



April 2020

National Rental Affordability Scheme

Eligible Tenants

The purpose of this information sheet is to outline the income and eligibility requirements for tenants who are renting dwellings approved under the National Rental Affordability Scheme (NRAS, the Scheme). NRAS rental dwellings are covered by allocations that are managed by approved participants.

Assessing eligibility of tenants

Under subsection 41(2) of the National Rental Affordability Scheme Regulations 2020 (the Regulations), a tenant of an NRAS rental dwelling first becomes an 'eligible tenant' on their start date of a tenancy if their combined gross income for the 12 months ending on the day before the start date does not exceed the income limit for their household.'

The start date is the day on which the tenant first becomes a tenant of the NRAS dwelling. Tenant eligibility will be reassessed on the anniversary of the tenant's start date in subsequent years.

The eligibility year commences on the tenant's start date, and each consecutive year starts on the anniversary of the tenant's start date. A tenant's eligibility should be assessed, including combined gross income for the tenant's household, on the day prior to the anniversary of the tenant's start date.

Under subsection 41(3) of the Regulations, eligible tenants cease to be eligible tenants if:

- (a) they cease to be tenants of an approved rental dwelling, that is, they stop renting an NRAS dwelling; or
- (b) their combined gross income exceeds the income limit for their household by 25 per cent or more in two consecutive eligibility years.
- (c) a person (other than an eligible tenant) joins their household and the person's income for the previous 12 months exceeds the income limit for a first adult for the year in which the person joins the household.

Under paragraph 41(3)(c) of the Regulations, a tenant can also cease to be eligible to rent an NRAS dwelling if a person (other than an eligible tenant) joins their household and the person's income for the previous 12 months exceeds the income limit for a first adult for the year in which the person joins the household.

Where tenants cease to lease a dwelling under NRAS and apply for a new lease in a different NRAS dwelling, they would be considered an existing household for eligibility purposes only if the move between dwellings happens because of unexpected or exceptional circumstances. As such, the eligibility for the tenants will be assessed as if the tenants were continuing their NRAS tenancy for household income limits.

How to assess ongoing tenant eligibility

After tenants have commenced a tenancy in an NRAS dwelling, they will cease to be eligible tenants if their annual gross household income exceeds the applicable household income limit by 25 per cent or more in two consecutive years.

There is no asset test or citizenship test used to determine tenant eligibility, except in Queensland. For more information, contact the Queensland Government on 13 QGOV (13 74 68).

Tenants continuing eligibility needs to be assessed each year by the approved participant. The approved participant will request evidence of each tenant's annual income; and may also request other information, including the number and ages of people living in the dwelling. Approved participants require this information to satisfy the Australian Government that they continue to meet all requirements of the Scheme in relation to the rental dwelling.

NRAS household income limits

Potential NRAS tenants are required to meet gross household income limits in order to be considered eligible tenants. The income limits vary according to the composition of the household and are indexed annually. The most current income limits can be found at NRAS household income limits.

The calculation of household income limits takes into account household composition, including the number of dependants. For households with shared care arrangements each child is counted as a member of the household, regardless of the percentage of care, or how many nights per week each child resides in the dwelling. For example, if a household has children living in the dwelling for weekends only, each child would count as a member of the household for the purposes of calculating the household income limit.

Where there is a change in the household composition the approved participant, or their tenancy manager, is responsible for updating the tenant information with the Department of Social Services and reassessing tenant eligibility.

More information on the definition of income under NRAS can be found in the Income Definition Information Sheet.

How to assess tenant eligibility

An example:

- Eligibility year 1: commences 20 December 2019 and ends 19 December 2020
- Eligibility year 2: commences 20 December 2020 and ends 19 December 2021

On 20 December 2019, tenants move into an approved rental dwelling. The combined gross income for their household does not exceed the income limit on the day before the eligibility year commences, that is 19 December 2019.

On 19 December 2020 (a day before the commencement of eligibility year 2), the household exceeds the gross income limit for the household by more than 25 per cent.

On 19 December 2021 (a day before the commencement of eligibility year 3), the household exceeds the gross income limit for the household by more than 25 per cent.

As the combined gross income for their household exceeds the income limit by 25 per cent or more in two consecutive eligibility years, the tenants cease to be eligible tenants and no incentive is payable from 20 December 2021.

Any arrangements for tenant(s) to vacate from a dwelling must be in line with the relevant landlord and tenancy laws applicable in the relevant state or territory.

Further information

Further queries on eligibility of tenants can be sent to nras@dss.gov.au.