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19 December 2016

**RE: CONSULTATION PAPER – IMPROVING THE NATIONAL RENTAL AFFORDABILITY SCHEME  
(NRAS)**

Southern Cross Housing welcomes the opportunity to provide feedback on improving the National Rental Affordability Scheme (NRAS).

Our comments against each of the consultation questions is attached.

Please do not hesitate to contact Anne Stonham on (02) 4421 5145 if you require any further clarification.

Adam Collison

GENERAL MANAGER, OPERATIONS

## Submission on Improving the National Rental Affordability Scheme (NRAS)

At 30 June 2016, Southern Cross Housing owned 56 properties funded under NRAS and managed a further 38 owned by BlueCHP Ltd. These are located in both the Shoalhaven and Eurobodalla Local Government Areas.

Our region incorporates both outer urban and rural areas, which have different population demographics and issues than metropolitan areas. In particular, many of the towns in our region have a higher proportion of people over the age of 65 and higher than average unemployment. Consistent with our experiences in this region, we offer the following comments and suggestions on improving the NRAS:

**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?

Southern Cross Housing notes that NRAS has unique definitions of terms such as “vacant” and “unavailable” and supports the publication of definitions to clarify the treatment of properties. Further, we note that the FOFMS system is difficult to navigate for new users and recommend the development of a clear and easy to understand online guide for new users, covering reporting and lodging annual returns.

Our region has experienced moderate growth in residential property values and market rents since the implementation of NRAS, so the current timing of MRV reviews and the system of indexation has worked well. However, registration of NSW valuers ceased from 1 March 2016, so we support a consequently change to the NRAS regulations to reflect this. We recommend that in lieu of the current arrangements, valuations be undertaken by Certified Practicing Valuers who are members of the Australian Property Institute.

**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)?

Southern Cross Housing notes that the Tenant Demographic Assessment, which is currently lodged with the annual return, includes information on the items identified. We believe the current reporting system works well and additional documentation would add unnecessary red tape to the scheme. In particular, we do not support use of Approved Participant tenancy ledgers as supporting documentation.



We also support use of alternative documentation for tenant income, such as Statutory Declarations in extenuating circumstances where tenants are having difficulty obtaining statements from previous employers.

We note the general move by DSS towards simplified financial acquittal reporting and outcome reporting to cut down on administrative costs for providers. Southern Cross Housing believe the current documentation is appropriate for the value of the grant provided. Where information is inconsistent, these should be managed on an exception basis.

**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?

The high levels of employment in our region can mean longer periods of vacancy for NRAS properties. Southern Cross Housing recommends that DSS consider applying discretion to allocations in rural and remote areas where higher than average unemployment and lower wages impact on the availability of NRAS eligible tenants.

**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?

Southern Cross Housing consider that it is in the best interests of the scheme to issue incentives where a provider can produce evidence that they have made a reasonable effort to meet all conditions. This would avoid investors becoming disenchanted with the scheme and encourage their continued involvement in future housing affordability measures.

**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?

A low cost option to keep NRAS investors informed of the status of dwellings would be through regular updates on the NRAS website, under a specific page targeted at NRAS investors.

Publication of service standards for DSS processing of annual returns and other administrative tasks would also assist to manage the relationship between DSS, providers and investors, by helping to manage investor expectations.



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

Southern Cross Housing supports revoking NRAS allocations where an organisation has failed to manage a property effectively, in all areas determined by the Department, or become insolvent. This includes not actively seeking new tenants for a vacant property.

Where an allocation is at risk of being revoked, Southern Cross Housing would support a fair and transparent process advising providers that their allocation is at risk of being revoked, and providing a reasonable timeframe to remedy any concerns prior to corrective action being enforced.

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

Southern Cross Housing supports the reallocation of revoked NRAS allocations to other approved providers. We recommend a process that includes consideration of the number of eligible providers within a region, without requiring a competitive process which would have resource implications for providers and create uncertainty for tenants.

This could include directly approaching a sole remaining provider within a region, or distributing reallocations between all available providers on a pro-rata basis.

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

Southern Cross Housing supports the substitution of similar properties based on geographical location and size, but without imposing unnecessary restrictions on features such as age and amenity. A restrictive list of features can be difficult to source in non-metropolitan regions where the pool of available properties is limited.

We also recommend introducing a service standard on the time taken for substitutions to be processed and approved.