

Attachment B**Proposed Tenant Eligibility Criteria for Retention of the Ergo Apartments as Affordable Rental Accommodation**

The following proposed eligibility criteria have been drafted to reflect the current eligibility criteria applicable to the Ergo Apartments under the National Rental Affordability Scheme (NRAS).

Each year, household income¹ limits are indexed according to percentage changes in the All Groups component of the Consumer Price Index so that the income limits effectively maintain the same target group of tenants.

Income levels are assessed against gross income limits according to the household composition². A household is considered to be all persons who are tenants of the dwelling. All persons who ordinarily reside in the household must have their income included as a member of the household.

A household's gross income for the 12 months prior to commencement of tenancy must be equal to or less than the relevant income limit for the household's composition. Household income may increase above the income limit in subsequent years. However, a dwelling ceases to be eligible for an incentive if the tenants' household income exceeds the applicable household income limit by 25 per cent or more in two consecutive eligibility years.

Initial Household Income Limits for the 2023-24 rental year

The initial household income limits for the 2023-24 rental year (i.e. the period 1 May 2023 to 30 April 2024 in keeping with NRAS year dates) are:

2022-23 Rental Year	Initial Income Limit
First Adult	\$58,905
First Sole Parent	\$61,957
Each Additional Adult	\$22,536
Each Child*	\$19,541

*Child means a person under 18 years of age who is financially dependent on an eligible tenant. If a person under 18 years of age is financially independent, they are considered an adult.

For example, if a household consists of a sole parent with two children, regardless of whether the parent has sole or shared custody, the gross household income for the 12 month period prior to entering the dwelling must be equal to or less than \$101,039 (i.e. \$61,957 + \$19,541 + \$19,541).

For ease of application, the initial and existing household income limits for various household compositions are shown in the table below.

2023-24 Rental Year		
Household Composition	Initial Income Limit	Existing Tenant Income Limit*
One adult	\$58,905	\$73,631
Two adults	\$81,441	\$101,801
Three adults	\$103,977	\$129,971
Four adults	\$126,513	\$158,141
Sole parent with one child	\$81,498	\$101,873
Sole parent with two children	\$101,039	\$126,299
Sole parent with three children	\$120,580	\$150,725
Couple with one child	\$100,982	\$126,228
Couple with two children	\$120,523	\$150,654
Couple with three children	\$140,064	\$175,080

*This column shows figures which are 25 per cent more than the initial household income limits. If the combined gross household income of existing tenants exceeds the initial income limit by 25 per cent or more (i.e. is at or is more than the existing tenant income limit) in two consecutive years, the tenants will cease to be eligible tenants).

¹ Income Definition

The definition of income is separate but broadly consistent with the definition in the *Social Security Act 1991* (the *SS Act*) in that it takes into account a tenant's income that is earned, derived or received including a periodical payment, benefit received or allowance. Examples of income and exempt income are set out below.

The tenant's income is not limited to taxable income but refers to the 'gross income' of the household that is living in the approved rental dwelling.

Income Limits

Each year, tenant income limits are cumulatively indexed according to movements in the rents component of the Housing Group of the Consumer Price Index, December quarter to December quarter published by the Australian Statistician on 1 March of the immediately preceding rental year.

Examples of income

In line with the Department of Social Services, the following are considered examples of tenant income (this is not an exhaustive list):

- gross income from earnings, including fringe benefits (note that the non-grossed up amount of a fringe benefit will be calculated as income)
- deemed income from financial investments

- employment income salary sacrificed into superannuation (reportable superannuation contributions which include amounts voluntarily salary sacrificed to superannuation is included in gross income)
- net income from businesses or sole traders, including farms
- family trust distributions or dividends from private company shares
- net income from rental property
- income from boarders and lodgers
- redundancy payments
- non-Australian pensions and income
- any income from sources outside Australia
- a periodic payment from an immediate relative, that is father, mother, son, daughter, brother or sister
- income from income stream products, such as annuities and allocated products
- scholarship or tuition payments paid into the student's account
- a rent subsidy paid by the Commonwealth, or a State or Territory Government
- child support payments
- income support payments; and
- loans received for personal use (e.g. assist with bills, buy a car).

Examples of exempt income

Examples of exempt income include but are not limited to:

- superannuation will not be considered income until the tenant reaches pension age or starts to receive a pension or annuity out of that fund
 - However, if someone is transitioning to retirement, and receiving even a part payment out of their superannuation account, it would be considered income under the SS Act
- compensation for loss of, or damage to, building, plant effects
- inheritance (however, any interest earned from an inheritance, for example by placing in a trust, or leaving in a bank account where it is earning interest would be assessed as income, that is, income from interest or dividends)
- supported disability accommodation under a National Disability Insurance Scheme (NDIS) plan
- lump sum compensation payments
- scholarship or tuition payments paid directly to educational institutions
- state foster care allowance or benefit
- emergency relief or similar assistance
- costs of running a business e.g. staff wages, supplies
- receipt of periodic or lump sum payments of a previous loan made by the tenant
- a payment under the NDIS as part of a tenant's NDIS package; and
- loan repayments from a pre-existing loan made to family/friend by the tenant.*

* NB: When assessing tenant income according to the gross income limits, amounts received by the applicant (potential tenant and/or eligible tenant) that are repayments of a loan they have previously made (e.g. to a family member or friend) are generally not considered income for eligibility purposes.

Calculating gross household income

In order to rent a rental dwelling, tenants must meet certain eligibility criteria, including gross household income limits. When assessing whether a household will be eligible to rent an approved dwelling, approved participants must determine the gross household income for the **12 months prior to the day on which the household would become tenants**. For example, if a tenancy lease agreement for the dwelling commences on 1 April 2020, the tenant eligibility would be assessed by calculating the gross household income for the period 1 April 2019 to 31 March 2020.

A household consists of all persons who are tenants of the dwelling. All persons who ordinarily live in the dwelling must have their income included as a member of the household.

Examples of documentation evidencing gross household income

To provide some guidance the following documents may be used in assessing gross household income (not an exhaustive list):

- copies of pay slips
- copies of bank statements
- notice of assessment of annual tax returns
- annual income statement or payment summary
- letters from employers – current and/or past
- statements from Centrelink
- written evidence of overseas income, such as pensions or dividend statements; or
- statements that provide information about other sources of income.

As a last resort, in the event an approved participant is unable to provide evidence of the gross income of a tenant from the last 12 months, approved participants may consider a statutory declaration from the tenant as acceptable evidence.

12 Confidential Reports for Recommendation to Council**13 Item 8.1 - Item 7.1 - Leasing Matter [S90(3) (b), (d)]**

Tom McCready, Director City Services, City of Adelaide provided a precis of the item.

Councillor Elliott re-entered the Colonel Light Room at 8.14 pm.

It was then –

Moved by Councillor Giles,
Seconded by Councillor Snape -

THAT THE CITY PLANNING, DEVELOPMENT AND BUSINESS AFFAIRS COMMITTEE RECOMMENDS TO COUNCIL:

That Council:

1. Notes the 2023/24 budget of \$130,000 income from National Rental Affordability Scheme (NRAS) subsidies which is due to expire on 20 January 2024.
2. Approves the leasing of the 20 Council owned apartments in the Ergo Apartments located at 23, 31 and 33 Frew Street as affordable rental housing at 75% of the current market rents for each apartment as outlined at Attachment A to Item 7.1 on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 4 July 2023.
3. Notes the ongoing annual net operating income is a reduction of \$184,839, which is due primarily to the loss of NRAS subsidies.
4. Authorises the Chief Executive Officer to execute the apartment lease agreements and associated documentation.
5. Approves the application of the tenant eligibility criteria in Attachment B, to Item 7.1 on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 4 July 2023, to reflect the continuation of the same eligibility criteria that are currently applicable under the NRAS, with the income limits to be indexed according to percentage changes in the All-Groups component of the Consumer Price Index each year.
6. In accordance with Section 91 (7) & (9) of the Local Government Act 1999 (SA) and on the grounds that Item 7.1 [Leasing Matter] listed on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 4 July 2023 was received, discussed and considered in confidence pursuant to Section 90 (3) (b) & (d) of the Local Government Act 1999 (SA), the meeting of the City Planning, Development and Business Affairs Committee do order that:
 - 6.1. The resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2030.
 - 6.2. The confidentiality of the matter be reviewed in December 2023.
 - 6.3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Discussion ensued

The motion was then put and carried