

## Fair rent setting to improve services Maximising Commonwealth Rent Assistance (CRA)

This Fact Sheet is to assist accommodation providers in setting rents that maximise the Commonwealth Rent Assistance (CRA) available to the organisation.

Accommodation providers are required consider a variety of issues when setting rents:

- The ethos and mission of the organisation
- The level of services that the organisation provides to tenants
- The level of rent a tenant can reasonably afford
- The minimum rents needed to sustain the program

### Commonwealth Rent Assistance (CRA)

CRA is a special payment from the Australian Government to help eligible people pay their rent. The accommodation provider can calculate the amount of CRA the tenant is entitled to.

CRA is payable at the rate of 75 cents for every dollar of rent payable above the rent threshold until the maximum rate of payment is reached. Rent thresholds and maximum rates vary according to a tenant's family situation and the number of children they have. For singles, the maximum rate may be reduced if the accommodation is shared with others. These rates vary depending on circumstance follow this link for an updated list:

<https://www.humanservices.gov.au/individuals/enablers/how-much-rent-assistance-you-can-get/38861>

To apply for CRA, the tenant must supply Centrelink with a rent statement. Public housing tenants living in a property owned and managed by Department of Housing, Local Government and Community Development (DHLGCD) are not eligible for CRA. However, if a Non-Government Organisation manages the public housing stock and charges their tenants rent then the tenant can be eligible to receive CRA.

CRA is available for all persons receiving a payment from Services Australia (SA) or get a payment more than the base rate of Family Tax Benefit.

Follow this link to see if your tenant is eligible to receive CRA:

<https://www.humanservices.gov.au/individuals/services/centrelink/rent-assistance/eligibility-payment-rates/who-can-get-it>

### Affordable Rent

It is considered that rent between 25% and 30% of assessable income is affordable.

**DHLGCD charge urban public housing tenants 25% of assessable income. NOTE** Remote public housing tenants are charged a flat rate based on the number of rooms

### Rent Setting

Rent setting is a policy determined by an accommodation provider that is used to calculate the amount of rent payable by a tenant. In a social/affordable/transitional/crisis housing context, rent setting policy must balance affordability for tenants, financial viability for accommodation providers and the mission or ethos of the organisation. Rents are optimised for tenants' eligibility for CRA by increasing rents to the point where the maximum amount of rent assistance can be claimed without leaving a tenant worse off than they would be if they were simply charged 25% - 30% of their income.

**For affordable tenancy households, accommodation providers usually charge a maximum rent that is no more than the total of:**

- 25% - 30% of a household's gross non-Commonwealth Rent Assessment (CRA) income; plus
- All CRA income available to that household

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### Factors that influence the amount of CRA that a tenant can receive:

- **Household Composition and the type of income support payments received**

Singles, couples, carers, children, Job seeker, Family tax A

- **Sharing**

If you pay rent based on a percentage or share of the total rent bill you are considered to be 'sharing'.

- **Board and Lodging**

Board is defined as the provision of meals on a regular basis in connection with the provision of lodging

### Appropriate Rents and Charges

When setting rents and charges, an accommodation provider considers the reasonable costs a tenant would incur in a mainstream tenancy.

It is considered that the following % of income should be budgeted:

- **24% - 30% to cover housing, rent or mortgage**
- **4% - 8% allocated to utilities, power, water etc.**
- **14% - 20% set aside for food and groceries including cleaning goods, laundry etc.**

It is entirely up to the accommodation provider to determine what is charged to the tenant. It is common for providers to charge some of the real-world cost involved in the provision of their accommodation. For an organisation providing board and lodging it is acceptable practice to charge a reasonable rate for food and utilities.

### CRA, Rent and Other Charges Modelling (figures correct as of 20<sup>th</sup> March 2025)

Following is an example of various scenarios to show how the application of CRA can influence what the tenant pays and what the accommodation provider can receive. Please note this is a very basic model and does not consider the household and income variations that may exist.

For the purposes of this exercise the following applies:

- March 20<sup>th</sup>, 2025 Services Australia rates applied
- Single Adult
- No dependents
- Not sharing
- Receiving Job Seeker allowance
- Only Basic Job Seeker income is assessed
- Paying "Board and Lodging"
- Per fortnight calculations

#### INCOME

**Basic Job Seeker \$781.10**

#### EXPENSE

**Rent @ 30% \$234.33**

**Food @ 15% \$117.16**

**Utilities @ 5% \$39.05**

**Total \$390.54**

#### Scenario 1

**If CRA is not included in the rent calculation but claimed by the tenant**

If the above scenario is adopted by an accommodation service that provides a room, meals and laundry items it could expect to receive a minimum of \$390.54 per fortnight from this tenant. If the tenant submits a CRA claim to Services Australia on \$234.00 f/n rent, they would be eligible for \$63.30 in CRA. If the CRA is kept by the tenant, their true rent comes down to \$171.03 or only 21.8% of their income. Their rent would be less than what they would pay in public housing.

#### Scenario 2

**Maximising CRA. If rent is calculated to maximise the CRA paid. Rent + Maximised CRA**

If charging rent at 30% of income + maximised CRA the new rent charge would be \$446.33 per fortnight, the additional income is from CRA (\$212.00). The tenant is still only paying 30% of their income as rent because they will receive an additional \$212 in their Centrelink payment as CRA.

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There are limits to the amount of CRA that this tenant can claim

- CRA is only paid on the portion of rent above \$149.60 per fortnight.
- CRA is paid at a rate of \$0.75 on every dollar of rent above \$149.60 per fortnight
- The maximum rent assistance paid for a single adult is \$212.00

These figures will change dependent on the benefit received and the family/living situation. See link below for rates

<https://www.humanservices.gov.au/individuals/services/centrelink/rent-assistance/eligibility-payment-rates/how-much-you-can-get>



Centrelink have a **Payment and Service Finder** follow the link. This estimator can be used to calculate benefits based on an individual's situation. It's a handy link to bookmark in your browser.

[https://www.centrelink.gov.au/custsite\\_pfe/pymtfinderest/paymentFinderEstimatorPage.jsf?wec-appid=pymtfinderest&wec-locale=en\\_US#stay](https://www.centrelink.gov.au/custsite_pfe/pymtfinderest/paymentFinderEstimatorPage.jsf?wec-appid=pymtfinderest&wec-locale=en_US#stay)

### Assessable Income

Assessable income is income that is assessed for rent setting purposes. For some community and social housing providers this is the same as that assessed by the DHCD.

For many housing providers assessable income is often the base allowance the tenant receives from Centrelink or a person's wages/salary earned.

Follow this link to TFHC assessable income table:

<https://nt.gov.au/property/public-housing/paying-your-rent-in-public-housing/rebates/assessable-income>

There are ethical questions around whether a percentage of payments such as the pharmaceutical allowance, bereavement allowance, Austudy loans supplement or the energy supplement should be garnished for rent. To remain consistent with TFHC public housing policy when assessing rent, we strongly recommend their guide is followed.

### The Math – How to maximise the amount of CRA received from SA

As in our earlier example the following applies:

- Single Adult
- No dependents
- Not sharing
- Receiving Newstart allowance of \$781.10
- The min rent paid must be more than \$149.60
- Maximum CRA available \$212.00

**Assessed rent** = percentage of income charged as rent. In this example 30% of Newstart is assessed rent

**Rent Charged** = assessed rent multiplied by 4 less CRA Threshold multiplied by 3

**Rent Assistance** = (Rent Charged – CRA Threshold) multiplied by \$0.75

If Rent Assistance is greater than the maximum CRA then Rent Assistance = the maximum CRA

**Rent Payable** = Assessed rent plus Rent Assistance  
What the Client is actually out of pocket is Rent Payable less the Rent Assistance

If **assessed rent** is less than the CRA threshold (\$149.60) then there is no rent assistance paid by Services Australia

If **rent charged** is greater than market rent, then the rent paid should be the same as market rent

If **rent assistance** calculated is greater than the maximum CRA (\$212.00) then the amount received will be the maximum CRA.

### That's Complicated!

There's a lot to work out when setting rents long hand. To make things easier NT Shelter have developed a Rent Calculator based on the same principles and formulas used by Community Housing providers and State Governments across the country.

The Rent Calculator can be found online at [www.ntshelter.org.au](http://www.ntshelter.org.au) it is updated twice a year inline with Services Australia scheduled CRA adjustments.

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### Traps to Avoid

#### The Board and Lodging Trap

If the accommodation provider issues the tenant one invoice/receipt with total as **board and lodging**, Services Australia will pay rent assistance on 2/3rds of the total, this could mean a loss for the tenant in real terms. In effect the tenant could be paying more than 39% of their income as rent.

Accommodation providers who provide and charge for additional services and amenities should clearly separate the board from the lodging on their lease agreement or on their receipts to ensure the maximised rent assistance will be paid by SA to the tenant.

#### The Sharing Trap

If listed as **sharing** the tenant is only entitled to a maximum rate of CRA that is two-thirds of that for singles living alone. It is not uncommon for tenants to list themselves as sharing if they are in a hostel or share house, however if an accommodation provider does not split the rent amongst tenants, then the tenant is not sharing. If the rent charged to a tenant in a house is the same whether 1 or 2 people live in that house, then the tenant is not sharing for the purposes of claiming rent assistance.

It is worthwhile for accommodation providers to take the responsibility of assisting tenants to claim for CRA to ensure the maximum CRA is paid and to ensure the tenant is not disadvantaged.

#### Using an out of Date Rent Calculator

Services Australia update their Rent Assistance rates on the 20<sup>th</sup> of March and 20<sup>th</sup> of September each year. All the rates change, the minimum rent, the maximum CRA etc. If an outdated Calculator is used the tenant and your organisation will receive incorrect payments disadvantaging both parties.

If accommodation providers review rents every 6 months NT Shelter advise this be done in March and September after the rates have been adjusted.

### What Your Tenant Needs to Provide Services Australia

It is important that the information provided to Services Australia is unambiguous and includes only the detail required by Services Australia staff to ensure the tenant receives their entitlements.

Using incorrect data in the rent calculations could disadvantage the tenant in two ways: 1) they receive less than their entitlement or 2) they receive more than they are entitled and incur a debt that they will be required to repay.

**Under-payment example:** a single person is incorrectly listed as a sharer; they may receive \$71.00 less CRA than they are entitled to.

**Over-payment example:** a single mother with two children is incorrectly classified as having 3 children. This mistake could result in the tenant receiving \$32.34 extra in rent assistance than she is entitled to. After 12 months her debt to SA will be over \$840.00

It is important to not include extraneous data on a tenant's rent statement when it is submitted to Services Australia. Too much information can lead to confusion which often results in a tenant not receiving their full entitlement simply due to clerical error.

Services Australia do not need to see how the rent is calculated or how much rent assistance is included in the total etc.

The information required by services Australia is:

- Tenants name
- Tenants address
- Total fortnightly rent
- Date tenancy commenced
- Tenants' situation – single, couple, with children etc.

Including the maximised CRA, the tenants basic rent component, bond information or the maximum rent chargeable for the address can be confusing and often leads to incorrect data entry and mistakes made in the amount of CRA paid to the tenant.

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### Real World Outcomes – How rent setting policies can improve program sustainability

An accommodation service that provides meals, laundry, air conditioners and other amenities to single adults has at least six basic models as to how they charge for their services.

**Assumption:** Rent based on 30% of Basic Job Seeker allowance. Rent charged fortnightly. Service length 12 months.

- 1) Rent charged at 30% of income, but tenants' responsibility to claim CRA.  
**Income per tenant,  $\$234.33 \times 26 = \$6092.58$  pa**
- 2) Rent charged at 30% of income + 15% charge for groceries (\$117.16) + 5% utilities charge (\$39.05), tenant responsible for claiming CRA  
**Income  $\$234.33 + \$156.21 \times 26 = \$10154.04$  pa**
- 3) Board and Rent charged as per (2), with CRA added to the rent and kept by the accommodation provider.  
**Income  $\$234.33 + \$63.55$  CRA +  $156.21 \times 26 = \$11806.34$  pa**
- 4) Rent charged as per (1) but with maximised CRA included in the rent calculation.  
**Income  $\$234.33 + \$212.00$  CRA  $\times 26 = \$11838.58$  pa**
- 5) Board and Lodgings charged as per (2) but with maximised CRA included in the rent calculation.  
**Income  $\$234.33 + \$212.00$  CRA +  $156.21 \times 26 = \$15666.04$  pa**
- 6) The accommodation provider charges Market Rent. For GST exempt or charitable services this is usually set at 25% below the market rate.  
**Income = Market Rate  $\times 26$**

### References and Resources:

[Services Australia Website](#)

[Services Australia Rent Assistance](#)

[Centrelink Payment and Services Finder](#)

[Moneysmart.gov.au](#)

[ABS Household Expenditure Survey](#)

[Anglicare Cost of Living Index: Income Support](#)

[Day Job: Av cost of food per week](#)

[QLD Govt, Community Housing Rent Calculator](#)

[NT Govt. Social housing: assessable income](#)

[ATO: GST and supplies by charities – benchmark market values](#)