

# Tenancy Guarantee

## Information for Referral Agencies



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## What is a Tenancy Guarantee

Some people are denied access to the private rental market even though they have the skills to sustain a successful tenancy. The Tenancy Guarantee, a product provided by NSW Department of Housing, has been designed to encourage private sector landlords/agents to grant tenancies to people in this target group.

The Tenancy Guarantee will provide up to \$1,000 in compensation to landlords/agents over and above the rental bond for rent arrears and property damage. The Tenancy Guarantee is available for up to 12 months from the start of the tenancy or until the tenancy is terminated, whichever occurs sooner. Successful applicants must agree to pay back any money paid to the landlord from the Guarantee.

## Why Tenancy Guarantees are needed

Some people who seem able to afford and sustain a private sector tenancy are unable to secure one. This could be due to a number of reasons including the lack of a tenancy history and references or discrimination in the private rental market.

Landlords/agents may consider granting tenancies to these people as somewhat risky. They may fear they will be financially disadvantaged with limited chances of compensation should the tenancy break down and the outstanding costs be greater than the lodged rental bond. They may either refuse to grant the tenancy outright and give it to another applicant who has a tenancy history and references.

Tenancy Guarantee gives applicants an additional support when approaching landlords/agents. A successful Tenancy Guarantee applicant has been assessed as able to sustain and manage a tenancy. This may encourage a landlord or agent to be more willing to consider the person for a tenancy.

## Target Groups

The target group for the Tenancy Guarantee is people who:

- are eligible for social housing (that's public or community housing) in NSW
- are seeking and have been denied access to the private rental market
- are able to afford to rent in the private rental market and
- are assessed as being able to sustain a private sector tenancy.

They may be:

- people without a tenancy history or references
- people with a negative tenancy record whose situation has changed so that they are now likely to sustain a successful tenancy
- people receiving government benefits or living on limited incomes
- young people leaving home
- people leaving violent or abusive situations
- new migrants or refugees with permanent residency
- Temporary Protection Visa holders
- people with a history of mental illness
- people from different social and cultural backgrounds.

## **The Application Process**

SAAP services, neighbourhood and information centres, Department of Housing offices and other local community support agencies are encouraged to refer eligible applicants to Homes Out West for a Tenancy Guarantee.

Please note that applicants should be able to demonstrate that they have made reasonable, yet unsuccessful efforts to secure private rental accommodation. They must be able to afford to rent in the private sector and have the life skills to sustain a tenancy. In some cases, applicants will need ongoing support services in place to do this. Issuing of a Tenancy Guarantee will not affect eligibility for RentStart with the Department of Housing or Rent Assistance with Centrelink.

## **Making an Application**

The Issuing Agency, will ask the applicant to fill in an application form and will seek consent to contact housing and support agencies for information about outstanding debts to the Department of Housing and background checks. Also, previous tenancy guarantee debts to the issuing agency will be checked. The Issuing Agency will then assess the applicant against the eligibility criteria. In most cases, this process will take only a day or two. If eligible and appropriate, the Issuing Agency will determine the maximum rent that can be afforded by the applicant. The applicant will be given a letter to show to potential landlords/agents. An information package is also available for landlords/agents.

## **Finding a Home and Meeting Tenant Responsibilities**

It is then the applicant's responsibility to find a suitable home within the maximum rent set. The applicant must sign a lease covered by the Residential Tenancies Act. They will also need to deposit four weeks rent as a bond. The Issuing Agency can give information about RentStart, monetary aid of up to 75% of the cost of a rental bond.

They must also complete a thorough condition report on the property. The Issuing Agency can give tenants information about effective condition reporting. The Issuing Agency should be given a copy of the lease and the condition report.

The new tenant is responsible for paying rent on time, keeping the property in good condition and being considerate of the neighbours. It is hoped that the Tenancy Guarantee will not have to be called upon during the tenancy.

## **When the Tenancy Ends or the Tenancy Guarantee Expires**

The Tenancy Guarantee will expire if the tenancy ends within 12 months or if 12 months pass without a claim being made against it. When this happens, the tenant has demonstrated that they can sustain a tenancy in the private rental market and now has a positive rental history.

If the tenancy ends and the landlord seeks compensation for rental arrears or property damage, the landlord must first submit a claim to the Rental Bond Board. The claim can be disputed by the tenant. This stresses the importance of thorough condition reports being completed by the tenant at the beginning and the end of the tenancy and of the tenant's participation in the Tribunal process after first seeking advice from the Issuing Agency.

If the Rental Bond Board considers the claim valid and the amount owed is more than the bond, the landlord can claim up to \$1,000 against the Tenancy Guarantee. The Issuing Agency will make the final decision on the claim taking the Tribunal order into account. The tenant is expected to repay this debt to the Issuing Agency.

## **Local Contact Details**

**Homes Out West** is acting as an Issuing Agency for Tenancy Guarantees. Please contact your local office.