



National Rental Affordability Scheme (NRAS)

NRAS Household Income (indexation)

Introduction

In order to be eligible for an incentive under NRAS, approved participants must ensure dwellings are rented to eligible tenants.

The gross income limits for households of eligible tenants are specified in the National Rental Affordability Scheme Regulations 2008. Each year, household income limits are indexed according to percentage changes in the All Groups component of the Consumer Price Index so that the income limits effectively maintain the same target group of tenants over the life of the Scheme.

Income levels are assessed against gross income limits according to the household composition. For NRAS purposes, a household is considered to be all persons who are tenants of the dwelling. All persons who ordinarily reside in an NRAS home must have their income included as a member of the household.

A household's gross income for the 12 months prior to commencement of tenancy of an NRAS dwelling must be equal to or less than the relevant income limit for the household's composition. Household income may increase above the income limit in subsequent years. However, a dwelling ceases to be eligible for an incentive if the tenants' household income exceeds the applicable household income limit by 25 per cent or more in two consecutive eligibility years. An eligibility year is the 12 month period beginning on the anniversary of the start of the tenancy.

Initial Household Income Limits for the 2020-21 NRAS year

The initial household income limits for the 2020-21 NRAS year (i.e. the period 1 May 2020 to 30 April 2021) are:

2020-21 NRAS Year	Initial Income Limit
First adult	\$52,324
First adult – sole parent	\$55,034
Each additional adult	\$20,017
Each child*	\$17,357

*Child means a person under 18 years of age who is financially dependent on an eligible tenant. If a person under 18 years of age is financially independent, they are considered an adult for NRAS purposes.

For example, if a household consists of a sole parent with two children, regardless of whether the parent has sole or shared custody, the gross household income for the 12 month period prior to entering the dwelling must be equal to or less than \$89,748 (i.e. \$55,034 + \$17,357 + \$17,357).

For ease of application, the initial and existing household income limits for various household compositions are shown in the table below.

2020-21 NRAS Year		
Household Composition	Initial Income Limit	Existing Tenant Income Limit*
One adult	\$52,324	\$65,405
Two adults	\$72,341	\$90,427
Three adults	\$92,358	\$115,448
Four adults	\$112,375	\$140,469
Sole parent with one child	\$72,391	\$90,489
Sole parent with two children	\$89,748	\$112,185
Sole parent with three children	\$107,105	\$133,882
Couple with one child	\$89,698	\$112,123
Couple with two children	\$107,055	\$133,819
Couple with three children	\$124,412	\$155,515

*This column shows figures which are 25 per cent more than the initial household income limits. If the combined gross household income of existing tenants exceeds the initial income limit by 25 per cent or more (i.e. is at or is more than the existing tenant income limit) in two consecutive eligibility years, the tenants will cease to be eligible tenants.