

Landlord incentive programs

This fact sheet provides information for property owners who are considering renting their property to people facing barriers to securing housing, such as people on low incomes and those affected by family violence.

Overview

Homes Tasmania is creating more affordable private rental opportunities with more incentives for Tasmanian property owners.

Private Rental Incentives and **Family Violence Rapid Rehousing** are two landlord incentive programs that assist households into secure private rental accommodation at an affordable rent.

Features of both programs include:

- two-year lease terms with guaranteed median market rent¹
- fee-free tenancy services provided by the registered community housing provider, Loreto Community Housing
- property management compliant with the *Residential Tenancy Act 1997*
- an additional annual incentive payment for owners of small properties (one and two bedrooms) of \$4 500 per property.

Property owners enter into a head lease and payment agreement with Loreto Community Housing who will sublease the property directly to a suitable eligible tenant.

Loreto Community Housing will disburse all rental and incentive payments to property owners.

Tenants pay their bond directly to MyBond

www.cbos.tas.gov.au/topics/housing/mybond/what-is-mybond/mybond-for-property-owners).

¹ Median market rent is calculated from the latest Real Estate Institute of Tasmania data for the median rent for similar properties in the same location.

Eligible properties

Eligible properties must be:

- near public transport and essential services
- in high-demand areas
- insured (verification required)
- available for at least two years²
- not for sale or under construction
- vacant at application, and
- compliant with the *Residential Tenancy Act 1997*.

Landlord incentive programs aim to increase affordability and availability in the private rental market and consider properties that are:

- currently used for short-stay accommodation
- new to the rental market, including new ownership of an investment property
- vacant rental properties (if previously rented, the vacancy must have been tenant-initiated and able to be verified).

Properties already available at an affordable rent or in locations of lower demand for affordable rentals are unlikely to be selected for the program.

Properties do not need to be furnished.

Property approval process

There are two steps in the property approval process completed by Loreto Community Housing:

1. Initial desktop assessment tests eligibility and demand for the property size and location.
2. Physical inspection of the property undertaken to ensure it is fit for purpose.

Final approval of properties is provided by Loreto Community Housing who then enters into a head lease and payment agreement with the owner(s) of approved properties.

The average timeframe for the property approval and allocation process is four weeks.

Shared tenancies are not permitted under this program.

National Rental Affordability Scheme properties

The Australian Government's National Rental Affordability Scheme (NRAS) is scheduled to finish in 2026. Owners of properties exiting the scheme can apply to Loreto Community Housing to move their property into a landlord incentive program with the tenant remaining in the property. The tenant will need to contact Housing Connect to have their eligibility for the program assessed.

NRAS properties will only be accepted into the program when the current tenant is assessed as eligible. The tenant can then sign a sublease with Loreto Community Housing.

² Properties in the Family Violence Rapid Rehousing portfolio with a 12-month head lease for 2024-25 will only be eligible for a further 12-month head lease.

Terminations

The property owner's head lease and the tenant's sublease can only be terminated by the relevant party in accordance with the *Residential Tenancy Act 1997*. The sale or transfer of a property is not a reason for termination of fixed-term tenancies.

If the sublease is terminated either by Loreto Community Housing or the tenant, Loreto Community Housing is responsible for finding another tenant. Loreto Community Housing will pay rent to the property owner during periods of vacancy.

If the head lease is terminated by Loreto Community Housing or the property owner, all benefits will cease, including weekly rental payments, incentive payments, and Loreto Community Housing tenancy management. Any previously paid incentive payments will need to be repaid pro-rata in accordance with the payment agreement.

Eligible tenants

To be eligible for an affordable private rental through a landlord incentive program, applicants must:

- live in Tasmania
- be an Australian citizen, or a permanent resident, including refugee visa subclasses 200, 201, 202, 203 and 204
- be 18 years or older
- be on a low income and eligible for a Commonwealth Health Care Card
- not own land or a home of their own
- not have financial assets worth more than \$35 000. This amount includes the assets of any people who live in the household, including shares, property and money in the bank. It does not include things such as cars or household items. Self-managed super funds are also not included, and
- be able to live independently, with no previous issues in looking after a rental property.

People affected by family violence may have income and asset criteria waived and remain eligible for both the Private Rental Incentives and the Family Violence Rapid Rehousing programs. Eligible applicants include those experiencing homelessness or at risk due to family violence, as well as perpetrators required to leave the family home.

Frequently asked questions

Does the incentive payment affect my income/pension and is the incentive taxable?

It is recommended that you contact your financial advisor or Centrelink (where applicable) prior to applying to discuss how the incentive payment may affect you.

My property is currently for sale, can I apply?

No. Properties must not be for sale at the time of application.

What happens if I want to sell my property during the head lease?

Changing circumstances may require a property owner to sell their property during the term of the head lease.

If this situation arises, you must inform Loreto Community Housing and disclose to any potential buyer that there is a head lease in place for a fixed term. The new owner will be required to sign a head lease and payment agreement for the remainder of the initial head lease.

Once a contract of sale has been signed, you must comply with the *Residential Tenancy Act 1997* notification periods. You must also inform Loreto Community Housing of the expected settlement date.

A calculation will be made on the incentive payment received, and a pro-rata amount will be required to be paid back to Loreto Community Housing. Loreto Community Housing will then disburse the pro-rata payment to the new owner.

I am building a property, can I apply for the programs?

No. The programs are unable to accept properties that are under construction.

My current tenant is on a low income, can I receive the incentive?

No. Existing tenancies are not eligible for the programs unless there are exceptional circumstances. If you wish to seek more information, please contact Loreto Community Housing.

Can I end my current tenancy so I can apply for the programs?

No. Loreto Community Housing will only accept vacant properties or recently ended tenancies that are tenant-initiated. Loreto Community Housing will ask for proof to verify this.

The *Residential Tenancy Act 1997* sets out the reasons that a tenancy can be ended.

I know a person on a low income, can I rent my property to them directly through the programs?

No. Eligible tenants for the programs must have an approved application. Loreto Community Housing will then allocate tenants based on best fit for the property.

Why do I need to provide evidence of insurance (Certificate of Currency)?

To be eligible for a landlord incentive program, a property must be adequately insured. This includes building insurance and cover for property damage by the tenant (landlord insurance).

A Certificate of Currency must be provided to Loreto Community Housing prior to signing the head lease and payment agreement. The required insurance must be maintained throughout the tenancy and an updated Certificate of Currency must be provided to Loreto Community Housing at renewal or if you change your insurance provider.

Who is my contact during the term of the lease?

Loreto Community Housing is the first point of contact for property owners participating in a landlord incentive program.

If a property owner has concerns that cannot be resolved by Loreto Community Housing, they can contact Homes Tasmania's contract manager by emailing housing.privaterentals@homes.tas.gov.au

The *Residential Tenancy Act 1997* outlines the legislative obligations for tenants and property owners.

More information

Web: www.homestasia.com.au/affordable-private-rentals

Email: lch@aohtas.org.au

Phone: 6173 0060

Residential Tenancy Act 1997 (Tas) (including property minimum standards)

www.legislation.tas.gov.au/view/html/inforce/current/act-1997-082

Consumer, Building and Occupational Services: cbos.tas.gov.au/topics/housing