

# *information sheet*

## Rental References

Homeswest tenants wishing to enter private rental accommodation have for some years faced discrimination for lack of rental references. To address this problem Homeswest and the Real Estate Institute of WA (REIWA) have developed a tenant reference form for ex-tenants wanting to enter private rental housing. Tenant confidentiality will be ensured under the arrangements. The wording of the evaluation form put to Homeswest Accommodation managers will simply ask closed Yes/No questions rather than graded responses so as not to give one tenant an advantage over another.

Other groups such as refugees and young people, who cannot obtain rental references for legitimate reasons, are not considered by most property managers and landlords.

While an education programme for REIWA

members and other landlords outlining the dilemma of many prospective private tenants would be useful, some Landlord Protection Insurance Policies require landlords to obtain rental references from applicants. The Department of Consumer Protection *Landlord's Handbook* could be used to educate landlords on the difficulties genuine applicants can face in accessing accommodation. There is a clear need for property managers and landlords to accept references from advocates and other appropriate character references, not just rental references.

A positive step is the Homeswest surety scheme where Indigenous families with positive rental histories have been selected from the waiting list to enter private rental, with Homeswest underwriting the tenancy. A similar scheme is being investigated for use with young people.

## Homeswest Rent to Income Changes

Homeswest's Rent to Income policy changed earlier this year to reflect the changes in Centrelink payments that occurred at the time of the introduction of the new tax system on 1 July 2000. For the purposes of Rent to Income calculations, the main changes occurred when a number of payments were integrated into Family Tax Benefit Parts A and B.

In general, Homeswest rent remains

calculated as 25% of assessable income. However, some forms of income are assessed at a lower rate. Rent is calculated as:

- 25% of basic Centrelink payments such as Newstart, Youth Allowance (independent) and Disability and Aged Pensions. However, the amount by which these payments increased on 1 July 2000 is exempted from this calculation, because this was compensation for

the increased housing costs imposed on tenants by the new tax system.

- 10% of the amount of Family Tax Benefit Part A received over and above the basic part of that payment for the first two children. Basic Family Tax Benefit Part A is exempt.
- For the third and subsequent dependents a fixed amount per child per week is applied (\$1.10 per week).
- 5% of the amount of Family Tax Benefit Part B received.
- Specific purpose payments such as medical allowance are exempt.
- 10% of Youth Allowance (living at home)

Youth Allowance	\$290.10 = \$290.10
Increase at 1/7/00	\$10.81 = \$10.81
Assessable Component	\$279.29
Assessed at	25% * \$279.29 = \$69.82
Wages	\$100.00 = \$100.00
Working Allowance	\$60.00 = \$60.00
Assessable Component	\$40.00
Assessed at	25% * \$40.00 = \$10.00
<b>Rent Payable</b>	<b>\$79.82</b>

Example 1: A single young person living independently and receiving Youth Allowance, with no children and \$100 wages per fortnight pays \$79.82 per fortnight in rent or market rent which ever is the lower.

Newstart / Parenting Allowance	\$394.30 = \$394.30
Increase at 1/7/00	\$13.27 = \$13.27
Assessable Component	\$381.03
Assessed at	25% * \$381.03 = \$96.26
Family Tax Benefit Part A Basic Component	2 * \$122.92 = \$245.84
Assessable Component	\$78.96
Assessed at	10% * \$166.88 = \$16.69
Family Tax Benefit Part B	\$105.56
Assessed at	5% * \$105.56 = \$5.28
<b>Rent Payable</b>	<b>\$117.22</b>

Example 2: An unemployed single parent with one 3 year old child and one 6 year old child pays \$117.22 per fortnight in rent or market rent which ever is the lower.

- 10% of Austudy / Abstudy grants 16 years to 25 years whilst living at home. Where a student is in receipt of the Austudy/ Abstudy Loans Supplement, their income will be assessed at the level of the full grant for which they were eligible, prior to borrowing the supplement.
- Tenants occupying after 21 July 1997, waged income excluding the working allowance is assessed at 25% of income. The working allowance of \$60 per fortnight is deducted from the gross wages income for all working household members over the age of 21 years, through-

out the term of the tenancy whilst the member continues to work (Rent Model 3).

- Tenants who occupied prior to 21 July 1997, waged income excluding the working allowance is assessed at 23% of income. The working allowance of \$60.00 per fortnight is deducted from the gross wages of the household for a 12 month period only (Rent Model 1, 1A and 2)
- No Homeswest tenant pays in excess of the deemed market rent for the property.

Newstart / Parenting Allowance	\$328.90 = \$657.80
Increase at 1/7/00	\$11.97 = \$23.94
Assessable Component	\$633.86
Assessed at	25% * \$633.86 = \$158.47
Family Tax Benefit Part A Basic Component	\$122.92 + \$165.82 = \$278.74
Assessable Component	\$78.96
Assessed at	10% * \$199.78 = \$19.98
Family Tax Benefit Part B	\$73.64
Assessed at	5% * \$73.64 = \$3.68
Youth Allowance	\$190.90 = \$190.90
Assessed at	10% * \$190.90 = \$19.09
<b>Rent Payable</b>	<b>\$201.22</b>

Example 3: An unemployed couple with one 6 year old, one 14 year old and one 18 year old child pays \$201.22 per fortnight in rent or market rent which ever is the lower.