to help a tenant plan effectively for their exit from Council's Affordable Rental Housing Program at the end of the 5 year period.

As part of the annual lease renewal process, the Housing Manager may enquire about the progress of the tenant's exit plan, as a reminder of the finite tenancy period.

9. How Council will Manage the Affordable Housing Program

A Housing Association (HA) with relevant experience and expertise will be engaged by the Council to manage its rental program. The HA will be sought via a competitive expression of interest process. Only members of the Office of Community Housing's Registration System will be considered for selection. Under this system the performance of a HA is assessed on an annual basis. The HA will submit a Curriculum Vitae of their organisation, and a statement of how they will provide the required services to Council.

Council will convene a selection panel to include, appropriate representatives from Council, the Centre for Affordable Housing and/or the Office of Community Housing (both divisions of the NSW Department of Housing). The panel will interview and recommend an appropriate Housing Association for the General Manager's endorsement.

Council's affordable housing stock is to be head-leased to the appointed Housing Association at nominal rent. The Housing Manager assumes the responsibility of landlord, property and tenancy manager. The Housing Manager is 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 and program administration.

10. Deed of Management

Council, as property owner, will enter into a contract with the successful HA, for an initial five year period, to manage its properties and affordable rental housing program via a Deed of Management. The Deed of Management 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.

Council will undertake a comprehensive evaluation of the ARHP procedures, including the financial viability of the program in general and the performance of the Housing Association, on the program's fifth year, 2011.

It is envisaged that a comprehensive review of the rental program will occur at least once every five years or sooner, if considered to be necessary.

11. Asset Management

All affordable housing units or dwellings transferred to Council's ownership will be classified as 'operational'. An operational classification will allow Council to make prudent decisions aimed at minimising maintenance liabilities and improving its affordable housing portfolio in a timely manner. Examples of asset improvement decisions include asset disposal-replacement decisions to ensure that the Council's

property portfolio continues to match tenant needs, and to pick an optimal time to make these decisions given the unpredictable nature of the local property market.

Towards the end of the five year leasing period, or when a unit become vacant, Council will undertake a conditions assessment and make any necessary internal repairs, prior to reletting.