



**Australian Government**

**Department of Families, Housing,  
Community Services and Indigenous Affairs**

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## National Rental Affordability Scheme Policy Guidelines

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June 2011

## Foreword

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

Rental housing has become increasingly unaffordable and vacancy rates in all capital cities have fallen well below the three per cent level which is widely used as a benchmark of fully-utilised supply.

The Council of Australian Governments (COAG) Housing Working Group agreed in March 2008 to a strategy aimed at addressing housing affordability that included the implementation of five key housing initiatives, one of which is the National Rental Affordability Scheme.

# Contents

<b>i. Preface</b> .....	<b>6</b>
<b>Part 1 – General Information about the National Rental Affordability Scheme</b> .....	<b>7</b>
<b>1. What is the National Rental Affordability Scheme?</b> .....	<b>7</b>
<b>2. Legislation</b> .....	<b>8</b>
2.1. <u>The NRAS Act</u> .....	8
2.2. <u>The Consequential Amendments Act</u> .....	8
2.3. <u>The NRAS Regulations</u> .....	9
<b>3. Participants in the National Rental Affordability Scheme - Responsibilities and Obligations</b> .....	<b>9</b>
3.1. <u>Government</u> .....	9
3.1.1. <u>Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)</u> 9	
3.1.2. <u>The Australian Taxation Office (ATO)</u> .....	10
3.1.3. <u>State and Territory Governments</u> .....	10
3.2. <u>Approved Participants</u> .....	11
<b>4. What is the National Rental Incentive?</b> .....	<b>11</b>
4.1. <u>Australian Government Contributions</u> .....	12
4.2. <u>State and Territory Contributions</u> .....	12
4.2.1. <u>Payment of Incentive contributions by State and Territory Governments</u> .....	12
4.2.2. <u>Other Forms of State and Territory Contributions</u> .....	13
4.2.3. <u>State and Territory Contributions in Advance</u> .....	13
4.3. <u>Tax Treatment of the National Rental Incentive</u> .....	13
4.4. <u>Duration of Payment of the National Rental Incentive</u> .....	13
<b>Part 2 – Information for Applicants for Incentives under the National Rental Affordability Scheme</b> .....	<b>14</b>
<b>5. Who can apply to be a Recipient of the National Rental Incentive?</b> .....	<b>14</b>
5.1. <u>Financial Institutions</u> .....	14
5.2. <u>Property Developers</u> .....	14
5.3 <u>Not for Profit Organisations</u> .....	15
5.4 <u>Local Governments</u> .....	16
5.5 <u>Small-Scale, Private Individual Investors</u> .....	16
<b>6. Applying for National Rental Incentives</b> .....	<b>17</b>
6.1. <u>Assessment Criteria</u> .....	18
<b>7. Rental Dwellings</b> .....	<b>18</b>
7.1. <u>Subsidiary dwellings</u> .....	19
7.2. <u>Dwellings for retirees or aged tenants</u> .....	20
7.3. <u>Student accommodation</u> .....	20
7.4. <u>Boarding houses</u> .....	20
7.5. <u>Studio and Dual Key Apartments</u> .....	21
7.6. <u>'Granny Flats'</u> .....	21
7.7. <u>Relocatable homes</u> .....	21
7.8. <u>Rehabilitated dwellings</u> .....	22
7.9. <u>What Does Not Constitute a Rental Dwelling?</u> .....	22
<b>Part 3 – Information for Successful Applicants/Approved Participants in the National Rental Affordability Scheme</b> .....	<b>23</b>
<b>8. Receiving the National Rental Incentive</b> .....	<b>23</b>
8.1. <u>Mandatory conditions</u> .....	23
8.2. <u>Receiving the Australian Government component of the Incentive as a Refundable Tax Offset</u> 23	
8.3. <u>Receiving the Australian Government component of the Incentive as a Payment</u> 24	
8.4. <u>Receiving the State and Territory contributions of the Incentive as a Payment</u> 25	
8.5. <u>Receiving the State and Territory contributions of the Incentive as in-kind support</u> 25	
8.6. <u>Advertising</u> .....	25

8.7.	<a href="#">Reporting Requirements</a>	26	
8.7.1.	<a href="#">Tenant Demographic Assessments</a>	27	
8.7.2.	<a href="#">Non compliance with Scheme requirements</a>	27	
<b>9.</b>	<b><a href="#">Rents</a></b>	<b>28</b>	
9.1.	<a href="#">When is a Dwelling First Available for Rent?</a>	28	
9.2.	<a href="#">Setting Rent Levels</a>	28	
9.3.	<a href="#">Determining Market Value Rent</a>	28	
9.3.1.	<a href="#">Independent written valuations</a>	28	
9.3.2.	<a href="#">Variations to Market Rents</a>	29	
<b>10.</b>	<b><a href="#">Tenancy Management</a></b>	<b>30</b>	
10.1.	<a href="#">Tenancy and Property management organisations</a>	30	
10.2.	<a href="#">Role of Tenancy Management Organisations</a>	30	
10.3.	<a href="#">Leases</a>	31	
10.4.	<a href="#">Tenants</a>	31	
10.4.1.	<a href="#">Eligibility</a>		31
10.4.2.	<a href="#">Determining a household's income</a>		32
10.4.3.	<a href="#">Tenant Selection</a>		33
10.5.	<a href="#">Assessing Tenants' Continuing Eligibility</a>	34	
<b>11.</b>	<b><a href="#">Transfer of allocations, substitutions of approved dwellings and changes to reserved allocations</a></b>	<b>34</b>	
11.1.	<a href="#">Transferring the Incentive for Approved Rental Dwellings</a>	34	
11.2.	<a href="#">Substituting an Approved Rental Dwelling</a>	36	
11.3.	<a href="#">Changes to reserved allocations of Incentives (accepted offers)</a>	37	
11.4.	<a href="#">Changes to Charitable Organisations</a>	37	
<b>12.</b>	<b><a href="#">Revocation of Allocations</a></b>	<b>37</b>	
12.1.	<a href="#">State and Territory Government Incentive Contributions</a>	38	
<b>13.</b>	<b><a href="#">Evaluation Framework</a></b>	<b>38</b>	
<b>14.</b>	<b><a href="#">Review Mechanisms</a></b>	<b>38</b>	
14.1.	<a href="#">Administrative Decisions Judicial Review Act</a>	38	
14.2.	<a href="#">Independent merits review of the Secretary's decisions under Regulations 22, 28 and 30(1)</a>	38	
14.3.	<a href="#">Internal Review</a>	39	
<b>15.</b>	<b><a href="#">Glossary of Terms</a></b>	<b>40</b>	

## i. Preface

These policy guidelines provide details of the implementation and administration of the National Rental Affordability Scheme to complement the Legislative and Regulatory Framework. They also provide an explanation of the relationship between the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) or the 'Department' and the Approved Participant.

The National Rental Affordability Scheme is underpinned by the *National Rental Affordability Scheme Act 2008*, the *National Rental Affordability Scheme (Consequential Amendments) Act 2008*, and the National Rental Affordability Scheme Regulations 2008.

If there is any inconsistency between the policy guidelines and the above mentioned legislation, the legislation prevails to the extent of the inconsistency.

The policy guidelines include:

- The purpose of the National Rental Affordability Scheme.
- FaHCSIA expectations of Approved Participants including performance expectations.
- Monitoring and reporting arrangements including accountabilities and program governance arrangements for FaHCSIA and the Approved Participant.
- Other information relevant to the successful delivery of the Scheme.

FaHCSIA reserves the right to amend the policy guidelines in its discretion and will provide reasonable notice of amendments once made. These policy guidelines supersede all previous versions.

Comments on the policy guidelines or the Scheme may be forwarded by email to [nras@fahcsia.gov.au](mailto:nras@fahcsia.gov.au).

## Part 1 – General Information about the National Rental Affordability Scheme

### 1. What is the National Rental Affordability Scheme?

The National Rental Affordability Scheme ('NRAS' or 'the Scheme') seeks to address the shortage of rental housing and rapidly rising rents by offering a National Rental Incentive (the 'Incentive') to providers of new rental dwellings. The Incentive is offered on the condition that dwellings are rented to eligible low and moderate income households at a rate that is at least 20 per cent below the prevailing market rate. By requiring a reduction on market rent of at least 20 per cent, the Scheme substantially improves affordability for tenants.

The Scheme has three objectives:

1. to stimulate the supply of up to 50,000 new affordable rental dwellings;
2. to reduce rental costs for low and moderate income households by making these dwellings available for rent at a rate that is at least 20 per cent below the prevailing market rate; and
3. to encourage large-scale investment and innovative delivery of affordable housing.

The Incentive comprises:

- an Australian Government contribution in the form of a refundable tax offset for each individual dwelling for up to 10 years (Not for Profit organisations endorsed as charities by the Australian Taxation Office (ATO) will receive the contribution in the form of a payment); and
- a State or Territory Government contribution in the form of a payment per dwelling per year for up to 10 years or other in-kind support.

The Australian Government Incentive contribution is indexed at the start of each NRAS Year (1 May) in line with the Rents component of the Housing Group of the Consumer Price Index for the year, December quarter to December quarter as at 1 March of the immediately preceding NRAS year, using the Summary Table weighted average rate of eight capital cities housing component, as published in the Australian Bureau of Statistics publication Cat. no. 6401.0 (the NRAS Incentive Index) rounded to the nearest single decimal point. The value of the Incentive each NRAS year, based on this calculation, is provided on the NRAS homepage on the FaHCSIA website.

All State and Territory Governments have agreed to match the Australian Government rate of indexation where they provide the contribution on an annual basis.

The Scheme was implemented in two phases:

**Establishment Phase** (1 July 2008 – 30 June 2010)

The first two Calls for Applications under the Scheme (24 July 2008 – 4 September 2008 and 17 December 2008 – 27 March 2009) focussed on Incentives for dwellings delivered during the

Establishment Phase of the Scheme, but also allowed for forward allocation of incentives into the Expansion Phase.

### **Expansion Phase (1 July 2010 – 30 June 2014)**

Subsequent calls for applications (1 September 2009 - 31 August 2010 and 14 June 2010 – 14 December 2010) focused on allocating Incentives for dwellings to be delivered during the Expansion Phase.

## **2. Legislation**

The Scheme is underpinned by the *National Rental Affordability Scheme Act 2008* (the 'NRAS Act'), the *National Rental Affordability Scheme (Consequential Amendments) Act 2008* (the 'Consequential Amendments Act') and the *National Rental Affordability Scheme Regulations 2008* (the 'NRAS Regulations'). These documents set down the Australian Government's implementation and management of the Scheme.

### **2.1 The NRAS Act**

The NRAS Act provides the principal legislation relating to the Scheme.

Part 1 of the NRAS Act deals with introductory matters, including the commencement date, object and definitional matters.

Part 2 of the NRAS Act provides for regulations to prescribe the Scheme.

Part 3 of the NRAS Act provides for certain miscellaneous matters, such as a delegation power for the Secretary and the power for the Governor-General to make regulations.

### **2.2 The Consequential Amendments Act**

The Consequential Amendments Act amends the *Income Tax Assessment Act 1997* as a consequence of the substantive provisions in the NRAS Act to enable entities participating in the Scheme to claim a refundable tax offset in their annual tax return. The amendments also ensure that State or Territory contributions whether in cash or in kind, are non-assessable non-exempt income for taxation purposes, and ensure that there are no capital gains tax consequences arising from the receipt of Incentives or other benefits under the Scheme.

The Consequential Amendments Act amends the *Income Tax Assessment Act 1997* and *Extension of Charitable Purposes Act 2004* to enable the provision of a rental dwelling under the National Rental Affordability Scheme to be a charitable purpose for 10 years, for dwellings for which allocations or reserved allocations are made where the dwelling is intended to be constructed during the Establishment Phase of the Scheme.

## 2.3 The NRAS Regulations

The NRAS Regulations prescribe details of the Scheme. These include approval of participants, approval of rental dwellings, providing Incentives to Approved Participants if certain conditions are satisfied and ancillary or incidental matters.

The NRAS Regulations also prescribe details such as the application process for an allocation of an Incentive, sets of assessment criteria for applications, the amount of an Incentive, determining market value rent of an approved dwelling and tenant eligibility.

The NRAS Regulations are available to download from ComLaw at:

[www.comlaw.gov.au/Details/F2011C00373](http://www.comlaw.gov.au/Details/F2011C00373)

The Legislative and Regulatory framework established for the Scheme obviates the need for individual contracts between the Australian Government and Approved Participants. Depending on the nature of their contributions however, funding agreements between State and Territory Governments and Approved Participants may be required. Applicants are encouraged to contact State/Territory Governments to discuss options for the State/Territory Incentive contribution to National Rental Incentives and the priority areas of interest prior to applying. See the *State and Territory Government Contacts* on the NRAS website at

<http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx>.

## 3. Participants in the National Rental Affordability Scheme - Responsibilities and Obligations

### 3.1 Government

#### 3.1.1. Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

FaHCSIA is responsible for:

- the *National Rental Affordability Scheme Act 2008* and the National Rental Affordability Scheme Regulations 2008;
- setting the policy parameters of the Scheme, including maintaining these guidelines;
- working with State and Territory Governments and other stakeholders to ensure the effective delivery of the Scheme;
- as appropriate, for the duration of the 10 year period of the approved rental dwelling's participation in the Scheme, administering the Australian Government component of the National Rental Incentive through:
  - monitoring of Approved Participants' delivery of dwellings;
  - checking of compliance reporting and activities;
  - issuing refundable tax offset certificates to Approved Participants; and/or
  - paying Australian Government incentive contributions;
- ensuring that Approved Participants are accountable to Government within legislative requirements;
- providing feedback on the Scheme to stakeholders including State and Territory Governments;
- administering the Scheme in a timely, accountable and efficient manner;
- providing advice to relevant stakeholders on any compliance issues;

- identifying and developing opportunities for linkages between the Scheme and other affordable housing initiatives;
- reporting to Parliament and other stakeholders of the Scheme;
- developing and implementing an evaluation strategy for the Scheme;
- development of the Community Housing Federation of Australia (CHFA) clearing house to assist potential partners in meeting for the purposes of submitting an application to the Scheme. Information can be found at [www.chfa.com.au](http://www.chfa.com.au); and

**3.1.2.** providing the NRAS financial modelling tool which was developed by Ernst and Young, under contract to the Australian Government, to demonstrate the financial returns that may be available through investing in residential property supported by the NRAS, and promote a better understanding of how the scheme operates. [The Australian Taxation Office \(ATO\)](#)

The ATO is responsible for:

- the *National Rental Affordability Scheme (Consequential Amendments) Act 2008*;
- the Australian Government incentive contribution provided through the taxation system, where the recipient receives the contribution as a refundable tax offset; and
- advice to applicants, Approved Participants and persons or entities wishing to claim the Incentive, about taxation matters relating to the Scheme and the refundable tax offsets.

### **3.1.3 State and Territory Governments**

State and Territory Governments are responsible for:

- working with the Australian Government to ensure the effective delivery of the Scheme;
- assisting applicants to identify and discuss affordable housing priority areas;
- involvement in the assessment process by providing advice on compatibility of locations and proposals with State/Territory strategies;
- providing advice to relevant stakeholders on any identified compliance issues in relation to State and Territory incentive contributions;
- decisions on payment of the State or Territory incentive contribution through direct financial support or in-kind support for the duration of the 10 year period of each Incentive following advice from FaHCSIA;
- reporting to FaHCSIA on the contributions provided to each Approved Participant for each NRAS year;
- providing constructive feedback on the operation of the Scheme to the Australian Government; and
- contributing to the evaluation of the Scheme;

State and Territory Governments may also contribute to the Scheme in other ways by:

- identifying land in advance that may be earmarked for affordable housing developments;
- providing cash or in-kind contributions above the minimum level specified as part of the National Rental Incentive; and
- brokering arrangements between tenancy and property managers, developers, philanthropic donors, etc.

## 3.2 Approved Participants

Approved Participants are responsible for:

- ensuring they understand their compliance and reporting obligations;
- ensuring the availability of any agreed financial capital required for the development of dwellings for which an allocation of Incentives has been reserved under the Scheme;
- ensuring the availability of dwellings under the Scheme according to the timeframes submitted to, and agreed by, FaHCSIA;
- ensuring that dwellings are delivered in accordance with the requirements of the Scheme and any special conditions which apply to the allocation;
- ensuring that any advertising or promotion does not misrepresent the Scheme, or suggest that their approved NRAS dwellings are in any way endorsed by the Australian, State or Territory Governments as a guaranteed, secure or approved investment;
- ensuring the availability of any contributions or commitments that Local Government has made to support the Scheme submitted to, and agreed by, FaHCSIA;
- complying with relevant Australian, State or Territory legislative or regulatory requirements;
- complying with relevant State or Territory tenancy and property management regulations;
- complying with FaHCSIA's reporting and data collection requirements;
- complying with any State or Territory funding requirements; and
- ensuring accurate record-keeping about approved rental dwellings and tenants over the duration of their participation in the Scheme.

Note that Statutory Authorities to which Division 380 of the *Income Tax Assessment Act 1997* applies or which are endorsed charitable institutions may be Approved Participants in the Scheme.

## 4. What is the National Rental Incentive?

The National Rental Incentive ('the Incentive') is available annually to Approved Participants for up to 10 years for each approved rental dwelling which complies with the requirements of the Scheme. The Incentive comprises:

- an Australian Government contribution in the form of a refundable tax offset or payment (indexed annually); and
- a State/Territory contribution (indexed annually) or more in the form of direct financial support of a specified value or some other support of equivalent value.

The Incentive is provided on a pro rata basis for the number of days in the NRAS year (1 May – 30 April) that the approved rental dwelling was available for rent and complied with all Scheme requirements.

For the purposes of the Scheme an NRAS year means the period beginning on 1 May and ending on 30 April.

Where the approved rental dwelling is first made available for rent part way through an NRAS year, a partial entitlement will arise in both the first NRAS year and final (eleventh) NRAS years. This also applies to State and Territory incentive contributions, where the contribution is made as a payment each year. In-kind contributions are likely to vary depending on the individual circumstances of the proposal.

Incentives may be apportioned, withheld, offset or withdrawn in the event of breaching the requirements under the Scheme. This could occur where:

- advertising in relation to NRAS is misleading or exaggerated (see Section 8.6 for details);
- the tenancy arrangements in respect of an approved rental dwelling infringe on State or Territory Government regulatory requirements;
- the applicant fails to fulfil the commitment to deliver approved rental dwellings within the specified timeframe;
- the Approved Participant rents the approved rental dwelling to an ineligible tenant;
- the Approved Participant sells or otherwise disposes of an approved rental dwelling and either does not apply for a substitution of another dwelling, or applies but the FaHCSIA Secretary does not approve the dwelling substitution;
- an approved rental dwelling is vacant for more than a total of 13 weeks in an NRAS year or across two consecutive NRAS years; or
- an approved rental dwelling is not rented at least 20 per cent below current market rates for equivalent dwellings.

## **4.1 Australian Government Contributions**

Recipients of the National Rental Incentive (except for ATO endorsed charitable institutions) will receive the Australian Government contribution as a refundable tax offset through lodgement of an income tax return. The refundable tax offset can be claimed in the financial year in which the NRAS year ends. For example, the ATO endorsed charity would claim the refundable tax offset for the NRAS year ending on 30 April 2010 when submitting a 2009-10 income tax return. Refer to Section 8.2 of these guidelines for more information on the refundable tax offset.

ATO endorsed charitable institutions will normally receive the Australian Government component of the Incentive in the form of a payment by 30 June each year.

ATO endorsed charitable institutions may elect to receive a refundable tax offset rather than a cash payment. The election to receive a refundable tax offset rather than a cash payment must be made when accepting an offer of an allocation (or reserved allocation). The election must be in writing to FaHCSIA and is binding for the whole of the incentive period.

ATO endorsed charities that received allocations or reserved allocations prior to 6 May 2010 may elect to receive refundable tax offsets rather than a cash payment by writing to FaHCSIA prior to 13 May 2011. Such an election is binding for the remainder of the incentive period.

## **4.2 State and Territory Contributions**

### **4.2.1 Payment of Incentive contributions by State and Territory Governments**

State and Territory Governments have agreed to a minimum contribution as a payment or by in-kind support of equivalent value. They may choose to increase the value of their contribution.

State and Territory Governments can seek an agreement with the Approved Participants regarding the payment of their incentive contribution. This might outline the method and timing of payment of the state incentive contribution.

## 4.2.2 Other Forms of State and Territory Contributions

State and Territory Governments may provide in-kind support to Approved Participants rather than a payment as outlined above. Possible examples include:

- a discount on stamp duty, land taxes or infrastructure charges;
- tenancy and property management on a fee for service basis only where there are no suitable alternatives and where the State Housing Authority is asked to perform that role; and
- discounted price of land.

State and Territory Governments should be contacted directly to discuss any proposed NRAS project and incentive contribution offered by that jurisdiction. See *State and Territory Government Contacts* on the NRAS website at

[www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx) .

## 4.2.3. State and Territory Contributions in Advance

State and Territory Governments may provide their contributions to the National Rental Incentive for future years in advance. Contributions may NOT be deferred.

Contributions in advance are based on the minimum contribution in the year they are paid. For example, for the first NRAS year 1 July 2008 – 30 April 2009, States and Territories may provide their entire 10 year contribution by paying or making an in-kind contribution.

## 4.3. Tax Treatment of the National Rental Incentive

Interested parties with general taxation enquiries about the tax implications of their involvement in NRAS should visit the [ATO website](#) or contact the ATO on 13 28 66. This call centre operates from 8 am-6 pm weekdays (AEST).

FaHCSIA cannot provide advice on the tax treatment of the Incentive or implications of different corporate structures. If a potential applicant or participant would like specific advice on the tax implications of the NRAS arrangement they are entering into, they should seek advice from the ATO. Binding advice can be sought in the form of a [Private Binding Ruling](#) or a [Product Ruling](#).

1. The Australian Taxation Office has released an Interpretative Decision (ATO ID 2009/146) on 4 December 2009 regarding the tax treatment of non-entity joint ventures participating in NRAS. The Government has undertaken to amend legislation in 2011 to resolve this issue to ensure the full value of the incentive is passed on to investors.

Information on how to claim a refundable tax offset can also be found on the ATO website by typing 'National Rental Affordability Scheme' in the search function.

## 4.4 Duration of Payment of the National Rental Incentive

Approved Participants under the Scheme will receive the Incentive each year for the 10 year Incentive period that starts from the date the approved rental dwelling is first available for rent and will continue for up to 10 years (subject to meeting the requirements of the Scheme). A reserved

allocation is conditional upon a proposed approved rental dwelling under the Scheme being made available for rent by a specified date.

Approved Participants are required to retain all documentation relating to approved rental dwellings under the Scheme (such as property valuations, rent-setting processes, tenancy selection and management, for example) for five years (refer to Regulation 31 of the NRAS Regulations). Note that record-keeping should be maintained for tax purposes as required by the ATO.

## **Part 2 – Information for Applicants for Incentives under the National Rental Affordability Scheme**

### **5. Who can apply to be a Recipient of the National Rental Incentive?**

While the applicant does not have to be the owner of the rental dwellings in all cases, the applicant for an allocation of Incentives will be the Approved Participant in the Scheme and the recipient of the Incentive. A range of individuals, entities and joint ventures can apply for Incentives under the Scheme, including, but not limited to, the examples below.

#### **5.1 Financial Institutions**

Financial institutions can participate in the Scheme as direct applicants, equity investors, lenders and brokers of proposals. This group may include banks, superannuation funds, credit unions, property trusts listed on the Australian Stock Exchange and unlisted fund management trusts. Small institutions or funds may participate indirectly by investing in another entity which is participating directly in the Scheme.

Australian Prudential Regulation Authority (APRA) regulated superannuation funds, pooled superannuation trusts and life office statutory funds are eligible to participate in the Scheme. APRA-regulated superannuation funds include public offer superannuation funds and non-public offer superannuation funds.

#### **5.2 Property Developers**

Property developers can participate in the Scheme as direct applicants, members of a partnership or joint venture, or indirectly by selling dwellings to Approved Participants. A property developer could be the Approved Participant and recipient of the Incentive where they retain ownership of the dwellings or, if dwellings are sold to other investors, through an arrangement with the dwelling owners. Potential applicants who intend to sell their dwellings while remaining the Approved Participant for the purposes of the Scheme should seek advice from the ATO on the tax implications of this arrangement.

Property developers can also be involved by making land available on which to build dwellings under the Scheme. This may arise where the planning approval for the project is granted on condition that it includes a specified proportion of affordable housing. It may also arise as a result of a commercial decision by a developer.

### 5.3 Not for Profit Organisations

Not for Profit organisations can include large charities with service delivery experience in a related sector (such as the provision of aged care), or the community housing sector.

Not for Profit organisations can participate in the Scheme as owners, developers, tenancy and property managers and as initiators or lead agencies of collaborative arrangements, which could also involve developers, financiers and governments for proposals for developments under the Scheme. They may also form part of non entity joint venture or other joint venture.

On 12 November 2008, the Treasurer announced a transitional safety net to cover endorsed charities participating in the Scheme by amending both charity and tax laws. The amendments mean that participation of endorsed charities to deliver dwellings in the Establishment Phase of the Scheme will not affect their charitable status.

In December 2008, the High Court of Australia handed down a decision in the case of *Commissioner of Taxation v Word Investments Ltd.*, recognising Word Investments Ltd. as a charitable organisation even though it did not advance charitable purposes directly but gave its profits to other institutions which did.

Treasury interpretation of the Word Investments decision is that the implication for charitable Community Housing providers is that they can undertake non-charitable commercial provision of housing as long as it is for the sole purpose of subsidising their genuinely charitable housing activities.

The Department has been advised that the High Court Word Investments decision now provides further certainty for charitable organisations participating in NRAS. The Court determined that where an organisation raised funds exclusively for a charitable purpose, the fact that it did so through a commercial enterprise did not preclude it from being a charity.

The decision impact statement released by the Commissioner of Taxation in May 2009 recognises the High Court decision that an entity can be a 'charitable institution' even if it does not directly carry out charitable activities, but gives its profits to institutions that do.

If community housing organisations have concerns about whether their NRAS arrangement may jeopardise their charitable status, they will need to seek advice from the Australian Taxation Office. Treasury have confirmed that the Word Investments decision replaces the need for an extension of the temporary safety net that was put in place to provide certainty that charitable Community Housing Organisations will retain their charitable status if participating in NRAS.

## 5.4 Local Governments

Local governments can support projects in a number of ways including:

- contributing land (gratis or discounted);
- providing planning expertise or planning concessions;
- expediting planning approvals;
- contributing infrastructure;
- reducing rates and fees; or
- facilitating partnerships between key stakeholders.

In areas where there is no expertise in property and tenancy management, local governments may consider taking on this role.

Local governments can engage with applicants to develop proposals that benefit the local community. They can identify priority locations for projects, possible types of tenants for dwellings, and develop or facilitate administrative arrangements to support the Scheme.

This support can provide significant benefits, including increasing the availability of affordable housing for key workers whose low to moderate incomes would impinge on their ability to pay rent in the area.

Local governments may be eligible for the National Rental Incentive where they are the Approved Participant, provided they are an entity to which Division 380 of the *Income Tax Assessment Act 1997* applies or are an endorsed charitable institution.

## 5.5 Small-Scale, Private Individual Investors

The Scheme encourages large-scale investment in affordable housing so it is not *directly* available to small-scale, private, individual investors in the rental property market. Individual investors may wish to participate in the Scheme as part of a non entity joint venture or another joint venture arrangement or by purchasing NRAS dwellings from an Approved Participant. These investors could also become indirectly involved by investing in the Scheme through a superannuation fund or property trust.

Investors should be aware that there is no requirement under the Scheme for the incentives to be passed on to the owners of the properties. The arrangements between dwelling owners and Approved Participants for the payment of Incentives is a matter for those parties and will not be facilitated or prescribed by the Australian Government.

Investors and Approved Participants should also be aware that provision of the Incentive is dependent on satisfactory completion of all conditions and compliance requirements under the Scheme.

Where dwellings are approved under the Scheme, investors should be aware that this does not mean that the Australian Government endorses, guarantees or secures the investment in any way.

Investors should undertake their own investigations and seek appropriate independent financial advice to ensure they are satisfied that investing in an NRAS dwelling is the right investment for their individual circumstances. The Australian Government will not provide investment advice to potential investors about the suitability of an NRAS dwelling as an investment.

Investors would also be advised to discuss taxation implications with the ATO, particularly if they are relying on claiming a share of an Incentive as participants in a non-entity joint venture.

## 6. Applying for National Rental Incentives

*Note that there is currently no open call for applications.*

Applicants must apply on the approved application form to be considered under the selection process for the specific NRAS Call for Applications. Applicants for the National Rental Incentive should consider the information in the Application Guidelines when preparing their Application.

Subject to any legislation, regulations or other requirements, such as the Foreign Investment Review Board, there is no barrier to overseas ownership of residential property included in Proposals seeking an allocation of Incentives under the Scheme.

There is no requirement for the owner of the dwelling to be the Approved Participant or recipient of the Incentive, thereby allowing arrangements to be made between the recipient of the Incentive and the owner of the dwelling.

The Community Housing Federation of Australia (CHFA) website, <http://www.chfa.com.au>, has tools, templates and contacts which may assist potential applicants with developing a proposal for the Scheme.

The legislation requires the FaHCSIA Secretary to notify an applicant of the status of their application within 6 months of the date the application is received.

The assessment of applications is undertaken jointly between the Australian and State and Territory Governments.

The Application Guidelines outline the assessment process for each call for applications and provide assistance with completing the application form. Potential applicants should refer to the Application Guidelines.

If an application is successful, a letter of offer will be sent to the applicant listing the approved dwellings, any special conditions or dwelling attributes and the scheduled delivery date. The applicant will need to accept this offer in order for the Department to allocate or reserve the Incentive.

An offer of an allocation or reserved allocation of Incentives will specify whether the offer must be accepted as a whole or whether it can be accepted in part. Successful applicants will have 28 days to accept the offer.

Once dwellings have been approved and the offer of incentives accepted, FaHCSIA **must** be advised of any delay to the scheduled date on which the dwellings were to become available for rent or any other changes to the delivery of the dwellings. Delays and other changes will be assessed on a case by case basis with regard to the Scheme's aims and objectives.

## 6.1. Assessment Criteria

The assessment criteria are the specific areas against which Applications will be considered for the particular call for applications. The sets of assessment criteria can be found in Schedule 1 to the NRAS Regulations.

The assessment criteria include reference to Commonwealth, State and Territory priority areas of interest. The set of assessment criteria and priority areas vary between the different calls for applications under the Scheme to reflect emerging areas of housing need and other relevant circumstances and must be addressed by the Applicant.

The priority areas for the Commonwealth are detailed in the assessment criteria.

The priority areas of interest for each State/Territory are outlined in the Application Guidelines relevant to each call for applications. Applicants are also encouraged to contact States and Territories directly to discuss their priorities. See the State and Territory Government Contacts on the NRAS website at [www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx).

The set of assessment criteria to be used for each call for applications will be specified in the Application Guidelines and Application Form for the particular call.

## 7. Rental Dwellings

The NRAS Act states that a rental dwelling means a dwelling for which rent is payable and includes:

- A part of a dwelling or building that is capable of being lived in as a separate residence; and
- A unit that is a dwelling; and
- Any dwelling prescribed by the regulations to be a rental dwelling for the purposes of this definition;

but does not include a caravan, houseboat, another kind of mobile dwelling or any dwelling prescribed by the Regulations not to be a rental dwelling for the purposes of this definition.

For the purposes of the National Rental Affordability Scheme:

- a dwelling must not have been lived in as a residence; or
- a dwelling must not have been lived in as a residence since being made fit for living, where otherwise the dwelling was unfit for anyone to live in; or
- if the dwelling 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.

For the purposes of the Scheme, a rental dwelling will be considered to be able to be lived in as a separate residence where it can be demonstrated that a tenant, or tenants, would be able to live independently within the dwelling and not need to access external or common facilities. That is, the dwelling must provide the following:

- bathroom and kitchen facilities;
- a bedroom and living space (the bedroom and living space may be combined within a single large room, as in the case of studio apartments); and
- A separate lockable entrance which can be accessed either externally or via an internal hallway or common entrance. The entrance must not be accessed only through entering another dwelling.

Dwellings which do not provide these private facilities cannot be considered rental dwellings or subsidiary dwellings under the Scheme and are not eligible to receive Incentives.

Any dwellings may provide other shared or common facilities like laundry facilities, garden/BBQ areas or recreational facilities. These facilities must be in **addition** to the provision of the private facilities listed above, which make a dwelling capable of being lived in as a separate residence and cannot replace these private facilities.

The Approved Participant must ensure that each approved rental dwelling, and the management of it, complies at all times during the year with the landlord, tenancy, building, health and safety laws of the State or Territory and Local Government areas in which the dwelling is located.

## 7.1. **Subsidiary dwellings**

A subsidiary dwelling is a rental dwelling that is a separate self contained residence, but is part of a larger dwelling. This might include accommodation for students or for people with disabilities. Each dwelling must still meet the requirements of a rental dwelling as defined by the NRAS Act i.e. it must be able to be lived in as a separate residence (refer to Section 7 above).

In determining if a dwelling is a subsidiary dwelling, the Department may consider the following factors:

- Whether the residences are part of a larger dwelling that would normally be recognised as suitable for a single tenancy, for example where a large house has been converted to provide multiple, self-contained residences;

- The structure of the dwelling; and
- Whether the dwelling is on a single title.

The Incentive for a subsidiary dwelling will be proportionate to the number of tenancies in the dwelling. For example, if a dwelling consists of five subsidiary dwellings, the maximum incentive amount for each subsidiary dwelling is divided by 5.

## 7.2 Dwellings for retirees or aged tenants

Independent living units which are part of a retirement village and operate under the relevant State or Territory's legislation regarding retirement villages may be eligible under the Scheme. They need to comply with requirements including, capability of being lived in as a separate residence and are subject to the relevant tenancy, building, health and safety laws of the state or territory in which the dwelling is located.

The tenant must not be required to make an in-going contribution for these dwellings. There also must not be any compulsory services which are linked to the tenancy, such as provision of meals, care, etc.

## 7.3. Student accommodation

Student accommodation may be eligible under the Scheme where the accommodation meets the requirements of the Scheme, including being considered capable of being lived in as a separate residence and subject to the landlord, tenancy, building, health and safety laws of the State or Territory and Local Government area in which it is located.

Landlord and tenancy laws may not apply to some on-campus student accommodation. **Where the landlord and tenancy laws do not apply, the accommodation would not be eligible to receive an allocation under the Scheme.**

If the Relevant Laws (i.e. relevant landlord, tenancy, building, and health and safety laws of the State or Territory and local government area in which the dwellings are located) do all apply to the dwellings in question, but some capacity exists under some or all of the Relevant Laws to exempt the University from the application of the laws, then provided that exemptions are not sought and granted, the Relevant Laws would still apply to the dwellings. That being the case, the dwellings would not be excluded from the definition of "rental dwelling" due to the operation of regulation 5 of the National Rental Affordability Scheme Regulations 2008.

The NRAS Regulations provide for the Secretary to apply special conditions to any NRAS offer. It is recommended that where application proposals involve student accommodation potential applicants should contact the Department to discuss if any special conditions would apply.

## 7.4. Boarding houses

The National Housing Assistance Data Dictionary defines boarding house as "a separate building (also referred to as a rooming or lodging house) containing multiple boarding/rooming/lodging house bedrooms and/or boarding house units". Some characteristics of this type of dwelling

include house rules imposed by the proprietor or manager that result in residents having limited rights, shared facilities (e.g. kitchen, bathroom), the accommodation not being offered on a leasehold basis and no requirement to pay a bond.

This type of dwelling, providing only a minimum level of amenity would **not** be considered a rental dwelling under the Scheme as it cannot be lived in as a “separate residence”.

A different boarding house model, where the Applicant can demonstrate that each residence provides the private amenities required for the Department to consider each residence capable of being lived in as a separate residence (refer to Section 7 above) and which are subject to the relevant tenancy, building, health and safety laws of the State or Territory and local government in which the dwelling is located, may be considered eligible under the Scheme.

### **7.5. Studio and Dual Key Apartments**

A studio apartment generally provides one large living space with a separate bathroom. The large living space would act as bedroom, living area and have kitchen facilities.

A dual key apartment may have a shared entrance or foyer and often comprises one main residence containing the main living areas, kitchen and bedrooms, and a second dwelling of only one bedroom, a bathroom and a small kitchen or kitchenette. Each part would have a separate lockable door accessed without having to enter the other residence.

Studio and dual key apartments can be considered ‘rental dwellings’ under the NRAS Act and eligible for an allocation, where they meet the requirements of the Scheme, including demonstrating that they provide the private facilities to be considered capable of being lived in as a separate residence and are subject to relevant landlord and tenancy laws. Where the second dwelling in a dual key apartment does not meet the criteria, it will not be eligible for an allocation as a rental dwelling or a subsidiary dwelling.

### **7.6. ‘Granny Flats’**

‘Granny flats’ are considered to be small residences which may be attached to, or located on the same block as, another residence. To be eligible under the Scheme, granny flats must meet the Scheme requirements, including that they are able to be lived in as a separate residence and fall under the relevant State, Territory and local government landlord, tenancy, building, health and safety laws. Where it is demonstrated that a granny flat can meet all of the requirements, this type of dwelling may be considered eligible under the Scheme.

### **7.7 Relocatable homes**

While temporary or movable dwellings and permanent residential caravans are not considered for approval as rental dwellings for NRAS, permanently installed manufactured or prefabricated homes could be given consideration in the assessment process which applies to applications for NRAS.

A manufactured or prefabricated home may be eligible for the Scheme, only where it is in a fixed location. Dwellings must be permanently located on the site and must offer the tenant(s) a rental

lease that is subject to the residential tenancy laws in the State/Territory where the dwelling is located, as well as complying with the other Scheme requirements.

## 7.8. Rehabilitated dwellings

The key principle for approving rehabilitated dwellings for participation in the Scheme is that they contribute to a **net** increase in the availability of affordable rental properties. The number of dwellings which comprise the **net** increase (i.e. not previously a residence) are those eligible for National Rental Incentives.

For the purposes of the Scheme, a rehabilitated dwelling is one which:

- has been converted from a non-residential dwelling to a residential dwelling e.g. conversion of a motel, hotel, tourist venture, shop top or warehouse into residential flats or apartments; or
- has been converted from a single residential dwelling to a multiple residential dwelling with private amenities e.g. conversion of a house into residential flats or apartments; or
- has been significantly renovated, including building works, to the extent that a property that was previously recognised as unfit for anyone to live in has been made fit for occupancy.

## 7.9. What Does Not Constitute a Rental Dwelling?

For the purposes of the Scheme the following will not be rental dwellings eligible to receive an allocation under the Scheme:

- an existing residential dwelling that has been refurbished but does not lead to a net increase in the number of rental dwellings;
- temporary dwellings such as demountables or containers;
- moveable accommodation including house boats;
- permanent residential caravans;
- student accommodation which does not meet the requirements of the Scheme (see 7.3);
- apportioned rooms within a single dwelling;
- emergency or crisis accommodation; and
- a dwelling that does not comply with the landlord, tenancy, building, health and safety laws of the State or Territory and local Government areas in which the dwelling is located.

## Part 3 – Information for Successful Applicants/Approved Participants in the National Rental Affordability Scheme

### 8. Receiving the National Rental Incentive

#### 8.1. Mandatory conditions

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

The mandatory conditions **must** be met in order for an approved participant to receive and Incentive in respect of an approved rental dwelling.

Mandatory conditions include:

- dwellings will be rented to ‘eligible tenants’;
- dwellings will be rented at a rate that is at least 20 per cent below the prevailing market rate;
- before the first day of the incentive period (the start of the 10 years during which the incentive may be payable) dwellings must either:
  - a) not have been lived in as a residence; or
  - b) not have been lived in as a residence since having been made fit for occupancy where otherwise the dwelling was recognised as being uninhabitable; or
  - c) 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;
- dwellings must not be vacant for more than 13 weeks cumulatively or continuously in an NRAS year or continuously across two consecutive NRAS years;
- lodging a statement of compliance for each approved rental dwelling at the end of an NRAS year;
- ensuring that the dwelling, and management of the dwelling, complies at all times with the landlord, tenancy, building and health and safety laws of the State or territory or local government area in which it is located.
- ensuring that all special conditions that apply to the allocation of Incentives are complied with;
- lodging market rent valuations as required;
- answering any enquiries from the Secretary of FaHCSIA about matters covered under Regulation 16 of the NRAS Regulations.

#### 8.2. Receiving the Australian Government component of the Incentive as a Refundable Tax Offset

Tax offsets generally are non-refundable and cannot exceed basic income tax liability. This type of tax offset can only reduce the amount of tax payable to zero and, therefore, result in no refund.

However, there are some exceptions to this general rule. These exceptions are classed as refundable tax offsets. Refundable tax offsets can reduce tax liability below zero, to produce an amount refundable. The NRAS tax offset is a refundable tax offset.

Participants are entitled to claim the NRAS Incentive as a refundable tax offset only if the Secretary has issued a tax offset certificate under the NRAS. A tax offset certificate will be issued

to approved participants only where the approved rental dwelling has complied with eligibility and reporting requirements of the Scheme for the NRAS year.

The *Income Tax Assessment Act 1997* was amended by the Consequential Amendments Act to include a new “Division 380 – National Rental Affordability Scheme”. The Division covers:

- claims and entitlements by individuals, corporate tax entities and superannuation funds;
- claims by a party to a non-entity joint venture; and
- claims by certain entities to whom NRAS rent flows indirectly (trusts and partnerships).

The process for claiming the tax offset is as follows:

- Approved Participants provide an Annual Statement of Compliance to FaHCSIA by 13 May each year, comprising information for the previous NRAS year (the year that ended on the preceding 30 April);
- the Secretary will issue tax offset certificates under NRAS to compliant Approved Participants specifying the value of the Australian Government component of the Incentive for each approved rental dwelling for the NRAS year; and
- participants eligible under Division 380 of the *Income Tax Assessment Act 1997* can claim the refundable tax offset by lodging their income tax return (or a short form if the participant is an income tax exempt entity).

FaHCSIA does not guarantee that refundable tax offset certificates will be issued by 30 June where statements of compliance are received by FaHCSIA later than 13 May.

For further information on the NRAS refundable tax offset or any related tax enquiries visit the ATO website or contact the ATO Tax Reform Info Line on 13 28 66. This call centre operates from 8am-6pm weekdays (AEST).

Potential applicants should seek their own taxation advice through a Private Tax Ruling if they have queries about how the Incentive may be passed onto end investors (Refer to Section 4.4 of these guidelines).

### **8.3. Receiving the Australian Government component of the Incentive as a Payment**

The Australian Government component of the Incentive can only be paid to Not for Profit organisations that are endorsed as charities by the ATO and which have complied with the requirements of the Scheme for the relevant NRAS year.

The process for this is as follows:

- Approved Participants provide their Annual Statement of Compliance to FaHCSIA by **13 May** each year comprising information for the previous NRAS year (the year that concluded on the 30 April prior);
- the Secretary will determine from compliance statements the value of the Australian Government component of the Incentive for each approved rental dwelling for the NRAS year; and
- Australian Government payments will be provided to Approved Participants by FaHCSIA.

FaHCSIA cannot guarantee that payments will be issued by 30 June where statements of compliance are received by FaHCSIA later than 13 May.

FaHCSIA will advise the relevant State or Territory Government of program and compliance assessment outcomes by 30 June each year.

#### **8.4. Receiving the State and Territory contributions of the Incentive as a Payment**

Some State and Territory Governments have their own contractual arrangements with Approved Participants for the delivery of their incentive contribution. State and Territory Governments will provide Approved Participants with this advice following the announcement of final outcomes from each call for applications.

#### **8.5. Receiving the State and Territory contributions of the Incentive as in-kind support**

State and Territory contributions will take a variety of different forms. Some State and Territory Governments are contributing in-kind support, that is, they may provide land, reduce stamp duty requirements or reach other suitable arrangements with Approved Participants. Where this is the case Approved Participants may receive the State or Territory contribution upfront and will be required to enter into individual arrangements to ensure that these benefits are maintained for the required time.

#### **8.6. Advertising**

Approved Participants must ensure that advertising and promotion (including by entities engaged by them or their associates to market NRAS dwellings) does not suggest that their approved NRAS dwellings are in any way endorsed by the Australian, State or Territory Governments as a guaranteed, secure or approved investment. In particular, neither the Australian nor State or Territory Governments guarantee the profitability of any person's or entities' participation in the Scheme or guarantee that the rental dwellings in the Scheme will be occupied.

Information about the Scheme must be accurate and in line with the legislation and the Policy guidelines. Approved Participants should refer their tenancy managers to these guidelines, the NRAS Act and the NRAS Regulations. Approved Participants may also wish to refer potential investors to the legislation and these policy guidelines in order for them to make their own determination about the suitability of an NRAS dwelling as an investment for them. FaHCSIA also encourages potential investors to seek financial advice about proposed investments. The Australian Government does not provide investment advice to potential investors about the suitability of an NRAS dwelling as an investment.

Where false or misleading advertising is brought to the attention of the Australian, State or Territory Government, appropriate action will be taken to address the issue with the Approved Participant. If the advertising is not satisfactorily amended the matter may be referred to the Australian Competition and Consumer Commission. This document, and other material appearing on the FaHCSIA website, is subject to copyright and should not be reproduced without permission. FaHCSIA recommends that Approved Participants and the marketers responsible for advertising

NRAS dwellings provide direct links to the FaHCSIA or ATO websites (as relevant) to ensure that copyright is not being infringed and that information being provided is the most current and accurate.

The Department takes all instances of false or misleading advertising seriously. As such there are regulatory provisions that empower the Secretary to withdraw allocations in cases of

- misleading advertising;
- misrepresentation of the Scheme;
- exaggeration or overstatement of the tax or other financial advantages relating to the Scheme;
- presenting the Government as underwriting or endorsing the applicant, dwelling or investment;
- presenting the Government as dealing directly with investors;
- presenting the Government as being in partnership with any applicant, person or entity publishing details in association with the Scheme.

## 8.7. Reporting Requirements

Specific reporting tools are available to Approved Participants to support their reporting obligations. This includes an on-line reporting platform through the Department of Communities, Families, Housing, Community Services and Indigenous Affairs' FaHCSIA Online Funding Management System (FOFMS). FaHCSIA will provide support to Approved Participants, including videos demonstrating how to use FOFMS, to assist them in meeting their reporting requirements.

Approved Participants in the Scheme are required to report to FaHCSIA on a range of items including:

- Reporting on the milestones and special conditions as listed in the offer of allocations, for example:
  - when development applications are approved, construction of dwellings is commenced and certificates of occupancy are issued, including providing an electronic copy of the certificate of occupancy or equivalent document via FOFMS;
  - when dwellings are approved for rent by tenancy and property managers;
  - market value rent and rates of rent charged, including providing an electronic copy of the market rent valuations via FOFMS;
  - details of approved rental dwellings where transfers of allocations or substitution of dwellings subject to an allocation are sought, or which have been removed from the Scheme without substitution;
  - details of any delays to the delivery of dwellings as listed in the letter of offer of allocations;
- An Annual Statement of Compliance, to be provided to FaHCSIA by **13 May** to facilitate the issue of RTO certificates and Australian Government payment to endorsed charities by 30 June. The Statement will include verification of:
  - tenancy and vacancy rates;
  - tenant eligibility;
  - compliance with rent rates, including providing the market value and the rental charged over the year;
  - details of a property and tenancy manager;

- compliance with landlord, tenancy, building and health and safety laws of the State or Territory and local government areas in which the dwelling is located;
- compliance with any special conditions contained in the notification of allocation; and
- tenant demographic information (Refer to Section 8.6.1 below).

The Australian Government may conduct reviews and/or audits of Approved Participants' Annual Statements of Compliance. This may require Approved Participants providing access to documents and information such as tenancy agreements, evidence of tenants' income and how tenant eligibility was determined. Approved Participants must ensure that this information can be provided to the Australian Government if requested.

### **8.7.1 Tenant Demographic Assessments**

As part of the Annual Statement of Compliance, Approved Participants must complete a Tenant Demographic assessment for each NRAS household. This assessment provides some tenant information to assist the Department in targeting the Scheme as well as with compliance monitoring.

The Tenant Demographic Assessment may be reviewed and amended throughout the year to reflect any changes to the household income limits or other issues. FaHCSIA will advise Approved Participants of these changes.

### **8.7.2 Non compliance with Scheme requirements**

Where the Australian, State or Territory Government is advised or discovers that an Approved Participant has not complied with the Scheme, the Australian Government may:

- Notify the Approved Participant of the issue and seek clarification or explanation;
- Request further information from the Approved Participant in relation to the issue;
- Request a visit to the Approved Participant's office to view relevant documentation;
- Withhold or reduce any payment or RTO certificate until the matter is satisfactorily resolved; and/or
- If the matter can not be satisfactorily resolved and the non compliance is with a condition of allocation including delivery timeframes, the allocation may be withdrawn or revoked.

Non-compliance with Scheme requirements may result in a reduced amount of Incentive being determined or, if there is non-compliance with a condition of allocation, the allocation may be revoked.

Approved Participants should note that providing false or misleading information to the Commonwealth is a serious offence under section 137.1 of the *Criminal Code Act 1995*.

## **9. Rents**

### **9.1. When is a Dwelling First Available for Rent?**

An approved rental dwelling is considered first available for rent when:

- the dwelling has received a certificate of occupancy or equivalent;
- An independent market rent valuation has been performed;
- the tenancy manager determines that it is suitable to rent;
- it meets the requirements of the relevant state or territory and local government landlord, tenancy, building and health and safety laws and regulations;
- is fully decorated including paint, floor coverings, window treatments;
- has appropriate security and safety features including locks and smoke detectors; and
- has appropriate landscaping.

The dwelling may be unoccupied from the time that it is first available for rent, that is, the time that it meets the above conditions. In this event, the Approved Participant would record a period of vacancy until an eligible tenant is found.

### **9.2. Setting Rent Levels**

Rent for an approved rental dwelling approved under the Scheme must be at least 20 per cent below the prevailing market rent for that dwelling.

Rents may be set at lower levels if, for example, participating organisations wish to achieve greater improvements in affordability and/or to maintain the tax concessions available to endorsed charities, that require rents to be set below specified levels.

### **9.3. Determining Market Value Rent**

Approved Participants are required to comply with prescribed methods for determining the market rate of rent, as prescribed in Regulation 16 of the NRAS Regulations. Approved Participants are required to lodge the market rent valuation of the dwelling with FaHCSIA. This must be done within 30 days of the dwelling becoming available for rent or the day an allocation of an Incentive is made, whichever is the later and at the end of the fourth and seventh years of the incentive period for the dwelling. The market rent valuation can be lodged electronically via FOFMS.

#### **9.3.1. Independent written valuations**

An independent written valuation is required for each dwelling when it becomes available for rent under the Scheme and at the end of the fourth and seventh years of the approved rental dwelling's 10 year participation in the Scheme.

Valuations must be based on the conditions upon which dwellings will be rented. This means that valuations must be performed after the dwelling is constructed, fitted-out and fully or partially furnished, if it is to be rented in that way.

Valuations must also be completed prior to occupancy of the dwelling, as this is the basis for setting the level of weekly rent.

Valuations must be provided to FaHCSIA by uploading an electronic copy of the document into FOFMS. Tenancy managers should also retain copies of market rent valuations for a minimum of five years. Evidence of independent valuations and rental records must be available to FaHCSIA upon request.

Valuations must be conducted by a registered valuer in the relevant State or Territory and has a Code of Conduct and adopts the professional practice standards of the Australian Property Institute. They must not own or have a commercial relationship with the registered owner or manager of the dwelling or have a commercial relationship with a recipient of an Australian or State or Territory Government benefit in relation to the dwelling.

Where an Approved Participant is providing several dwellings that have the same characteristics, for example, as part of a unit complex, it is acceptable to have a single independent market rent valuation which includes all dwellings in the complex. However, the valuer must provide the valuation for each dwelling subject to an allocation and the address of each dwelling should be listed in the valuation. All dwellings within the complex must also be available for rent at the same time or separate valuations must be completed. A valuation completed for one dwelling cannot be used against another dwelling, even where the dwelling has similar characteristics and is located in the same area.

Valuers must have internal access to the dwelling to determine the quality, and therefore value, of the internal amenities and fit-out.

Arranging for independent written valuations is the responsibility of the Approved Participant. The Australian, State or Territory Governments will not contribute to the cost of the valuations, which are a requirement in years one, four and seven of a dwelling's participation in the Scheme.

### **9.3.2. Variations to Market Rents**

Following the initial written valuation of market value rent for year one, formal written independent valuations must be obtained at the end of the fourth and seventh years of the dwellings' participation in the Scheme. The written valuations must be lodged with FaHCSIA within 30 days of the end of the fourth and seventh years via FOFMS.

The Approved Participant may review the rent upon entering a lease with a new tenant or for an existing lease, no more than at 12-monthly intervals from the date of entering into the lease. For situations where a tenant may initially sign a lease which is shorter than 12 months and renews that lease, the date of entering into the initial lease for the dwelling will be considered to be the date from which the 12 month period begins. The rent can therefore only be increased at 12-monthly intervals on the anniversary of that first date. In these circumstances no additional market rent valuation would be required, however the increase in rent **must not** exceed the rental component of the CPI, December to December, at the capital city rate for the State in which the dwelling is located.

Variations to rent in other years (ie years two, three, four, six, seven, nine and ten) can be based on:

- information about the location, type and amenity of the approved rental dwellings; and
- supported by publically available data about comparative rental rates on the locale of the dwelling other than data relating to other dwellings owned or associated with the Approved Participant.

If the variation to rent is based on the above elements, any increase in rent **must not** exceed the rental component of the CPI, December to December, at the capital city rate for the State in which the dwelling is located (NRAS Market Index). The rental component of the CPI at the capital city rate for each State and Territory is available on the NRAS homepage of the FaHCSIA website.

Refer to section 16 of the NRAS Regulations.

Market rents are not required to be re-valued by an independent valuer when there is a change in a dwelling's tenants, owners or managers, unless this change comes at the time when the market rent would otherwise require adjustment (years four and seven).

## 10. Tenancy Management

### 10.1. Tenancy and Property management organisations

Applications for an allocation of National Rental Incentives must identify the organisation that will be responsible for the role of tenancy manager. They may be a:

- Not for Profit organisation (such as a community housing provider);
- Commercial business (such as a private real estate agent);
- Local Government; or
- State or Territory Government on a fee for service basis only where there are no suitable alternatives.

The Approved Participant may undertake the tenancy management where they have the appropriate skills and qualifications to do this.

### 10.2. Role of Tenancy Management Organisations

Tenancy management organisations under the Scheme must comply with the residential tenancy legislation and relevant tenancy and property management regulations in the State or Territory in which the dwellings are located. In some jurisdictions, tenancy managers may need to hold a real-estate licence. The requirements should be discussed with the appropriate State or Territory Government contact. See the State and Territory Government Contacts at the NRAS website at [www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx).

In addition, Approved Participants may require tenancy managers to:

- assess initial and ongoing tenant eligibility and hold appropriate documentary evidence, such as payslips, employer contact details, of those assessments. While the legislation

does not outline the types of proof of income to be required, Approved Participants are required to obtain sufficient evidence to satisfy themselves that particular tenants are eligible for the purposes of the Scheme. Tenancy managers should decline to offer accommodation to potential tenants who refuse to supply requested information.

- manage determination of market rents for dwellings and the rents charged to tenants according to the requirements identified at Section 9.3 of these guidelines;
- provide appropriate property management and maintenance functions;
- manage the ongoing tenancy of an individual or family in the dwelling;
- report through Approved Participants on compliance with tenant eligibility, rent levels and other regulatory requirements under the Scheme; and
- retain for five years the documentary records necessary to establish such compliance.

Random audits of tenancy managers appointed by Approved Participants to perform tenancy management services for NRAS approved rental dwellings, with the involvement and permission of the Approved Participant, may be undertaken by the Australian Government to verify compliance by the Approved Participants.

Approved Participants should note that failure by a tenancy manager to comply with the requirements of the Scheme may impact on the Approved Participant's right to receive an Incentive, and may result in an allocation being revoked if conditions of allocation are not complied with.

### **10.3. Leases**

Where appropriate, tenancy managers are encouraged to provide longer leases to improve security of tenure for tenants. Longer leases may also benefit owners and managers by reducing vacancy rates and minimising costs associated with the end of leases and re-tenanting. Approved Participants are not required, however, to provide longer term leases and/or other rights for tenants beyond those which are required by relevant landlord and tenant legislation.

The Scheme does not provide tenants with any special rights over and above those usually afforded to tenants under the relevant residential tenancy legislation in the state or territory where the dwelling is located.

If an Approved Participant has a number of dwellings brought into the Scheme for a specified needs group and this is a special condition of their allocation, for example tenants over 55, but there are not enough tenants from that group to rent the dwellings, the Approved Participant may be able to rent the remaining dwellings to tenants outside that group. In this event, Approved Participants should discuss the situation with FaHCSIA. Approved Participants are required to report tenant profiles as part of the normal compliance reporting to FaHCSIA each year.

Tenancy managers under the Scheme must comply with the residential tenancy legislation and relevant tenancy and property management regulations in the State or Territory in which dwellings are located.

### **10.4. Tenants**

#### **10.4.1. Eligibility**

The tenant eligibility criteria for the Scheme aim to:

- ensure that dwellings developed under the Scheme are available to low and moderate income households impacted by declining affordability in the private rental sector; and
- minimise, as far as possible, high administrative and compliance costs for tenancy managers and Approved Participants.

Income limits for initial tenant eligibility, and upper income limits for maintaining eligibility can be located on the Department's website

[www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx).

**Note:**

- *Adult* means a person 18 years of age or older, regardless of the relationship borne to other adults in the household, or a person under 18 years of age living independently outside of the family home and who is not financially dependent on an eligible tenant.
- *Sole parent* means a single parent, that is, one who has no spouse or permanent partner.
- The tenants of an approved rental dwelling are eligible tenants on their start day (ie the first day that they become tenants of the dwelling) if the gross household income for the 12 months ending on the day before the start date does not exceed the income limit for their household.
- There can be only one household residing in an NRAS approved rental dwelling.

Examples of common household types and their income limits can be found on the NRAS website at [www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx).

The income limits are indexed in accordance with the NRAS tenant income index on 1 May each year, rounded to the next whole dollar. The NRAS tenant income index is the All Groups component of the CPI, percentage change from corresponding quarter of previous year, March quarter, using the all groups weighted average of eight capital cities as published in the Australian Bureau of Statistics publication Catalogue. number 6401.0. The indexed tenant income limits are published on the NRAS website for convenience.

#### **10.4.2. Determining a household's income**

When assessing whether a household will be eligible to rent an approved dwelling, Approved Participants must determine the gross household income for the 12 months prior to the day on which the household would become tenants. Property and tenancy managers should be satisfied that they have undertaken reasonable steps to determine accurately the household income. To provide some guidance, FaHCSIA considers that sighting the following documents, though not an exhaustive list, may be reasonable in determining household income:

- copies of payslips;
- notices of assessment for annual tax returns;
- letters from employers;
- statements from superannuation funds;
- statements from Centrelink; and/or
- statements of dividends or rents paid.

Copies of these documents should be held on file, as FaHCSIA may undertake auditing of Approved Participants' NRAS dwellings to ensure that the requirements of the Scheme are being met.

Potential tenants are eligible to apply for a dwelling in the Scheme if they are receiving Rent Assistance. Rent Assistance will be counted as part of the tenant's gross income.

There is no asset test in determining tenant eligibility, except for tenants in Queensland where an asset test applies. Prospective tenants seeking affordable rental accommodation in Queensland should contact the Department of Communities (Housing and Homelessness Services) on 1300 880 882 or email the Department of Housing Queensland – 'nras contact' (nras@housing.qld.gov.au) and ask for information based on their situation.

In other jurisdictions, where a tenant receives a one-off lump sum payment, e.g. a lottery win, only income earned from investing the lump sum would be assessed as income i.e. dividends or interest.

### **10.4.3. Tenant Selection**

Approved Participants are responsible for tenant selection. The Australian and State/Territory Governments are not involved in placing tenants or any ongoing tenancy management issues.

In Queensland, tenants for National Rental Affordability Scheme dwellings are to be sourced through the Department of Communities (Housing and Homelessness Services); however, final selection remains the responsibility of the Approved Participant and/or their tenancy and property manager. Prospective Tenants seeking homes in Queensland should contact the Queensland Department of Communities to register for the One Social Housing Register before contacting the tenancy manager. It takes two days for potential tenants in Queensland to be registered and approved to rent a dwelling under the Scheme.

While there is no citizenship requirement for tenants renting NRAS dwellings, the Queensland Government's One Social Housing Register requires all potential tenants to be Australian citizens.

The anticipated high demand for tenancies of dwellings developed under the National Rental Affordability Scheme may mean that tenancy management organisations should consider keeping waiting lists, except in Queensland where the Department of Housing Register will serve this purpose. Waiting lists might assist shorter turnaround in re-tenanting and be a reference for potential tenants. Management of waiting lists will be at the discretion of the tenancy management organisation in accordance with State or Territory regulatory requirements.

Approved Participants are not required to justify their tenant selection decisions to the State/Territory or the Commonwealth Government outside of meeting the tenant eligibility requirements of the Scheme. If complaints arise, Approved Participants may be required to respond to the complainant.

Approved Participants in Queensland will be able to log on to the Queensland Department of Communities website to download lists of potential tenants.

The Australian Government will make tenancy manager details available on the NRAS website as they are provided, to enable potential tenants to make direct contact. Approved Participants will be required to provide tenancy manager information as a condition of accepting an offer of an allocation of Incentives.

### **10.5. Assessing Tenants' Continuing Eligibility**

Approved Participants are responsible for assessing tenants' continuing eligibility each year by establishing the household income for the relevant year preceding the anniversary of the day on which they became tenants of the approved rental dwelling.

Tenancy managers should have arrangements in place to accommodate changes in tenant's circumstances which may impact on their ongoing eligibility to participate in the Scheme. For tenants of an approved rental dwelling, the 'eligibility year' is the period of 12 months commencing on the day, or the anniversary of that day, on which they became tenants of the dwelling. Tenants whose income exceeds the relevant upper income limit for their household type for two consecutive eligibility years cease to be eligible tenants.

Where an annual review indicates that a tenant's income for the preceding eligibility year exceeded the income limit by more than 25 per cent, they will be given an adjustment period of 12 months after which their eligibility ceases *if* their income again exceeds the income limit by more than 25 per cent at the end of that 12 month period.

In these situations, at the discretion of the Approved Participant, the tenant may stay in the dwelling at the end of the adjustment period and pay market rent, if the Approved Participant can provide an appropriate dwelling (that is, similar in type, size and location) to substitute into the portfolio in place of the original NRAS dwelling. Alternatively, the tenant may be required to vacate the NRAS dwelling, if the relevant tenancy and landlord laws permit, and find other suitable accommodation in the private rental market.

It is the responsibility of the Approved Participant to ensure that tenants are eligible and remain eligible to rent an NRAS dwelling. If a tenant is found to be ineligible, the Incentive will not be payable for the period during which the tenant was ineligible.

## **11. Transfer of allocations, substitutions of approved dwellings and changes to reserved allocations**

### **11.1. Transferring the Incentive for Approved Rental Dwellings**

Approved rental dwellings generally are expected to be kept in the Scheme for the full incentive period, that is, the 10 year period for which the Incentive is payable.

Where dwellings are sold within that period, they may either be eligible to be retained in NRAS (and continue to attract an Incentive) or not eligible to remain in NRAS, depending on the circumstance of the sales. Where dwellings are sold or otherwise removed from the Scheme and

not eligible to remain in NRAS, Incentives will not be paid for the NRAS year in which the sale or removal occurred.

Dwellings sold and able to be retained in NRAS must first receive prior approval by FaHCSIA. With agreement of the FaHCSIA Secretary, approved rental dwellings can be transferred to another entity which is already an Approved Participant in the Scheme, or to another entity which is not. In the latter situation, the purchasing organisation becomes an Approved Participant upon transfer of the allocation and is subject to the same compliance and reporting obligations as the original Approved Participant for the remainder of the Incentive period for those dwellings. See below for details on the process for transferring an allocation to another entity.

FaHCSIA can accept a request to transfer an allocation of incentives only from the Approved Participant's authorised contact person.

The 'new' Approved Participant is required to submit a Statement of Compliance covering the entire NRAS year and is entitled to the Incentive for that year. The former Approved Participant and 'new' Approved Participant will make their own arrangements in relation to an Incentive amount that the former Approved Participant would have been entitled to for the period where they were the Approved Participant.

Allocations of Incentives, i.e. related to completed dwellings which are available for rent, may be transferred to another entity or Approved Participant. Reserved allocations i.e where the dwellings are not yet available for rent, **cannot** be transferred.

Although the Approved Participant is the recipient of the Incentive, it is not a requirement that the Approved Participant is the owner of the approved rental dwellings. If the Approved Participant manages approved rental dwellings through an arrangement with property owners, the Approved Participant is not required to notify the FaHCSIA Secretary where ownership of dwellings changes hands but the entity which is the Approved Participant remains the same.

Approved Participants seeking to have an allocation of Incentives transferred to another Approved Participant are required to obtain the Secretary's agreement to such a transfer. Approved Participants should submit a written request to FaHCSIA providing details of the following:

- the full address of the rental dwelling/s to be transferred;
- details of the Approved Participant to whom the allocation is proposed to be transferred;
- a signed statement from the proposed recipient of the transferred allocation providing:
  - a declaration of their willingness to accept the proposed transfer of allocation;
  - an acknowledgement that they have seen the offer in relation to the allocation to be transferred and understand all conditions pertaining to those dwellings;
  - a declaration of their intent to ensure that the dwellings associated with the allocation will comply with the requirements of the Scheme; and
  - the property and tenancy management arrangements that are, or will be, in place for the dwellings under transfer.

Approved Participants seeking to have an allocation of Incentives transferred to another person or entity (which is not currently an NRAS Approved Participant) should submit a written request to FaHCSIA providing details of the following:

- the details of the transfer and reasons for the need to transfer allocations;
- the full address of the rental dwelling/s to be transferred;
- details of the person or entity to whom the allocation will be transferred, including full contact details;
- a signed statement from the proposed recipient of the transferred allocation providing:
  - a declaration of their willingness to accept the proposed transfer of allocation;
  - an acknowledgement that they have seen the offer in relation to the allocation to be transferred and understand all conditions pertaining to those dwellings;
  - a declaration of their intent to ensure that the dwellings associated with the allocation will comply with the requirements of the Scheme; and
- the property and tenancy management arrangements that are, or will be, in place for the dwellings under transfer.

A minimum allocation of 20 Incentives would be expected to be transferred, consistent with the minimum requirements for applications.

Further details and documentation may be requested from the party receiving the transfer to determine the organisational and financial viability.

If the Secretary agrees to transfer an allocation, FaHCSIA will assist both the original Approved Participant and the recipient of the transferred allocation with any further compliance and reporting processes. The Secretary has full discretion to agree, or not, to transfer an allocation of Incentives and is not required to provide reasons for the decision.

## **11.2. Substituting an Approved Rental Dwelling**

Dwellings under the Scheme may be sold to tenants, other individuals or organisations which are not and do not seek to be Approved Participants. In this situation it is expected that the Approved Participant may wish to offer to provide a substitute dwelling, or dwellings as the case may be, and continue to receive the National Rental Incentive in respect of those dwellings for the remaining part of the original 10 year incentive period.

A request to FaHCSIA to substitute a dwelling should include:

- the location of the dwelling/s;
- the size of the dwelling/s;
- the proximity of the dwelling/s to services;
- the rent to be charged;
- property and tenancy management details; and
- a statement that all other conditions pertaining to the dwelling as outlined in the Schedule of Allocation will be met; and

Where a participant seeks to replace a significant number of dwellings or entire projects, the Department may undertake a reassessment of the new dwellings/projects financial viability. In these cases the Approved Participant will be asked to provide financial information including a cash flow spreadsheet and evidence of equity or debt financing.

Dwellings must be substituted within 13 weeks of the date of removal of the originally approved rental dwelling from the Scheme for the Incentive to continue to be payable for that period.

Where approved rental dwellings attracting the National Rental Incentive are removed from the Scheme and substitute dwellings are not agreed to by FaHCSIA, the Incentives will **not** be available for the dwellings for the entire NRAS year in which the removals occurred. This means that if an Approved Participant sells some or all of their approved rental dwellings, so that the dwellings are removed from the Scheme without substitute dwellings being agreed to, they will not be paid the Incentive for those approved rental dwellings for that year and any following years.

The Secretary has full discretion over substitution of a dwelling and is not required to provide reasons for the decision.

### **11.3 Changes to reserved allocations of Incentives (accepted offers)**

FaHCSIA is aware that delays can occur in the planning and construction of dwellings and will endeavour to support Approved Participants where this occurs. However, delays to the delivery of dwellings affect the amount of Incentive provided in respect of a particular period, impacting on the Australian and State/Territory Government budgets. Any delays should be brought to the attention of FaHCSIA at the earliest possible time to enable the Department to mitigate this issue. FaHCSIA may ask Approved Participants to explore alternative options, such as finding suitable replacement dwellings, where the delivery of dwellings is significantly delayed.

Approved Participants should be aware that *any changes* to the delivery of dwellings as set out in the offer of reserved allocation must be approved by FaHCSIA.

### **11.4. Changes to Charitable Organisations**

Endorsed charities participating in the Scheme which lose their charitable status are required to advise FaHCSIA. They must continue to meet all existing obligations under the Scheme and their entitlements to Australian Government contributions to the Incentive will be provided as a combination of payments and refundable tax offsets for the relevant periods of the NRAS year.

## **12. Revocation of Allocations**

The legislation provides for revocation of an allocation of Incentives if the conditions of the allocation are not complied with. For example, if market rent valuations are not undertaken as required, the rent charged is not at a rate that is at least 20 per cent below the prevailing market rent value or approved rental dwellings do not comply with the landlord, tenancy, building and healthy and safety laws of the relevant State or Territory and local government area in which the dwelling is located.

Where an allocation is revoked, it may be reallocated in a later call for applications under the Scheme.

## 12.1. State and Territory Government Incentive Contributions

Where an allocation is revoked due to non-compliance, the State or Territory Government incentive contribution will generally be revoked, following advice from the Australian Government. Where the State or Territory contribution is in-kind, State and Territory Governments should be contacted directly to discuss the implications. See *State and Territory Government Contacts* on the NRAS website at [www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/nras/Pages/default.aspx).

## 13. Evaluation Framework

The National Rental Affordability Scheme is a new approach in the Australian context for stimulating affordable housing supply. For this reason, ongoing review and evaluation is critical to ensuring the delivery of the Scheme continues to be effective and responsive to the needs of participants in the Scheme and, more broadly, individuals and families in rental stress. Incorporating feedback from key stakeholders in the Scheme allows for refining of policy and administrative arrangements.

The Scheme will be reviewed as follows:

## 14. Review Mechanisms

### 14.1. Administrative Decisions Judicial Review Act

The NRAS Act and the NRAS Regulations make no provision for review or appeal of a decision **not to offer an allocation**. A decision to offer an allocation from a limited pool of Incentives is a discretionary decision and, under the NRAS Regulations, the Secretary is under no obligation to give reasons for not making an offer of allocation (see Regulation 13(5)).

The provisions of the *Administrative Decisions (Judicial Review) Act 1977* apply to the Australian Government legislation underpinning the Scheme. Section 5 of the *Administrative Decisions (Judicial Review) Act 1977* sets out the grounds for seeking a review of a decision made under the NRAS Act. An application for review would need to be made within 28 days after receiving notice of the decision by the Secretary.

Information about applying for a review of a decision can be obtained from the Federal Court website: [http://www.fedcourt.gov.au/fff/fff\\_federalcourtrules\\_056\\_printguide.html](http://www.fedcourt.gov.au/fff/fff_federalcourtrules_056_printguide.html)

### 14.2 Independent merits review of the Secretary's decisions under Regulations 22, 28 and 30(1)

Regulation 33 provides for independent merits review by the Administrative Appeals Tribunal (AAT) of the Secretary's decision under:

- Regulation 22 to revoke an allocation;
- Regulation 28 to determine reductions to be made from the amount of an Incentive; or
- Regulation 30 to determine that an error arose making an Incentive for a particular allocation, to vary the Incentive to correct the error and, where appropriate, to recoup any overpayment.

The independent merits review provided in relation to the Secretary's decision under Regulation 28, to determine reductions, can occur only after an internal review of the decision under subregulation 28(3) has been requested and completed. The Approved Participant is able to seek independent merits review after internal review has been completed or, if the review under subregulation 28(3) has not been completed within 2 months of making an application for internal review. Information about applying to the AAT is available on the Tribunal's website:

<http://www.aat.gov.au/ApplyingToTheAAT.htm>

### **14.3 Internal Review**

If FaHCSIA does not make an offer of an allocation following an assessment process the applicant may apply in writing for the reasons for the decision. If the applicant does not agree with the reasons for the decision the applicant may apply for an internal review of the decision.

## 15. Glossary of Terms

### **Allocation**

Means an allotment to an Approved Participant of an entitlement to receive an Incentive for an approved rental dwelling in relation to an NRAS year that falls within the Incentive period if conditions are satisfied in relation to the rental dwelling.

### **Applicant**

Means the legal entity that submits an application.

### **Application**

Means the application for an allocation submitted by an Applicant. The application must be filled out in accordance with the requirements in the *Application Guidelines*, on an *Application Form* and submitted by the Closing Date.

### **Application Form**

Means the Application Form made available to Applicants to submit an Application for an allocation of National Rental Incentives under a call for Applications. The application must be submitted in accordance with the instructions on the Application Form.

### **Application Guidelines**

Mean the *Application Guidelines* made available by the Department to entities interested in submitting an Application under the Scheme and contain information on submitting the Application.

### **Application Period**

Means the period for applicants to complete and submit their Application Form. It commences from the time the Call for Applications is advertised and the Application Forms and supporting information are available and finishes on the Closing Date for submission of applications. During this period the Department will only respond to requests for information that seek clarification of issues or material that allow them to better understand the requirements of the *Application Form* and *Application Guidelines*.

### **Approved Participant**

Means a person or entity approved under Regulation 14 or 21 of the *National Rental Affordability Scheme Regulations 2008*.

### **Approved Rental Dwelling**

Means a rental dwelling approved under regulation 14 or 20 of the *National Rental Affordability Scheme Regulations 2008*.

### **Assessment Criteria**

Means the Criteria for assessing applications as outlined the *National Rental Affordability Scheme Regulations 2008*.

### **Assessment Process**

Means the process for assessing Applications as outlined in the Application Guidelines and the Application Form (Regulation 12 of the NRAS Regulations refers).

### **Department**

The Australian Government Department Families, Housing, Community Services and Indigenous Affairs (FaHCSIA\_

### **Eligibility Year**

For tenants of an approved rental dwelling, the 'eligibility year' is the period of 12 months commencing on the day, or the anniversary of that day, on which they became tenants of the dwelling. Tenants whose income exceeds the appropriate upper income limit for their household type for two consecutive eligibility years cease to be eligible tenants.

### **Endorsed Charitable Institution**

An entity that is endorsed as exempt from income tax by the Commissioner of Taxation under section 50-105 of the *Income Tax Assessment Act 1997*.

### **Household**

For NRAS purposes, a household is considered to be all persons ordinarily residing in the dwelling. The Department therefore requires all persons who ordinarily reside in an approved rental dwelling to have their income included as a member of the one household, in accordance with the income limits.

### **Incentive**

Means:

- (a) a National Rental Affordability Scheme Refundable Tax Offset; or
- (b) an amount payable for an NRAS year.

### **Incentive Period**

Means a 10 year period that starts on or after 1 July 2008.

## **Non-entity joint venture**

Means an arrangement that the Commissioner is satisfied is a contractual arrangement under which two or more parties undertake an economic activity that is subject to the joint control of the parties; and that is entered into to obtain individual benefits for the parties, in the form of a share of the output of the arrangement rather than joint or collective profits for all the parties.

## **NRAS Year**

Short for National Rental Affordability Scheme year, and means:

- (a) the period beginning on 1 July 2008 and ending on 30 April 2009; and
- (b) the year beginning on 1 May 2009 and later years beginning on 1 May.

## **NRAS Incentive Index**

The Rents component of the Housing Group of the CPI for the year, December quarter to December quarter as at 1 March of the immediately preceding NRAS year, using the Summary Table weighted average rate of eight capital cities housing component, as published in the Australian Bureau of Statistics publication Cat. no. 6401.0 — CPI, Australia, CPI: Group, Sub-group and Expenditure Class, rounded to the nearest single decimal point.

## **NRAS Market Index**

The Rents component of the Housing Group of the CPI for the year, December quarter to December quarter as at 1 March of the immediately preceding NRAS year, using the capital city index for the relevant State, as published in the Australian Bureau of Statistics publication Cat. no. 6401.0 — CPI, Australia, CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City table (or equivalent), rounded to the nearest single decimal point.

## **NRAS Tenant Income Index**

The All Groups component of the CPI, percentage change from corresponding quarter of the previous year, March quarter, using the all groups weighted average of eight capital cities as published in the Australian Bureau of Statistics publication Cat. no. 6401.0 – CPI Australia, CPI: Groups, Weighted Average of Eight Capital Cities, Index Numbers and Percentage Changes, rounded to the nearest single decimal point.

## **Rental Dwelling**

Means a dwelling for which rent is payable and includes:

- (a) a part of the dwelling or building that is capable of being lived in as a separate residence; and
- (b) a unit that is a dwelling;

but does not include a caravan, houseboat, another kind of mobile dwelling or any dwelling prescribed by the regulations not to be a rental dwelling for the purposes of this definition.

A dwelling is not a rental dwelling for the purposes of the scheme if landlord, tenancy, building and health and safety laws of the State or Territory and local government area in which the dwelling is located do not apply to it.

### **Reserved allocation**

Means an allotment to an applicant of an entitlement to receive an allocation in relation to a dwelling or proposed dwelling, which is reserved until the conditions specified in the offer of reserved allocation are met.

### **Successful Applicant**

Means an applicant who the Secretary chooses to offer an allocation to under the Scheme. The Selection Process will result in a short list of recommended applicants. The short list will be forwarded to the Secretary, or his nominated delegate, for consideration. Applicants will be advised of their success or otherwise. The choice of the Secretary of successful applicants is final.

### **Statement of Compliance**

Means the annual statement of compliance with the Scheme's requirements, which is required for each approved rental dwelling for the NRAS year must be lodged by the person or entity who is the Approved Participant at the end of the NRAS year by the following 13 May (or, for retrospective allocations where this is not possible, as soon as practicable after the allocation is made