



Information for approved participants

National Rental Affordability Scheme (NRAS or Scheme)

What is NRAS?

NRAS is an Australian Government initiative, delivered in partnership with the states and territories, to stimulate the supply of new affordable, privately-owned rental dwellings.

NRAS seeks to address the shortage of affordable rental housing across the nation by offering financial incentives to the business sector and community organisations, to build and rent dwellings to low and moderate income households, at a rate that is at least 20 per cent below market value rent.

NRAS incentives

Approved participants are able to receive an annual financial incentive for each approved dwelling. To be eligible for the financial incentive, approved dwellings must be rented to eligible low and moderate income households at levels at least 20 per cent below market value rent.

There are two components to the incentive payment. The Australian Government provides its component as a cash payment (for endorsed charitable institutions only) or a refundable tax offset (for all other approved participants).

State and Territory Governments may also offer approved participants a contribution per dwelling as direct payment or payment in-kind.

NRAS incentives are for a 10 year period and are indexed, see the section *Indexation and rent increases* below.

NRAS application rounds

Rounds One to Five plus Shovel Ready have been announced, assessed, and are now closed. No offers were made under Round Five, as announced in the 2014-15 Federal Budget. There are no open funding rounds for the Scheme.

The Government has committed to fund up to 38,000 NRAS dwellings for the full 10-year incentive period.

The final dwellings were due to be delivered into the Scheme by 30 June 2016 and NRAS will conclude on 30 June 2026 (with no dwellings eligible to receive an incentive beyond this date).

Mandatory requirements for approved participants

To be eligible to receive an NRAS incentive, approved participants must satisfy various legislative requirements. To make this easier for approved participants, the Department provides a summary checklist prior to the annual lodgement of Statements of Compliance. Approved participants need to ensure for each NRAS dwelling:

- a Statement of Compliance is lodged within the required timeframe;
- market rent valuations are lodged within the required timeframe;
- rent charged is at least 20 per cent below the market value rent at all times;
- rent increases meet state and territory legislative requirements
- Tenant Demographic Assessments are completed;
- assessment of vacancy days has been completed; and
- compliance with state, territory and local government planning and building laws.

Indexation and changes to rent charged

An independent written valuation of the market value rent is required for each dwelling when it first becomes available for rent under the NRAS and at the end of the fourth and seventh years of the approved rental dwelling's 10 year incentive period. Properties must be rented at a rate that is at least 20 per cent below the market value rent.

In other years, the approved participant is able to increase the market rent value by the NRAS market index for the dwelling based on the state or territory where the dwelling is located.

The rent charged can be increased as long as the following requirements are met:

- rent charged remains at all times 20 per cent or more below market value rent; and
- applicable state and territory residential tenancy laws are complied with in relation to rent reviews.

Please note, if the market index in any given year is negative, the rent charged may need to be reduced in order to remain at all times 20 per cent below market value rent.

State /Territory Market Index Percentage Change 1 May 2018 to 30 April 2019

Jurisdiction	Percentage change from corresponding quarter of previous year – Dec 2017
Sydney / New South Wales	2.4
Melbourne / Victoria	1.8
Brisbane / Queensland	- 0.4
Adelaide / South Australia	0.2
Perth / Western Australia	-7.1
Hobart / Tasmania	3.5
Darwin / Northern Territory	- 5.6
Canberra / Australian Capital Territory	2.3

State / Territory Market Index Percentage Change for Previous Years

Housing Group percentage change by capital city for NRAS year	1 May 2017 to 30 April 2018	1 May 2016 to 30 April 2017	1 May 2015 to 30 April 2016	1 May 2014 to 30 April 2015	1 May 2013 to 30 April 2014	1 May 2012 to 30 April 2013	1 May 2011 to 30 April 2012	1 May 2010 to 30 April 2011	1 May 2009 to 30 April 2010
Sydney / New South Wales	2.5	2.3	3.2	3.4	4.4	6.3	5.0	5.7	8.0
Melbourne / Victoria	1.6	1.7	2.4	2.0	2.5	4.0	3.8	4.8	6.6
Brisbane / Queensland	0.2	1.0	2.0	2.1	2.7	2.9	2.9	4.9	10.1
Adelaide / South Australia	0.9	1.2	1.7	2.4	2.5	4.2	4.4	4.0	5.4
Perth / Western Australia	-7.2	-2.9	1.5	5.8	6.5	3.9	3.3	6.0	12.2
Hobart / Tasmania	3.5	1.0	1.0	1.0	1.7	3.4	3.6	4.6	5.0
Darwin / Northern Territory	-8.2	-2.7	2.7	8.4	4.2	1.6	6.0	10.6	12.0
Canberra / Australian Capital Territory	0.2	-1.5	-1.8	0.4	3.1	6.4	4.8	4.2	8.4

NOTE: The table above covers the first year in which NRAS rents could be raised since the Scheme commenced.

Tenancy management

Approved participants may contract a service provider to manage dwellings on their behalf or they may undertake the tenancy management role in-house.

Tenancy managers will perform functions such as:

- assessing tenant eligibility and retaining tenant records;
- managing determination of the market rent and NRAS rent;
- providing property management and maintenance functions;
- managing the ongoing tenancy of the NRAS dwellings;
- reporting compliance with tenant eligibility, rent levels and other regulatory compliance requirements;
- retaining tenancy compliance records for at least five years; and
- comply with the residential tenancy legislation and relevant tenancy and property management regulations in the state or territory where the dwelling is located.

The Australian Government does not select tenants or maintain a waiting list for NRAS dwellings. Assessment and selection of tenants is at the discretion of the approved participant, as long as NRAS eligibility requirements are met. NRAS does not provide tenants with any special rights over and above the residential tenancy legislation or regulations of the relevant state or territory.

Tenant eligibility

Dwellings must be rented to eligible tenants. The household income limits for eligible tenants are updated annually and available on the Department's website. Initial tenant income levels are assessed against gross household income limits, based on household composition.

Assessment of household income is based on the gross household income for the 12 months prior to the day on which the household becomes NRAS tenants. All steps should be taken to accurately determine household income, for example, sighting the following documents:

- copies of payslips;
- notices of assessment of annual income tax returns;
- statements from superannuation funds;
- statements from Centrelink;
- statements from dividends or rents paid; and
- statements from parents to indicate the level of financial support provided.

Existing tenants will cease to be eligible if their household income exceeds the applicable household income by 25 per cent or more in two consecutive eligibility years.

Managed investment schemes

NRAS approved participants will need to obtain legal advice as to whether they are subject to the provisions of the *Corporations Act 2001* when dealing with managed investment schemes. If an approved participant is operating a managed investment scheme that is required to be registered, then the participant will need to either:

- comply with the relevant provisions under the *Corporations Act 2001*, including:
 - registering the scheme with the Australian Securities and Investments Commission (ASIC)
 - preparing any necessary disclosure material
 - holding an appropriate Australian financial services license
- or apply for relief from ASIC from the relevant provisions of the *Corporations Act 2001*.

NRAS related taxation issues

For more information please visit the [ATO website](#)ⁱ.

NRAS legislation

The legislative framework for the Scheme is available online at the [NRAS website](#)ⁱⁱ.

Further information

The Department regularly updates our [NRAS website](#)ⁱⁱⁱ with information regarding the Scheme. An email enquiry service is available at nras@dss.gov.au.

ⁱ <https://www.ato.gov.au/general/property/in-detail/rental-affordability-scheme/national-rental-affordability-scheme---refundable-tax-offset-and-other-taxation-issues/>

ⁱⁱ <https://www.dss.gov.au/housing-support/programmes-services/national-rental-affordability-scheme/national-rental-affordability-scheme-legislation-regulations-and-policy-guidelines>

ⁱⁱⁱ <https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme>