

Targeted Affordable Rental Housing (TARH) Policy

Guidance Document

1 Terms used in this document

- **Band A:** refers to households who meet the Public Housing eligibility criteria and is referred to as Social Housing.
- **Band B:** refers to low to moderate income households who meet the Affordable Housing eligibility criteria in the Community Housing Income and Asset Limits Policy, and exceed the income and asset limits for Social Housing.
- **Community Housing Organisation:** means any not-for-profit organisation incorporated under the Law of the Commonwealth of Australia or the State of WA, or a Local Government, that provides Crisis Housing, Social Housing and/or Affordable Housing to Eligible Persons in WA.
- **North West/Remote, Metropolitan/South West:** the areas depicted in Figure 1.
- **Targeted Affordable Rental Housing:** Targeted Affordable Rental Housing, or 'TARH', is affordable housing delivered by the State Government in partnership with a Community Housing Organisation (CHO), with the benefit of a State Government contribution of land or funding, and in compliance with the TARH Policy.

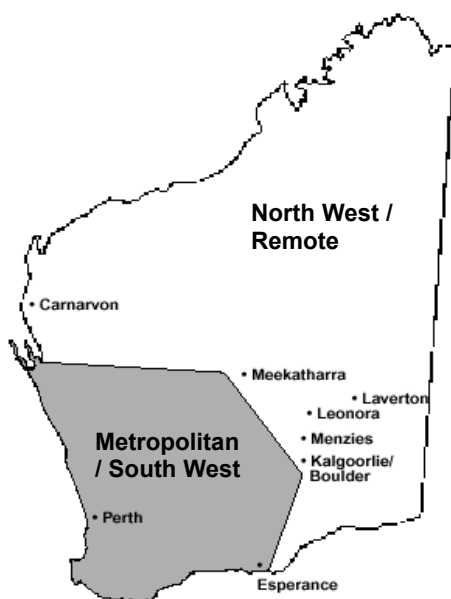


Figure 1

2 Purpose of the TARH Policy

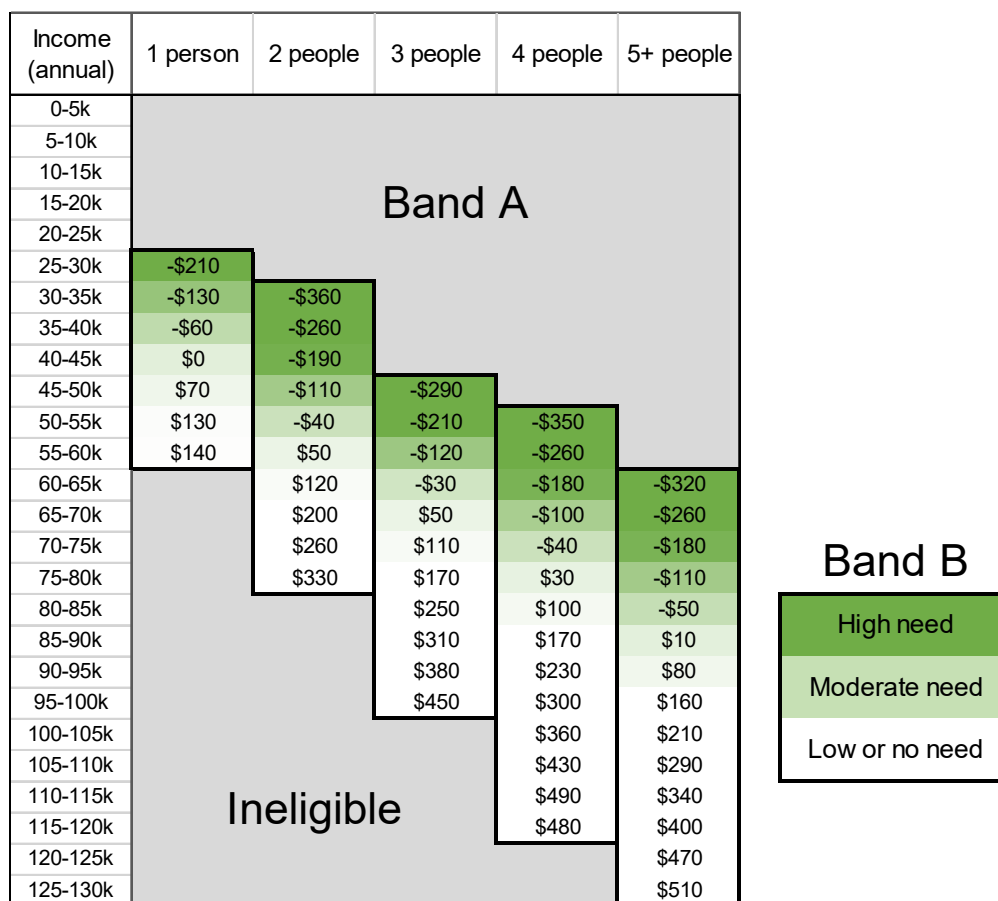
- Commencing mid-2024, the State Government has introduced the Targeted Affordable Rental Housing (TARH) Policy. The TARH Policy ensures State Government contributions to affordable rental housing in projects delivered by State

Government entities and Community Housing Organisations (CHOs)¹ target households with the most acute need for support within the Band B income limits.

- The WA households experiencing the most acute housing stress are concentrated within the 'Band B' income range set by the Department of Communities to determine eligibility for affordable housing support. This is shown at Figure 2.

Figure 2

Average residual income and need for TARH by household size



To effectively target these households, the TARH Policy comprises:

1. the 'Band B' provisions in the [Community Housing Income and Asset Limits Policy](#)
 2. the rent setting approach in the [Community Housing Rent Setting Policy](#), and
 3. this Guidance Document.
- The TARH Policy does not apply to affordable housing products delivered by CHOs without the benefit of any State financial or land contribution.

¹ Including where a CHO is partnered with a developer in consortia. Note, the terms CHO and Community Housing Provider (CHP) are sometimes used interchangeably and for the purpose of this Guidance Document have the same meaning.

3 Purpose of this Guidance Document

- This Guidance Document supports implementation of the TARH Policy by defining the types of households that should be allocated TARH, and providing information on the TARH Policy settings, for use by all State Government entities and CHOs involved in the delivery of TARH.

4 In-scope government entities

- The TARH Policy applies to Department of Communities, Department of Planning, Lands and Heritage, DevelopmentWA and any other entities considered part of the State Government, in their activities delivering affordable rental housing in partnership with CHOs as described in Section 7.

5 In-scope CHOs

- The TARH Policy applies to any organisation considered a CHO in WA, or any Special Purpose Vehicle or legal entity comprising partnership with a CHO, in activities undertaken with a contribution of land or capital from entities in Section 4.
- This includes consortia activities between a CHO and a private sector developer or other entity engaged in affordable housing development activities with in-scope government entities.

6 Scope of Policy and Guidance Document

- The TARH Policy applies to all residential housing developments involving a State Government contribution of land and or capital, and or operational funding in partnership between entities outlined in Sections 4 and 5.
- Any dwellings delivered under the scope of this Guidance Document that are not Social Housing will be referred to as TARH and are required to conform to this Guidance Document and the TARH Policy.

7 Application of the Policy

- The TARH Policy applies to all Affordable Housing in projects delivered in partnership between the State Government and CHOs including where CHOs are partnered with a private developer, and where there are State Government financial or land or other contributions, including but not limited to:
 - Department of Communities projects
 - DevelopmentWA projects
 - Department of Planning, Lands and Heritage projects
 - Developments in proximity of METRONET precincts and
 - Developments in proximity to Transit Oriented Developments.

8 Exemptions to the Policy

- Exemptions or variations to the TARH Policy for specific projects can only be approved by the Residential Lands and Housing Delivery Ministerial Oversight Committee, with consideration given to:
 - Potential to increase the overall supply of housing (including social, affordable, and private market housing) on the site.
 - Site specific viability circumstances that cannot be addressed with greater upfront capital funds for the construction of new TARH.
 - Region specific affordable housing needs, for example to support regional socioeconomic development priorities.

9 Requirements for State Government entities

- State Government entities should use this Guidance Document in developing procurement specifications when delivering Affordable Housing and provide it to CHOs as part of the tender documentation for relevant projects.
- Any State Government entities delivering TARH independently or in partnership with CHOs (as defined in Section 5) must ensure that TARH is only used to house eligible tenants. This is a condition of partnership on in-scope projects and should be reflected in procurement and project documentation.
- The Department of Communities' Community Housing Registration Office (CHRO) will assess compliance with the TARH Policy and Guidance Document as part of the regulatory oversight of CHOs that are Registered in WA.
- Should projects involve non-Registered CHOs, compliance with the TARH Policy and Guidance Document will be monitored by the Department of Communities' CHO Contract Management teams through contract reviews.
- Compliance activities undertaken by the Department of Communities do not remove the obligation of other State Government entities to monitor compliance with the TARH Policy and Guidance Document from project commencement.
- The Department of Communities is responsible for reviewing and updating this Guidance Document on an annual basis.

10 Tenant income and asset eligibility

- TARH can only be used to house tenants that meet the "Affordable Housing (Band B) Income Eligibility Limits" outlined in the Department of Communities' [Community Housing Income and Asset Limits \(CHIAL\) Policy](#).
- The CHIAL Policy is indexed annually and changes to the limits are published in May each year.

11 In-need cohorts

- CHOs should ensure priority is given to applicants in the in-need cohort list, by order of Category as listed, and be able to demonstrate this if required.
- The Department of Communities is responsible for setting the in-need cohort list and reviewing it on an annual basis. This includes updating the income limits for the Category 3 and Category 4 cohorts each year.
- To recognise the additional costs of living in the North West and remote parts of Western Australia, a loading is added to income limits.
- The in-need cohorts as at 2024/25 are outlined below.

In-Need Cohort List			
Category 1	Band B eligible households who are experiencing urgent need for housing support and are at risk of acute housing stress or homelessness, such as women and children affected by family and domestic violence, older single women and First Nations peoples.		
Category 2	Over income 'Band A' housing tenants who meet the Band B eligibility criteria, sourced from the Department of Communities transfer list or Band B applicants from CHOs own waitlists.		
Category 3	Band B eligible households with a combined annual income at or below the following limits:		
	Household size	Metropolitan / South West	North West / Remote
	1 person	\$40,000	\$55,000
	2 people	\$50,000	\$65,000
	3 people	\$60,000	\$75,000
	4 people	\$70,000	\$85,000
	5 people	\$80,000	\$100,000
Category 4	Band B eligible households with a combined annual income at or below the following limits:		
	Household size	Metropolitan / South West	North West / Remote
	1 person	\$55,000	\$70,000
	2 people	\$65,000	\$80,000
	3 people	\$75,000	\$95,000
	4 people	\$85,000	\$110,000
	5 people	\$95,000	\$120,000

12 Income Limit Indexation

- Band B household income limits are indexed annually according to percentage changes in the 'All Groups' component of the Consumer Price Index. This occurs in May each year.
- CHOs should take this into account when modelling need for funding.
- The Category 3 and Category 4 income limits will be indexed each year to effectively maintain the same target cohorts.

13 Rent setting

- The [Community Housing Rent Setting Policy](#) as applied to 'Band B' tenancies also applies to TARH.
- Providers must charge an affordable rent of no less than 25% and no higher than 30% of a household's net (after tax) income.
- No rent can exceed the current Market Rent for any property.
- Commonwealth Rent Assistance must be factored into any determination of rent.
- Rents should preferably not exceed the maximum amount allowed so as to constitute a Goods and Services (GST) Tax-free supply as provided for in the GST Act (i.e., less than 75% of market as defined by the applicable ATO benchmarks).

14 Surplus funds from TARH developments

- CHOs involved in delivering TARH are required to use surpluses generated from TARH to contribute to the development of further TARH.
- This requirement should be outlined in project documents used by in-scope State Government entities when delivering TARH in partnership with CHOs.
- In-scope CHOs should ensure they can show the surplus generated from TARH and demonstrate how it has been, or will be, used to fund further TARH if this information is requested.

15 Reporting requirements

- CHOs will need to demonstrate they have housed in-need cohorts in line with this guidance document, reporting on tenants allocated TARH as per contractual requirements.
- State Government entities should design contracts such that CHOs provide reporting information on TARH on an annual basis. This should include anonymised information about household's income and "In-Need Cohort" Category (where applicable).
- State Government entities are to collect this data and provide to Department of Communities for analysis and reporting.
- CHOs should endeavour to allocate dwellings in accordance with Section 11, however it is acknowledged this might not always be possible.

- The Department of Communities will be monitoring CHO reporting on TARH allocations to understand any challenges in allocating to priority cohorts and will review this Guidance Document (and others) to ensure optimum implementation of the TARH Policy.

16 Related documents

- [Community Housing Income and Asset Limits Policy](#)
- [Community Housing Rent Setting Policy](#)

17 Document control

Publication date	October 2024
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Owner	Executive Director Strategic Planning and Asset Policy, Planning and Business Development
Custodian	Manager Affordable Housing Supply and Community Housing

18 Amendments

Version	Date	Author	Description
1	October 2024	Senior Policy Officer, Affordable Housing Supply and Community Housing	'Draft' watermark removed.