**Submission Template**

Improving the National Rental Affordability Scheme – Consultation Paper

Please upload completed submissions by **5pm AEST,** **21 December 2016** to [engage.dss.gov.au](http://www.engage.dss.gov.au)

**Instructions for completing the Submission Template**

* Download and save a copy of the template to your computer.
* You **do not** need to respond to all of the questions.
* Please keep your answers concise and relevant to the topic being addressed.

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**Name of organisation:** Community Housing Ltd

**Stakeholder Category:** Approved Participant

**State/Territory: Vic**

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Possible areas of improvement

Refer to section 4 of the Consultation Paper for further background information in relation to the questions below.

**General reforms to the NRAS process**

**Discussion Question 1)** What provisions in the NRAS Regulations could be changed/simplified in order to provide further clarity, reduce red tape and improve the overall efficiency of the Scheme?

1. Under the Residential Tenancy Act of the States of Australia we can’t enforce the supplying of household income documents yearly. It is accepted though that this is part of the NRAS Regulations. Given this, if Household Income is not provided then this should be considered as the Household being income ineligible immediately. Incentive should only be not payable after 2 consecutive years where the household was either over the income limits or failed to supply sufficient evidence that they were within limits. Regulation 19 (3) (b). Further to this the ability to record ‘income not provided’ in the TDA would be required.
2. As a not-for-profit organization rents for a significant number of our NRAS dwellings are based on Rent Adjusted to Income (RAI) calculation. This means that we may charge less than 80% of the MR where 80% is above 25% of the gross household income. As a result of this, changes to rent can happen multiple times within a NRAS year associated to change of household members or change to Household Income. Currently the only way to record rent changes is through the TDA leading to multiple TDA’s being lodged for 1 dwelling during 1 NRAS year. This in turn creates confusion as to what gross annual household income to submit when a TDA is submitted due to rent change prior to the actual tenancy anniversary. It would be far simpler to take the rent charged amount and date range of this out of the TDA and into its own section of the Portal. The outcome would be a much simpler and clearer record of rent charged and less administrative work as the TDA’s would only need to be lodged upon commencement of the new tenancy and 12mth anniversary, as we believe was the original intention of the TDA.

**Strengthening documentary requirements**

**Discussion Question 2)** What documentation should approved participants be required to provide to the Department to support the information obtained in relation to:

• an allocation (such as market rent valuations); and

• lodgement of the annual Statement of Compliance (such as rents charged, household income and occupancy records)?

**Introducing discretion to correct errors**

**Discussion Question 3)** Are there circumstances under which the Department should consider allocating a dwelling even when the applicant has not met all of the conditions of reservation?

Predominantly, delivery delays on the part of developers (which may include council issues) may cause target dates to be not met. Some flexibility would need to be applied in such cases. Further, there are sometimes minor changes to address or bedroom size which we believe should not cause a withholding of allocation.

**Discussion Question 4)** Under which circumstances should the Department consider issuing an incentive even when the approved participant has not met all of the conditions of allocation but issuing an incentive is still in the best interests of the Scheme?

  Errors in overcharging – ability to rectify by backdating rent given the objective is to “b) reduce rental costs for low and moderate income households.” *(Improving the National Rental Affordability Scheme Nov 2016 Consultation Paper pg ii)*. Should an error be made in the amount charged, generally a human error rather than an intent to overcharge, backdating is not accepted as a means of rectifying this error. The outcome of this is in direct contrast of the objective of NRAS as stated above as it disincentifies refunding of overcharge periods to tenants.

Further to this the regulations state (Regulation (5A) for subregulation (5)) that the MRV must be supplied within a period of 13 weeks either side of the actual due date. Outcome is that if the valuation is a reduced amount and received within the regulations timelines but after the dwelling anniversary in not allowing backdating could lead to a period of non-compliance for charging over 80% of MRV.

**Improved transparency for investors**

**Discussion Question 5)** While there is no legal relationship between the Department and NRAS investors, how might the Department keep investors informed of the status of their dwelling and related incentive?

 An on-line inquiry facility where investors could place a request and gain a response via email.

**Major non-compliance**

**Discussion Question 6)** Under what circumstances should the Secretary consider revoking an NRAS allocation?

**Discussion Question 7)** Under what circumstances should the Secretary consider offering withdrawn/revoked allocations to other existing approved participants?

Where an investor sells the allocated property to a person not wishing to participate in the scheme, that allocation should be made available to another participant.

**Role of substituted dwellings**

**Discussion Question 8)** What are the issues the Department should consider when determining if one dwelling can be substituted for another?

 Situations similar to the above response in Q7.

**Other comments**

**General comments or feedback on other issues**

1. **Submission of TDA’s – Allowing for amendment of ‘TDA End Date’.**

With regards to the use of the NRAS Portal, we believe that the current design of the rules within the Portal are preventing Approved Participants from meeting the compliance obligations in the most efficient means possible. Specifically, with relation to the inability to amend the ‘TDA End Date’ of a currently submitted TDA.

The NRAS Portal, currently, requires Approved Participants to lodge TDA’s with a ‘TDA End Date’. This is problematic as TDA’s are not all lodged retrospectively, they are uploaded throughout the NRAS Year – meaning that if any changes occur to the tenancy or tenants of a dwelling, the previously submitted TDA needs to be fully withdrawn and re-submitted in order to submit the new TDA.

Example:

TDA submitted in October from 09/09/2016 (start of lease) to 30/04/2017 (end of NRAS Year).

In November the Approved Participant changes the rent charged to that tenant, due to a change in income, which requires a new TDA. Rather than being able to submit a *New lease with same tenants*, advising of the actual end date of the previous lease, and lodging the new TDA from then onwards – the Participant is required to withdraw the entire TDA, re-enter all details, re-submit the same TDA with the new TDA End Date and then submit the new TDA.
This limitation is not suited to the Social Housing market.

Solution:

Improved logic on the NRAS Portal. If a *New Lease with Same Tenants* is submitted, and a lease end date earlier than the current TDA End Date is provided, that should override the current TDA End Date to be the same– as Approved Participants are not currently able to submit a TDA with a TDA End Date later than the Lease End Date anyway.

This would allow the Approved Participant to then submit the new TDA details, from the correct effective date, without being required to withdraw all information previously submitted.

In addition to this, if a *New Lease with Same Tenants* is submitted with a lease End Date greater than that of the previous TDA, the TDA End Date of the previous TDA should automatically be updated to reflect the same – rather than the Approved Participant being required to lodge a *Same Lease with Same Tenants* in order to extend the previously submitted to the start of the new lease.

1. **Submission of TDA’s – Clarity on use of NRAS Portal.**

Using the Portal:

Currently, there are some instructions available on the NRAS Portal in relation to how to action simple processes – these are appreciated, however they do not meet all requirements. Currently, there are no guidelines in relation to how to submit TDA’s from year-to-year. An example of this is that there is no confirmation if a *Same Lease with Same Tenants* is required to be submitted up to the Tenant’s Anniversary or next rent review, prior to being able to submit the *New Lease with Same Tenants* TDA.

Further instructions should also be required in how to:

* Advise the department that a tenant has not provided their income documentations for the TDA being submitted.
* Leave notes for the Compliance Officers who will be reviewing the TDAs.

Income Assessments:

Further information needs to be provided on the expected methodology to be used by Approved Participants on how to calculate the ‘annual gross income’ of each household both at entry and anniversary. Based on discussions with our Liaison Officer and the NRAS Compliance Manager, the expectation to assess tenants on their previous 12 months income has come into question – as the only explanation provided in the NRAS Guidelines and Explanatory Guide are to follow this methodology (assess based on prior 12 months), rather than estimating the tenants annual income based on their current earnings.

1. **Useability of the NRAS Portal – Generating Reports**

Currently the only reports available to Approved Participants are very basic and can serve only a limited use.
The following reports are requested:

* Summary of TDA’s submitted information to be expanded. (Currently achieved via ‘Submit a TDA’ and exporting results of ‘Find Submitted TDA’). This would be utilized by Approved Participants to review already submitted TDA’s for those which have Failed or are Pending Review and to better determine the reason for this. Inclusion of submitted Annual Income, Household Composition, Income Limit Applicable.
This would enable Approved Participants to result discrepancies with their TDA’s prior to the end of the NRAS Year, as there would be less of a need to waiting for the NRAS Queries after review by Compliance Officers.
* Summary of periods of NRAS Year covered, per Dwelling, available throughout the NRAS Year – rather than at the end of the NRAS Year. This would allow for Approved Participants to seek action to make Dwellings compliant prior to the end of the NRAS Year.
1. **Confirmation of details requested on the Tenant Demographic Assessment form.**

Section 11 – “What are the tenants main occupation?”

With relation to Section 11, is there a requirement by Approved Participants to track the occupational status of tenants who are not in the workforce? That is, should non-work eligible tenants (children, etc) be tracked on this section of the form as ‘Unemployed’ or ‘Other’. The current belief is that this section is only applicable to tenants who earn a form of income – confirmation or clarification is required.

Section 13 – “How many independent minors are in the household?”

Please confirm the Departments definition of an independent minor, currently the definition supplied by Centrelink for eligibility is being utilized.

Section 17 – “Prior to this lease, what were the living arrangements of all household tenants?”

Please confirm if this section is referencing the current lease the tenants are on, or if this is referring to their living situation prior to moving into their current dwelling. The current wording of this section of the TDA has encouraged most tenants in their second year or greater to identify their previous living arrangements as ‘Rental – State & Territory Housing Authority’ as they were in the dwelling on their prior lease.

Note: the current options available on Version 7 of the TDA have limited most tenants to identifying as ‘Other’ – this should be expanded back to the previous versions.