

TO: Senate Community Affairs Committee
Inquiry on the National Rental Affordability Scheme Bills
FROM: Carol Croce, CHFA Executive Director
DATE: 11 November 2008
RE: **SUPPLEMENTAL SUBMISSION TO THE NRAS INQUIRY**

The Community Housing Federation of Australia (CHFA) requests an opportunity to submit this supplement submission to our previous submission. We wish to expand on the point about whether providing housing services to people who are said to have 'moderate incomes' under NRAS guidelines is within the scope of charitable purpose.

As noted in our submission, community housing providers have been endorsed as charities based on their stated purpose of alleviation of poverty and the ATO has accepted their use of existing low income benchmarks as an appropriate measure of their compliance with that charitable purpose. One such benchmark is the definition of low income used as a performance measure for reporting under the Commonwealth-State Housing Agreement (CSHA). This definition sets out the maximum income levels for different households used to determine low income status as part of performance measures under the CSHA.

According to the National Housing Assistance Data Dictionary, low income households are those "*most in need in terms of tenants who have low income or special needs that would not find appropriate, affordable and secure housing in the private rental market*".¹ The maximum income level of 'low income' is effectively the cut-off point for the receipt of government income support benefits at the pensioner rate.

When these maximum income levels are compared with the National Rental Affordability Scheme (NRAS) initial income criteria, many households fall within the CSHA definition of low income:

¹ National Housing Assistance Data Dictionary, AIHW, p. 130-131

Household	NRAS income eligibility weekly	CSHA low income B weekly
Single person	\$750	\$760
Couple, no children	\$1,250	\$1,269
Working family (single parent) two children	\$1,288	\$784
Working family (couple) two children	\$1,288	\$1,294
Working family (single parent) three children	\$1,538	\$809
Working family (couple) three children	\$1,538	\$1,307

It would appear that providing housing to households whose income falls within the CSHA low income measure would meet the test for charitable purpose without concern to the ATO. Providing housing to households with incomes higher than the CSHA levels (but within NRAS maximum levels) does not alter the charitable *purpose* of the organisation and should be considered an ancillary or incidental activity.

As stated in our main submission, the use of existing benchmarks of low income should be acceptable as a measure of compliance with ATO requirements for alleviation of poverty in the absence of any clear definition or guideline on what constitutes 'poverty' in the eyes of the ATO.