



Introducing NRAS

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It provides a National Rental Incentive to the business sector and community organisations to build and rent dwellings to low and moderate income households at 20 per cent or more below current market rates. Currently this incentive comes to around \$175 per week, or \$9,140 per year, totalling over \$100,000 within a 10 year period.

The annual Incentive is income tax-free, indexed annually and complemented by existing taxation arrangements including depreciation.

Income levels for eligible NRAS tenants are generous and accommodate a range of low to moderate income earners. The income limit for a single adult is \$42,718 per annum, increasing to \$101,561 per annum for a couple with three children. NRAS also allows for tenant salary increases of 25 per cent above the income limits.

The Incentive currently comprises:

- an Australian Government contribution of \$6,855 per dwelling per year for 10 years as a refundable tax offset or payment [not-for-profit organisations endorsed as charities by the Australian Taxation Office can choose to receive the contribution as a refundable tax offset or a direct payment]; and
- a State or Territory Government contribution of \$2,285 per dwelling per year for 10 years as a direct payment or in-kind financial support, such as reduced stamp duty, land taxes or infrastructure charges.

How can I benefit?

The benefits of the NRAS incentive to investors is a significant one. The return on investment in NRAS property outperforms any other market residential property so proves to be beneficial to both tenants and property owners.

The official Government NRAS website says this about the potential that the NRAS incentive can offer :

NRAS investors can expect to benefit from the annual NRAS Incentive, rental yields and capital gain. NRAS is intended to be a commercial, profitable investment for participants, while also assisting Australia to increase the supply of affordable housing.

With returns on direct residential property proving higher than returns on office or industrial property over the last 10 years, residential property has proven a profitable investment.

While house prices have fallen substantially globally, the Australian housing sector has shown resilience, primarily due to strong fundamentals – low vacancy rates, high population growth, insufficient housing stock, high employment and sound lending practices.

More Benefits

Demand for residential property is high with the National Housing Supply Council's State of Supply Report 2010 estimating a current housing supply deficit of 178,400 homes across Australia.

Partly due to the shortfall in supply, the residential rental market represents a good long-term investment. Independent financial modelling of the NRAS Incentive shows that it can provide market rates of return at levels that are strongly competitive with other asset classes.

The Australian Government commissioned a free financial modelling tool, available to interested investors. You can view the Financial Modelling Tool by visiting the FaHCSIA website.

Compared with a conventional residential investment property, in certain markets the NRAS Incentive can provide better cash return to investors than the receipt of full market rent.

In addition, investors are able to apply property expenses and non-cash deductions and allowances against a lower assessable rental income, increasing the negative gearing benefit.

NRAS can counterbalance the risk and volatility of equity markets and assist in providing a balanced portfolio. It offers great flexibility, with investors encouraged to develop portfolios with diverse dwelling types across different locations.

With more than 1.5 million households eligible to rent NRAS properties, the vacancy risk is negligible.

With an NRAS property you continue to be eligible for all other tax deductions normally associated with property investment.

With an NRAS property your Property Managers and NRAS Compliancy Management* are accredited and highly regulated.

With an NRAS property you will have a secure income stream that significantly increases your return on investment.

With an NRAS property your eligible tenants will be qualified and referenced.



Contact us now at www.nraseducation.com. Our workshops are open and accessible to any qualified investor, and are conducted every two weeks - simply visit our website to sign up



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