



# National Rental Affordability Scheme (NRAS)

## About NRAS

### Introduction

Governments, the business sector and community organisations have recognised that housing affordability is an issue of significant community concern. The growing cost of housing is having an impact on the ability of many Australians to meet their financial commitments.

The National Rental Affordability Scheme (NRAS) is part of the Australian Government's long-term response to this issue. NRAS seeks to stimulate the supply of new affordable rental dwellings.

Under NRAS, the Australian Government in conjunction with the States and Territories is providing financial incentives to:

- increase the supply of affordable rental housing
- reduce the rental costs for low to moderate income households
- encourage the large-scale investment and innovative delivery of affordable rental housing.

NRAS commenced on 1 July 2008 and there have been five open calls for applications for NRAS allocations of incentives and one, smaller "shovel-ready" round. Successful applicants are referred to as approved participants.

Approved participants are eligible to receive the NRAS incentive for each approved dwelling where the conditions of allocation for the dwelling are met including the condition that they are rented to eligible low and moderate income households at a rate that is at least 20 per cent below market value rent.

### Approved participants

NRAS aims to encourage large-scale investment in

affordable housing (usually 100 or more houses). This generally means it is not directly available to small-scale, private, individual investors in the rental property market. However, such investors may become involved in NRAS by investing in or purchasing properties from approved participants or as part of a consortium arrangement.

Approved participants are usually property developers, not-for-profit organisations and community housing providers.

The Australian Government assesses applications for NRAS after an open call for applications in accordance with specified criteria, and makes offers of allocations of incentives on that basis. Successful approved participants are eligible to receive annual NRAS incentives if they meet the conditions of allocation each year for ten years from the date of activation each year for ten years from the date of activation.

### NRAS Incentive

NRAS homes must be rented to eligible tenants at a rate that is at least 20 per cent below the market value rent and comply with all conditions of allocation in order to be eligible for the NRAS incentive annually.

The NRAS incentive is paid per dwelling, and is indexed each year in line with the Rents component of the Consumer Price Index.

The Scheme offers annual incentives for ten years. The two key elements of the incentive are:

- an Australian Government incentive per dwelling per year as a tax offset or direct payment
- state and territory governments may offer approved participants a contribution per dwelling per year in direct or in-kind financial support.

The current incentive payment rates are available on the NRAS Incentive (indexation) page.

### Tenant eligibility requirements

A condition that approved participants need to fulfil to be entitled to an incentive is that dwellings are rented to eligible tenants.

Eligible tenants are persons in low and moderate income households as tested against household income thresholds which vary according to the household composition.

The Department requires all persons who are tenants of an approved rental dwelling to have their income included as a member of the one household, in accordance with the income limits.

New NRAS dwellings will continue to become available for rent up to 30 June 2016 and will continue to be rented under the scheme for up to 10 years. As there is considerable demand for these dwellings the Australian Government is unable to guarantee that all prospective tenants will be able to rent a dwelling developed under the Scheme.

Tenants are selected by the tenancy managers. Queensland tenants must also be registered with the Queensland Government's One Social Housing Register.

To find out whether you are eligible to rent an NRAS property, how to apply to rent an NRAS property and your rights as an NRAS tenant, visit Information for Tenants web page on [www.dss.gov.au/nras](http://www.dss.gov.au/nras).

### NRAS mandatory requirements

The NRAS Act and NRAS Regulations provide mandatory conditions for allocation and receipt of NRAS incentives.

These mandatory conditions must be met in order for an approved participant to receive an incentive in respect of an approved rental dwelling. They include the following:

- Dwellings must:
  - comply with State, Territory and local government planning and building codes and requirements
  - be rented to eligible tenants
  - be rented at a rate that is at least 20 per cent below the market value rent for the dwelling.

- Dwellings must either:
  - not have been previously lived in as a residence
  - not have been lived in as a residence since having been made fit for occupancy where previously the dwelling was uninhabitable
  - if it has been converted to create additional residences, then a part of the dwelling or building that is capable of being lived in as a separate residence must not have been lived in as a separate residence.

### Administration of NRAS

DSS is responsible for the administration of NRAS in consultation with the Australian Taxation Office. The Australian Government is also working closely with State and Territory governments in the ongoing management of NRAS.

### Legislation, regulations and guidelines

The legislative framework for the Scheme is provided through the *National Rental Affordability Scheme Act 2008*; the *Tax Assessment Act 1997*; and the NRAS Regulations.

The National Rental Affordability Scheme Policy Guidelines provide policy guidance on the administration of the National Rental Affordability Scheme within the legislative and regulatory framework.

### NRAS related taxation issues

Interested parties with general taxation enquiries about the tax implications of their involvement in NRAS should visit the [Australian Taxation Office website](http://www.ato.gov.au) or contact the Australian Taxation Office on 13 2866. The call centre operates from 8am-6pm weekdays (AEST).

Charitable organisations can become involved in the scheme in a range of different capacities and the Australian Taxation Office can provide information and clarification on charitable status in relation to NRAS.

### More information

For more information visit [www.dss.gov.au/nras](http://www.dss.gov.au/nras).