



# National Rental Affordability Scheme

## Eligible Tenants

The purpose of this information sheet is to outline the income and eligibility requirements for tenants who are renting dwellings approved under the National Rental Affordability Scheme (NRAS, the Scheme). NRAS rental dwellings are covered by allocations that are managed by approved participants.

### Assessing eligibility of tenants

Under subsection 41(2) of the National Rental Affordability Scheme Regulations 2020 (the Regulations), a tenant of an NRAS rental dwelling first becomes an 'eligible tenant' on their start date of a tenancy if their combined gross income for the 12 months ending on the day before the start date does not exceed the income limit for their household.'

The start date is the day on which the tenant first becomes a tenant of the NRAS dwelling. Tenant eligibility will be reassessed on the anniversary of the tenant's start date in subsequent years.

The eligibility year commences on the tenant's start date, and each consecutive year starts on the anniversary of the tenant's start date. A tenant's eligibility should be assessed, including combined gross income for the household for the 12 months prior to the anniversary of the tenant's start date.

### Assessing changes in household composition

Under paragraph 41(3)(c) of the Regulations, tenants joining an already existing NRAS household must meet the eligibility requirements under the initial income limits at Point of Entry (POE) prior to entering the dwelling. Joining tenants eligibility should be first assessed against the relevant POE income limits. If a new tenant(s) is not eligible against the relevant POE income limits, the tenant(s) can then be assessed with their income combined with that of the existing tenants against the relevant household POE income limits. These requirements have been outlined in the two examples below.

### **A) Joining tenant(s) assessed against relevant POE income limits**

The income of joining tenant(s) should first be assessed in line with the initial income limits for the 12 months prior to entering an already existing NRAS household.

**Example:** There is an existing tenant in an NRAS dwelling (Tenant A), Tenant B would like to join the household. Tenant B's income is \$45,000 for the last 12 months, which does not exceed the initial income limits for an individual for the 2023-24 NRAS year of \$58,905. Tenant B is able to join the household. The income for the tenants will continue to be re-assessed on a yearly basis, based on the date the existing tenant (Tenant A) joined the dwelling, in line with current practices by approved participants.

In the above example, when the tenant is joining the household, and their individual income meets the initial income limits, please use the *New Lease Same Tenant* pathway in the NRAS Portal from the date Tenant B joins the household. This pathway will allow you to update the household demographics to reflect the number of occupants residing in the dwelling from this date.

### **B) Joining tenant(s) assessed as a household**

If the joining tenant(s) does not meet the individual income limits at POE, approved participants can then assess their income combined with that of the already existing tenants as an alternative approach to determine eligibility.

Through this assessment approach, the joining tenant(s) may enter the dwelling if the combined income of the household does not exceed the **initial** income limits at POE for the new household composition.

**Example:** There is an existing tenant in an NRAS dwelling (Tenant A), their income is \$15,000, which does not exceed the existing tenant or POE income limits.

A new tenant (Tenant B) would like to join the household. Tenant B's income for the previous 12 months is \$60,000. As Tenant B's income exceeds the individual income limit at POE, Tenant A and Tenant B's income can then be assessed under the initial household income limits of two adults. The combined household income for the last 12 months prior to Tenant B joining the household is \$75,000. The household income limit is \$81,441 for the 2023-24 NRAS year.

In the above example where you are assessing the tenants as a household, and their combined income meets the initial income limits at POE, approved participants should continue to assess the household in accordance with the instructions outlined in scenario A. Please use the *New Lease Same Tenant* pathway in the NRAS Portal from the date Tenant B joins the household.

This pathway will allow you to update the household demographics to reflect the number of occupants residing in the dwelling from this date, while keeping the yearly eligibility check occurring on the anniversary of the date the existing tenant joined the dwelling (Tenant A).

For this type of assessment approach, approved participants are also required to confirm with the existing tenant(s) in writing that there have been no changes to their income or other circumstances that affect eligibility (i.e. having a child) since their last anniversary.

Should the existing tenant(s) identify a change in income/circumstances, this information would need to be provided to the approved participant to assess whether the tenant(s) meet the combined household income limits at POE.

**Please note:** If the household is over the initial income limits at POE and the joining tenant does not meet individual income limits at POE, the joining tenant and household as a whole will be considered ineligible tenants for future incentive assessments.

The department understands situations like this can be time critical for tenants, if you have any questions or scenarios you would like the department to review for you, please send an email to [nras@dss.gov.au](mailto:nras@dss.gov.au) with the hashtag **#NewHousehold** in the subject line of your email, and the department will endeavour to respond to you within three business days.

When applying Scenario B and assessing a joining tenant along with existing tenant(s) under the initial household income test, please notify the department as soon as practical. Please advise the department of the joining tenant(s) start date, as well as what the joining and existing tenants income was for the 12 months prior to them entering the dwelling. The department will use this information to update our dwelling records when assessing Statements of Compliance.

## Tenant(s) moving between NRAS dwellings

Where tenants cease to lease a dwelling under NRAS and apply for a new lease in a different NRAS dwelling, they would be considered an existing household for eligibility purposes only if the move between dwellings happens because of unexpected or exceptional circumstances. In this situation, the eligibility for the tenants will be assessed as if the tenants were continuing their NRAS tenancy for household income limits.

When entering the TDA into the system for the new dwelling, use the pathway of New Lease New Tenant and identify the dwelling the tenant has moved from, including the last day the tenant was an occupant of that dwelling.

For the purposes of assessing tenant eligibility, the date the tenant/s moved into the new dwelling will become the new anniversary date. This is because the tenant/s are moving into a new dwelling.

We also request this information be sent in an email for the departments records. This ensures the department does not assess the tenant under the initial income limits at POE, which could result in a loss of incentive.

Without unexpected or exceptional circumstances, the tenants would need to re-establish eligibility under the **initial** income limits at POE prior to entering the new dwelling.

## How to assess ongoing tenant eligibility

After tenants have commenced a tenancy in an NRAS dwelling, they will cease to be eligible tenants if their annual gross household income exceeds the applicable household income limit by 25 per cent or more in two consecutive eligibility years.

There is no asset test or citizenship test used to determine tenant eligibility, except in Queensland. For more information, contact the Queensland Government on 13 QGOV (13 74 68).

Tenants continuing eligibility needs to be assessed each year by the approved participant. The approved participant requests evidence of each tenant's annual income; and other information, including the number and ages of people living in the dwelling. Approved participants require this information to satisfy the Australian Government that they continue to meet all requirements of the Scheme in relation to the rental dwelling.

## NRAS household income limits

Potential NRAS tenants are required to meet gross household income limits in order to be considered eligible tenants. The income limits vary according to the composition of the household and are indexed annually. The current income limits can be found in the NRAS household income limits information sheet.

The calculation of household income limits takes into account household composition, including the number of dependants. For households with shared care arrangements each child is counted as a member of the household, regardless of the percentage of care, or how many nights per week each child resides in the dwelling. For example, if a household has children living in the dwelling for weekends only, each child would count as a member of the household for the purposes of calculating the household income limit.

Where there is a change in the household composition the approved participant, or their tenancy manager, is responsible for updating the tenant information with the Department of Social Services and reassessing tenant eligibility.

More information on the definition of income under NRAS can be found in the Income Definition information sheet. [Income definition | Department of Social Services, Australian Government \(dss.gov.au\)](#)

## How to assess tenant eligibility

An example:

- Eligibility year 1: commences 20 December 2019 and ends 19 December 2020
- Eligibility year 2: commences 20 December 2020 and ends 19 December 2021

On 20 December 2019, tenants move into an approved rental dwelling. The combined gross income for their household does not exceed the income limit on the day before the eligibility year commences, that is 19 December 2019.

On 19 December 2020 (a day before the commencement of eligibility year 2), the household exceeds the gross income limit for the household by more than 25 per cent.

On 19 December 2021 (a day before the commencement of eligibility year 3), the household exceeds the gross income limit for the household by more than 25 per cent.

As the combined gross income for their household exceeds the income limit by 25 per cent or more in two consecutive eligibility years, the tenants cease to be eligible tenants and no incentive is payable from 20 December 2021.

Any arrangements for tenant(s) to vacate from a dwelling must be in line with the relevant landlord and tenancy laws applicable in the relevant state or territory.

## Further information

Further queries on eligibility of tenants can be sent to [nras@dss.gov.au](mailto:nras@dss.gov.au).