



# National Rental Affordability Scheme Fact Sheet

## September 2014 Changes to the NRAS Regulations

The Government has amended the National Rental Affordability Scheme Regulations 2008 to improve the integrity and administration of the National Rental Affordability Scheme (NRAS). The amendments will commence on Tuesday 23 September 2014, subject to their being registered on the Federal Register of Legislative Instruments on Monday 22 September 2014.

Most of the key changes relate to Applicants with reservations of allocation under the Scheme.

- **Applicants must disclose all commercial arrangements** associated with an application to change the conditions of reservation for a rental dwelling that has not yet been brought into the Scheme.
- A three month transitional period has been established, for:
  - making an **application to change the dwelling location or style for a reservation of allocation**. (After the transitional period ends, the Secretary of the Department of Social Services, or their Delegate, can only agree to change the dwelling location for a reservation of allocation in the situation where the construction of a proposed dwelling has been affected by a natural disaster);
  - making **applications to change the agreed rental availability date for a dwelling** in respect of a reservation of allocation. (After the transitional period ends, only one further change to the agreed rental availability date is possible, and not for more than three months past the current agreed rental availability date.)
- **The Secretary cannot agree to a rental availability date beyond 30 June 2016, or 31 July 2015** in the case of reservations of allocation offered under the 2013 Shovel Ready Round.
- **After the transitional period ends, provisional allocations will be made in respect of dwellings** as of their agreed rental availability date.

Some changes relate to the payment arrangements for Approved Participants with allocations under the Scheme:

- the **final date by which the Statement of Compliance** must be lodged under Regulation 17, has been changed from 13 May each year to 30 June each year; and
- **endorsed charitable institutions will be able to make an annual election** to receive cash or a refundable tax offset, although they must have been a charitable organisation for the entire NRAS year in order to receive cash.

We anticipate, subject to the agreement of the Governor General in Council, that further changes to the Regulations will be made in the next four or so weeks. These changes will facilitate the processing of incentives in respect of 2013-14 NRAS year.

More detail on the September 2014 changes to the NRAS Regulations follow.

## Disclosure

The amendments to the NRAS Regulations will require Applicants to disclose all commercial arrangements and any monetary value arising from or associated with the proposed variations, when they submit an application to vary a reservation of allocation. This application is often referred to as a 'change request'.

This includes, but is not limited to, any additional development fees, service charges or commissions associated with the application or the sale or transfer of the dwelling.

This information is required for all applications to vary a reservation of allocation. Where this information is not provided, the applications will be considered incomplete.

The Regulations provide the Secretary with the power to revoke allocations or withdraw reservations of allocation if false or misleading information is provided.

## Changes to location, style, special attributes or delivery date

Applicants under the Scheme will be able to lodge applications to vary the location, style, size, special attributes and/or agreed rental availability date of a dwelling during a three month transitional period, ending on the day three months after the commencement of the amendments.

After the transitional period, there can be:

- no further applications to vary the location or style of a dwelling (except variations to location in the case of a natural disaster); and
- one further application to extend the agreed rental availability date, but only by up to three months.

Please note that in all cases the agreed rental availability date cannot go beyond:

- 31 July 2015 for all reservations of allocation offered under the Shovel Ready Round; and
- 30 June 2016 for all other reservations of allocation.

For example:

During the transitional period an Applicant applies to vary the agreed rental availability date for a dwelling from 1 November 2014 to 1 June 2015. This is agreed by the Secretary's delegate, and the new rental availability date for this dwelling is 1 June 2015. After the transitional period, only one further application for an extension of the agreed rental availability date can be made and it cannot be more than three months from the current approved date. In this example the dwelling's agreed rental availability date can only be extended to 1 September 2015.

Note however that if this was a Shovel Ready Round dwelling the final extension could not have exceeded 31 July 2015.

## Provisional Allocations

### Delivery of dwellings after the agreed rental availability date

After the transitional period ends, where a dwelling is not delivered by the agreed rental availability date, a provisional allocation will be made in respect of the dwelling on the agreed rental availability date. This means the 10 year incentive period will commence, even though the dwelling has not yet

been completed and made available for rent under the Scheme. The dwelling, whilst subject to a provisional allocation, cannot meet the conditions of allocation, and is therefore not eligible to receive any payment of an incentive.

Once the dwelling is made available for rent under the Scheme (and therefore can meet the conditions of allocation) it is eligible to attract an incentive for the remainder of the 10 year NRAS incentive period, subject to compliance with all other Scheme requirements.

For example:

A dwelling has an agreed rental availability date of 1 March 2015 but is not made available for rent until 1 September 2015.

A provisional allocation will be made for that dwelling on 1 March 2015, commencing the 10 year NRAS incentive period.

The dwelling was made available for rent on 1 September 2015 so the Approved Participant is able to receive an incentive for the dwelling, subject to meeting the conditions of allocation, for the remaining 9 years and 6 months.

To be clear, no incentive is payable for the period in which a dwelling is subject to a provisional allocation.

## Charities can change the form of incentive

The amendments to the Regulations provide greater flexibility to participating charitable institutions in terms of how they receive NRAS incentives.

Approved Participants that are endorsed charitable institutions have until 31 December each NRAS year to elect whether they wish to receive the NRAS incentive as a monetary payment or as a refundable tax offset certificate.

Once an election is made this will become the default incentive type until another election is made.

An endorsed charitable institution must have been a charitable institution for the whole NRAS year in order to receive cash.

All other Approved Participants will receive the Australian Government NRAS incentive as a refundable tax offset certificate.

## Lodgement dates

At the conclusion of an NRAS year (on 30 April), Approved Participants previously had two weeks in which to lodge a Statement of Compliance as required under Regulation 17. The final date for lodgement has been changed from 13 May each year to 30 June each year.

The Regulations do not allow the Department to accept a Statement of Compliance after this date. Because the Statement of Compliance is a condition of allocation under Regulation 16, a Statement of Compliance lodged after the required date is not compliant with the conditions of allocation. It would make the associated dwelling ineligible for payment.