



Assistance in the private sector

11	Rent assistance in the private market.....	28
12	Home ownership assistance.....	31

11. Rent assistance in the private market

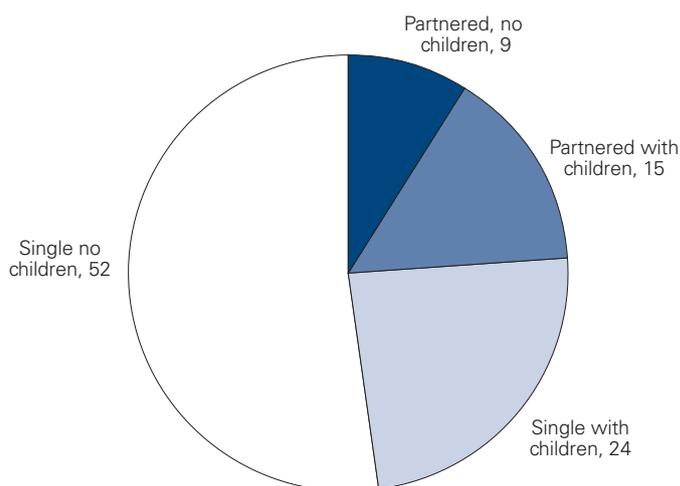
Rent assistance to tenants in the private rental market is provided through two programs: Commonwealth Rent Assistance (CRA) and Commonwealth State Housing Agreement (CSHA) private rent assistance (PRA). CRA is funded by the Australian Government through Centrelink, whereas PRA is managed under the CSHA. Low-income households may receive CRA, which provides continuous assistance to households in private tenancy or PRA, which is often a one-off payment to support households entering the private rental market.

Commonwealth Rent Assistance

CRA is a non-taxable income support payment to eligible low-income individuals or families in the private rental market. It is available to Centrelink clients who receive more than the base rate of the Family Tax Benefit Part A and who pay private rent above minimum thresholds. In 2005–06, the CRA program provided \$2.1 billion of assistance to low-income renters in the private rental market (AIHW 2007j).

CRA is generally not paid to home owners/purchasers, people living in public housing, or people living in residential aged care services with government-funded beds, because it is aimed at private renters. CRA is also available to community housing tenants and in NSW it is available to state owned and managed Indigenous housing tenants. Individuals and families who are paying mooring and site fees for boats and caravans and payments for retirement village services are eligible for CRA.

In June 2006, 947,000 income units (23% of Centrelink clients) were receiving CRA. Among all CRA recipients, over half (52%) were single people, including single people in shared accommodation. Nearly a quarter (24%) were single parents with dependent children, and about 1 in 10 (9%) were couple only families (Figure 11.1).



Source: Table A11.1.

Figure 11.1: Household type of Commonwealth Rent Assistance recipients, by income unit type, June 2006 (per cent)

Benefits of Commonwealth Rent Assistance

Before CRA, the majority of all recipients (66%) were paying over 30% of their income on rent, including a quarter who paid more than 50% of their income in rent. After CRA, the majority paid 30% or less of their income in rent. Table 11.1 shows that both singles and couples without children were more likely than those with children, to be paying more than half of their income in rent, both before and after CRA (39% before and 13% after CRA for singles without children compared to 9% before and 4% after CRA for couples with children).

Commonwealth State Housing Agreement private rent assistance

PRA provides assistance to eligible low-income households to establish and maintain tenancies in the private rental market. PRA usually provides one-off forms of support including bond loans, assistance with rental payments, advance rent payments, cash

assistance, relocation expenses, housing establishment grants, and advice and information.

The range of private rent assistance types is different in each state and territory. During 2005–06, all jurisdictions provided bond loans, 5 provided rental grants and subsidies (NSW, Vic, Qld, SA and Tas), and 3 provided relocation expenses (Vic, Tas and ACT) or other one-off grants (NSW, Vic and Tas) (Table 11.2). The eligibility criteria and procedures for each form of assistance also vary across jurisdictions.

In 2005–06, the states and territories provided \$78.4 million of CSHA-funded private rent assistance to 134,000 households in Australia. Almost two-thirds

(\$49 million) of this assistance was in the form of bond loans (AIHW 2007j).

Of those households, 70,000 (75%) received bond loans, 50,000 (37%) received rental grants and subsidies, 2,800 (2%) received payments to assist with relocation expenses and 11,000 (8%) received other one-off grants.

In New South Wales, 33,000 households were assisted at a cost of \$30.4 million. In Victoria, a larger number of households were assisted (almost 44,000) at a lower cost (\$14.6 million). This is partly due to the higher proportion of rental grants and subsidies.

Table 11.1: Recipients of Commonwealth Rent Assistance, by income unit type and proportion of income spent on rent before and after CRA payment, 30 June 2006 (per cent)

Income unit type	Proportion of income spent on rent				Total CRA recipients (number)
	30% or less	31% to 50%	Over 50%	Total	
Before CRA					
Single, no children ^(a)	18.5	42.8	38.7	100.0	491,689
Single with children income units	42.5	45.3	12.3	100.0	225,729
Single, 1 or 2 children	40.9	45.6	13.5	100.0	188,020
Single, 3 or more children	50.4	43.5	6.1	100.0	37,709
Partnered, no children	45.0	40.7	14.3	100.0	80,451
Partnered with children income units	63.7	27.3	9.0	100.0	146,045
Partnered, 1 or 2 children	59.1	29.8	11.1	100.0	98,786
Partnered, 3 or more children	73.5	22.1	4.4	100.0	47,259
Total^(b)	33.5	40.8	25.7	100.0	946,614
After CRA					
Single, no children ^(a)	55.4	31.6	13.0	100.0	491,689
Single with children income units	73.2	23.1	3.7	100.0	225,729
Single, 1 or 2 children	71.7	24.2	4.1	100.0	188,020
Single, 3 or more children	80.5	17.7	1.8	100.0	37,709
Partnered, no children	71.6	21.3	7.2	100.0	80,451
Partnered with children income units	81.8	13.9	4.3	100.0	146,045
Partnered, 1 or 2 children	78.3	16.2	5.5	100.0	98,786
Partnered, 3 or more children	89.0	9.2	1.8	100.0	47,259
Total^(b)	65.1	25.9	8.9	100.0	946,614

(a) The category 'Single, no children' includes single people in shared accommodation.

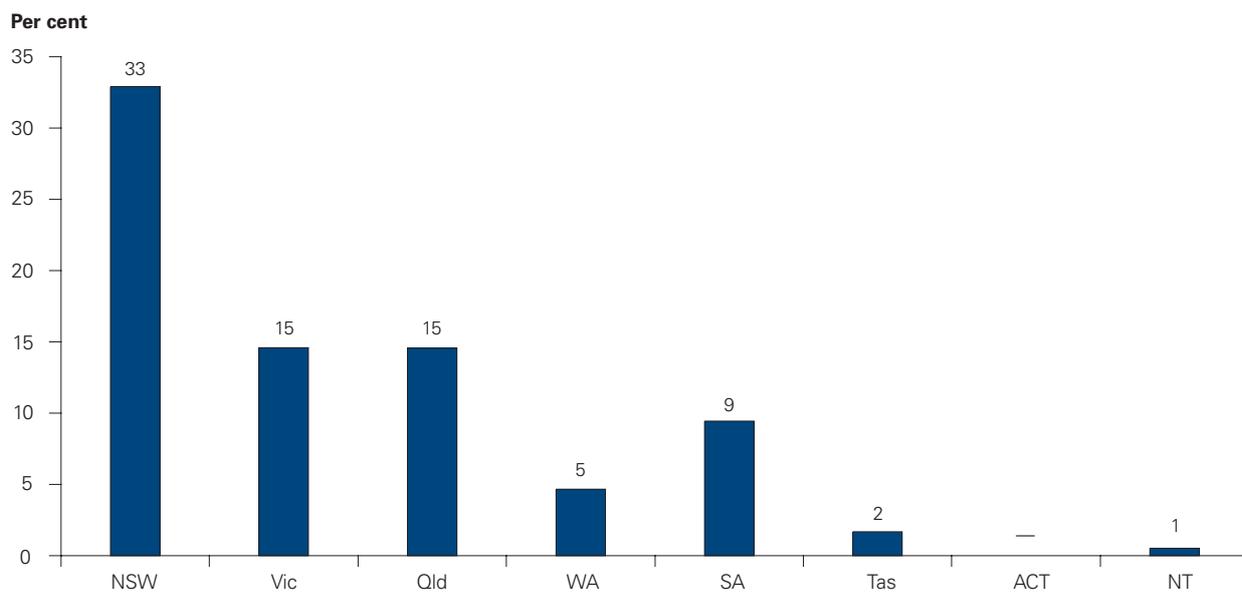
(b) Total CRA recipients include 2,700 income units who were identified as partnered, no children, temporarily separated or separated due to illness, and exclude 719 income units with nil total income or missing rent.

Source: Australian Government housing data set, June 2006.

Table 11.2: Commonwealth State Housing Agreement private rent assistance program coverage, by jurisdiction, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Bond loans	✓	✓	✓	✓	✓	✓	✓	✓
Rental grants/subsidies	✓	✓	✓	..	✓	✓
Relocation expenses	..	✓	✓	✓	..
Other one-off grants	✓	✓	✓

Source: AIHW 2007a.



Source: Table A11.2.

Figure 11.2: Value of Commonwealth State Housing Agreement private rent assistance provided, by jurisdiction, 2005–06 (per cent)

Further reading

Further information on CRA is available on the Centrelink website <www.centrelink.gov.au>.

AIHW 2007j. Private rent assistance 2005–06: Commonwealth State Housing Agreement national data reports. Housing assistance data development series. Cat. no. HOU 167. Canberra: AIHW.

AIHW 2008b (forthcoming). Commonwealth Rent Assistance, June 2006: a profile of recipients
Canberra: AIHW

12. Home ownership assistance

Home ownership is a widely held aspiration in Australia, providing security of tenure and long-term economic benefits to home owners (ABS 2007b:13). Two forms of assistance that are available to home buyers are home purchase assistance (HPA) managed under the CSHA, and the First Home Owner Grant (FHOG) administered by state and territory treasury departments. Home owners also receive indirect assistance through Australian government tax expenditures but this is not discussed in this publication.

Commonwealth State Housing Agreement home purchase assistance

HPA provides assistance to eligible low-income families in securing and maintaining home ownership.

The eligibility requirements and types of assistance offered vary widely between jurisdictions. HPA provides a range of assistance types including direct lending, deposit assistance, interest rate assistance, mortgage relief and home purchase advice. These are one-off or short-term payments that may or may not be repayable.

The coverage of home purchase assistance programs varies across jurisdictions (Table 12.1). During 2005–06, 5 jurisdictions provided direct lending (Vic, Qld, WA, SA and NT), 3 provided home purchase advice and counselling (NSW, WA and Tas) and 4 provided interest rate assistance (QLD, WA, SA and NT) (Table 12.1).

In 2005–06, under the CSHA the states and territories provided \$1,001 million of loans and other assistance of HPA to 36,100 households in Australia (Table 12.2).

Table 12.1: Commonwealth State Housing Agreement home purchase assistance program coverage, by jurisdiction, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Direct lending	..	✓	✓	✓	✓	✓
Deposit assistance	✓	✓	..	✓
Interest rate assistance	✓	✓	✓	✓
Home purchase advisory and counselling	✓	✓	..	✓
Mortgage relief	✓	✓	✓	✓	✓	..
Other	..	✓	✓	✓

Source: AIHW 2007a.

Table 12.2: Commonwealth State Housing Agreement home purchase assistance: households assisted and value of assistance by assistance type, 2005–06

	Households assisted (number)	Value of assistance (\$'000)
Direct lending	20,293	968,694
Deposit assistance	46	268
Interest rate assistance	3,207	25,414
Mortgage relief	299	2,621
Home purchase advisory and counselling services	12,726	2,950
Other	381	1,138
Total	36,122	1,001,085

Note: Not all jurisdictions have all types of programs. Some jurisdictions were also unable to provide data. Figures for direct lending are from Victoria, Queensland, Western Australia and Northern Territory, for deposit assistance from Queensland and Tasmania, for interest rate assistance from Queensland, Western Australia and South Australia, for mortgage relief from New South Wales, Victoria, Queensland, Tasmania and the Australian Capital Territory, for advisory and counselling services from New South Wales and Tasmania, and for 'other' from Victoria and Queensland.

Source: AIHW 2007a.

Almost all of this assistance (\$969 million) was in the form of direct lending provided to 20,300 households.⁴ The next most common form of HPA was advisory and counselling services, which were provided to 12,700 households at a cost of \$3 million (AIHW 2007a).

Funding for HPA varied between jurisdictions. In 2005–06, the value of HPA provided in Western Australia was \$575 million, followed by South Australia (\$355 million) and the Northern Territory (\$61 million). This was related to the provision of direct lending which is an expensive form of assistance and most common in WA (\$573 million) and SA (\$330 million) (AIHW 2007f).

First Home Owner Grant scheme

The FHOG is a one-off \$7,000 grant to first home buyers. The scheme was introduced on 1 July 2000 and is ongoing with no end date yet identified. Eligible first home owners can receive the grant regardless of their income, the area in which they are planning to buy or build, or the value of their first home. The grant is not means tested and no tax is payable on it.

The FHOG allowed for an increase in the grant from \$7,000 to \$14,000 for new homes in March 2001. However, on 1 January 2002, the additional \$7,000 was reduced to \$3,000, with this amount being withdrawn on 30 June 2002, leaving the original \$7,000 per grant.

In 2005–06, \$751 million was paid to First Home Owner Grant applicants; equivalent to over 107,000 grants nationally. Between 2002–03 (\$836 million) and 2003–04 (\$626 million), there was a fall in expenditure

⁴ Much of this money is not included in the base of \$1,307.6 million in CSHA funding, as it is repayable to the states and territories (see Topic 4).

due to the reduction in the amount per grant for new home buyers (Table 12.3). It is not possible to say how many houses were built or purchased each year with the FHOG, as grant applications can be lodged up to 6.5 years after the purchase or building of the home.

Table 12.3 shows that there were variations in the expenditure for FHOG between jurisdictions. In 2005–06, the jurisdictions that paid the most FHOG applications were New South Wales (\$285.6 million), Victoria (\$277.9 million) and Queensland (\$187 million).

Some jurisdictions supplemented the FHOG with a range of payments and concessions. For example, in New South Wales, the First Home Plus scheme provides exemptions or concessions on transfer duty and mortgage duty and in Victoria the First Home Bonus scheme provides an additional \$3,000 to first home buyers.

Shared home ownership

A number of state and territory governments offer shared home ownership schemes, variously referred to as rent/buy or shared equity schemes, whereby the tenant and the government both purchase a share of the property. Non-government owners are typically low-income households and can buy as little as 20% of the property's total value. Home owners then have the option to buy additional percentages or the government's entire share. This form of assistance not only provides an asset for the purchaser, but also provides them with guaranteed security of tenure. An example of this type of scheme is the First Start Scheme in Western Australia (see Box 12.1).

Table 12.3: First Home Owner Grant scheme: applications paid, by state and territory, 2002–03 to 2005–06 (\$ million)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2002–03	306.6	225.9	218.6	118.4	675	22.3	17.6	8.9	836.0
2003–04	241.9	200.9	162.3	95.5	579	18.3	10.6	7.9	625.5
2004–05	249.2	265.8	159.6	124.8	61.6	16.7	14.2	9.0	661.4
2005–06	285.6	277.9	187.0	123.0	68.8	18.5	16.8	10.2	751.0

Sources: ACT Treasury 2003, 2004, 2005, 2006; NSW Treasury 2003, 2004, 2005, 2006; Qld Treasury 2003, 2004, 2005, 2006; SA Treasury 2003, 2004, 2005, 2006; Tas Treasury 2003, 2004, 2005, 2006; Vic Treasury 2007; WA Treasury 2003, 2004, 2005, 2006; NT Treasury 2003, 2004, 2005, 2006.

Box 12.1: First Start shared equity home loan scheme

The First Start shared equity home loan scheme is designed to help low to moderate-income first homebuyers into home ownership. Under the scheme, eligible first homebuyers may purchase or build a home in conjunction with Keystart and the Western Australian Department of Housing and Works. The department does not charge rent or interest on the portion of the property it co-owns, but the tenant does need to pay for all outgoings such as rates and maintenance on the property. To be eligible, applicants must:

- qualify for the First Home Owner Grant
- have assessable income that is within the eligibility limits for the scheme
- be owner-occupiers
- be permanent residents
- be over 18 years of age
- not have any debts owing to the department
- not be currently bankrupt or discharged from bankruptcy within 2 years of the date of the application.

Further reading

AIHW 2007f. Home purchase assistance 2005–06: Commonwealth State Housing Agreement national data reports. Housing assistance data development series. Cat. no. HOU 166. Canberra: AIHW.

AIHW 2007a. Australia's welfare 2007. Cat. no. AUS 93. Canberra: AIHW.

