

Understanding Affordable Housing

How does affordable housing work?

Affordable housing is housing that has been developed with some assistance from the local, State and/or Commonwealth Governments. This assistance can be in the form of grants, land contributions or through planning incentives.

Affordable housing includes a range of housing types and sizes, from single units to houses and apartments, and is usually managed by non-profit community housing providers.

Affordable housing is designed to make rents more affordable to people on low to moderate incomes, so that people can also meet other basic living costs such as food, clothing, transport, medical care and education. A period in affordable housing can also assist households to save money and move to alternative accommodation or even home ownership in the future.

As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.

Affordable housing is only available in some locations and eligibility criteria apply.

Most tenants seeking affordable housing will need to enter into a fixed term lease and tenants must continue to meet eligibility criteria through the duration of the tenancy.

How are rents determined?

Affordable housing rents can be determined through two ways, dependent on the scheme they were developed under:

- Discounted rent. Rent will usually be roughly 20-25% below the market rate - determined by indexing the property against similar properties in the area
- Proportion of income. The second way to determine rent is through a percentage of one's gross before tax income. When rent is set this way, households can expect to pay 25-30% of before tax income for rent.

You will be advised of the way that your rent will be calculated by HomeGround Real Estate. Your rent amount will be included in your Residential Tenancy Agreement.

Eligibility for affordable housing

Eligibility is predominantly determined by income based on the number of people in your household, your savings and assets and your citizenship or residency status. Eligibility criteria do differ by affordable housing program and location.

Some general eligibility criteria include:

- You must be an Australian Citizenship, permanent resident or have Temporary Protection (subclass 866 or 785) or special category (subclass 444 NZ citizens only).
- You must be a resident of the state in which you are applying for affordable housing, or provide evidence of your need to move to the state in which you are applying for affordable housing.
- You or your household members must not own or partly own property in Australia or overseas, or be able to demonstrate you cannot live in this property.
- Your savings and investments must not exceed certain levels depending on your household size.

Some affordable housing has additional criteria like the fact you must live or work in the local government area where the housing is located.

How long is a property leased for affordable housing?

The length of time a property is earmarked for affordable housing depends on the program it was developed under. The timeframe commences from the point the property is developed and can range from 3-10 years. Some affordable housing programs place time limits on the amount of time one tenant can reside in the property.

Please note that other people may have lived in the property before you move in. The period of the affordable housing may be shorter than the original approval.

Your property manager must advise you how long the affordable housing period on the property will run for on tenancy sign-up.

As long as eligibility is maintained, tenants are usually able to continue or renew their lease for the period of time the affordable housing is available or until your period in the affordable housing program has been maximised.

Want to find out more?

You can find out more about affordable housing in NSW at the Centre for Affordable Housing:

<https://www.nsw.gov.au/housing-and-construction/social-affordable/affordable-rental-housing/renting>

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