

NRAS FACT SHEET: 2

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Rent Setting

Rent setting for properties accredited under the National Rental Affordability Scheme (NRAS) is governed by the Scheme Regulations.

There are two measures of rent that must be considered for an NRAS property, the market value rent and the rent charged. **The rent charged must at no time exceed 80% of the market value rent** (Note special conditions on some dwellings may mandate further rent reductions).

The Department of Social Services (DSS) are taking a very strict approach regarding this requirement and have advised that any period where the rent charged is over 80% of the market value rent will result in a pro-rata reduction in the incentive payment.

Market Value Rents

Regulation 18 (1A) defines a specific market rent setting for each of the 10 years that the dwelling is in the NRAS Scheme as per the table below. Note that the new market rent setting is always applied on the anniversary of the start date of the dwelling under the NRAS Scheme and applies to the entire year following this date:

YEAR	MARKET RENT VALUE
1	Licensed Valuation
2	Year 1 + NRAS market index
3	Year 2 + NRAS market index
4	Year 3 + NRAS market index
5	Licensed Valuation
6	Year 5 + NRAS market index
7	Year 6 + NRAS market index
8	Licensed Valuation
9	Year 8 + NRAS market index
10	Year 9 + NRAS market index

Licensed Valuations

Independent written valuations are required at three points during the 10-year incentive period. The valuations must be undertaken by a valuer who:

- Is registered in the State / Territory in which the property is located;
- Belongs to a professional organisation that adopts the professional practice standards of the Australian Property Institute; and
- Has no commercial relationship with or interest in the owner or manager of the dwelling or the recipient of the Incentive.

Quantum will organise this valuation on your behalf (the fee can be deducted from your state incentive payment), as there are certain requirements for the valuation to be deemed compliant.

The first valuation must be both dated and lodged within 13 weeks of the start date of the dwelling entering the Scheme. In practice however, it must be submitted to the Government by Quantum before your property can be activated or leased under the Scheme.

Valuations required to set rent for years 5 and 8 must similarly be dated and lodged within 13 weeks of the relevant anniversary of the start date. **Valuations in year 5 and 8 may result in a reduction to be applied to rent charged (to ensure rent charged is less than 80% of market value rent at all times).** Therefore, Quantum requires the valuation no less than 28 days prior to date on which it must be applied.

NRAS market index

The NRAS market index is defined in the NRAS Regulations and is related to the Consumer Price Index (CPI). The NRAS market index to be applied in each NRAS year is published here:

<https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme/information-for-nras-participants#index>.

Rent Charged

Rent charged for an NRAS property is what you actually charge the tenant and can at no time exceed 80% of the relevant market value rent. (Note special conditions on some dwellings may mandate further rent reductions).

The conditions of the increase are:

1. Rent charged must be less than the relevant market value rent.
2. It must be based on information about the location, type and amenity of the property.
3. It must be supported by publically available data about comparative rental rates on the locale of the dwelling other than data relating to other dwellings owned by the investor or Quantum.

Further Information

For further information regarding rent increases:

- The current NRAS market index figures can be found at: <https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme/information-for-nras-participants#index>
- NRAS Fact Sheet – Maximum Permissible Rent: <https://www.dss.gov.au/housing-support/programmes-services/housing/national-rental-affordability-scheme/maximum-permissible-rent>
- Essential requirements and checklist for market rent valuations: https://www.dss.gov.au/sites/default/files/documents/10_2015/letter_to_approved_participants_-_requirements_and_checklist_for_market_rent.pdf
- Fact sheets produced by DSS: <https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/nras-resources-documents-and-information#2>
- Contact Quantum Housing Group: enquiries@quantumhousing.com.au or (08) 6169 1603.

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