Dear Approved Participants,

Please read this carefully: this information is relevant to eligibility to receive an incentive in respect of the 2013-14 National Rental Affordability Scheme (NRAS) year.

I am writing to provide you with important information about our findings so far in the checking of NRAS incentive claims for the 2013-14 year. The Government has made further amendments to the National Rental Affordability Scheme Regulations 2008 to improve the integrity and administration of the NRAS. The amendments will come into effect on 4 November 2014.

The key changes in these amendments allow greater flexibility and more generous timeframes for the lodgement of the Statement of Compliance and market rent valuation documentation and provide more clarity with regard to the market value rent and rent increases. The November 2014 amendments also contain provisions that will facilitate the payment of the 2013-14 incentive payments to eligible Approved Participants. However, even with this additional flexibility, the Regulations represent a legislative framework which still must be complied with in order to be eligible. Although our intent is to pay as many eligible claims as quickly as possible, the Department is closely scrutinising claims and is individually assessing each claim.

As I indicated in my letter of 17 October 2014, many of the claims we have received with a #ready email are still not compliant with the Regulations and if assessed to completion would receive a reduced or nil incentive. Once the new Regulations are in place, where non‑compliance is identified, the Department will provide an opportunity for Approved Participants to rectify this situation where possible under the Regulations. However, it should be noted that the Department has limited resources and time with which to process all 21,900 claims. As such, the Department anticipates that it will only be able to provide one opportunity for rectification, and will then process all claims to completion based on the information at hand. **It is up to you to ensure you meet all the Regulations before submitting for assessment.**

There are some requirements of the Scheme which if not complied with could potentially result in a nil incentive for the year. For example, the main objective of the Scheme is to contribute to the supply of affordable rental housing by providing rental dwellings at 20 per cent less than the market value rent. In the event that an Approved Participant has charged in excess of 80 per cent of the market value rent, this would ordinarily result in a nil payment.

To guide you in submitting claims for payment, the table below outlines a number of issues identified in our preliminary assessment of claims against the proposed Regulations, and describes the information required to be compliant.

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| **Issue** | **Act/Regulation** | **Resolution** |
| Rent charged is more than 80% of market value rent (including CPI if in 2nd, 3rd, 4th years). | National Rental Affordability Scheme Act 2008, Section 7(2)(b)(ii) | This is a fundamental tenet of the Scheme, aimed at meeting the objective of providing affordable rental accommodation.  |
| Increasing rent more than once during a 12 month period. | NRAS Regulations 16(7) | Rent may only be increased upon entering a new lease, or for an existing lease no more often than 12 monthly.  |
| Rent increases must be supported by publicly available data about comparative rental rates. | NRAS Regulations 16(8) | Where rent has been increased, the Department will be asking for evidence that the increase is supported. It is important to ensure low income households are protected. You should retain your rent review documents for 7 years. |
| The Market Rent Valuation does not relate to the correct date, or specifies no date at all. | Proposed NRAS Regulation 39 | 1st year valuations: **For dwellings activated between 1 May 2010 and 30 April 2013** inclusive, a market rent valuation that relates to a date 91 days either side of the date the dwelling first became available for rent.1st and 4th Year valuations: **For dwellings activated between 1 May 2008 and 30 April 2010** inclusive, the following two documents are required:•         A market rent valuation that relates to a date 91 days either side of the date the dwelling first became available for rent; and•         A market rent valuation that relates to a date 91 days either side of the last day of the end of the fourth year of the incentive period for the dwelling. |
| The Market Rent Valuation does not identify key aspects of the dwelling that the valuation is referring to. | NRAS Regulations 18 | The specific dwelling address (including unit and street number), to which the valuation relates. |

I have attached a factsheet that will provide you with more detailed information about the amendments and how they will be implemented. This fact sheet will also be available on the NRAS webpage ([www.dss.gov.au/nras](http://www.dss.gov.au/nras)).

Yours sincerely

John Riley

Branch Manager

NRAS and Gambling

 November 2014