

Finance



NRAS set to return to the market.

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FROM: NEWS CORP AUSTRALIA NETWORK

MAY 19, 2015 12:00AM



BHC CEO David Cant, Blue Care executive director Robyn Batten a Source: Supplied



Quadrant project by BHC Source: Supplied



A Brisbane Housing Company project Source: Supplied



Century Apartments, Woolloongabba. Another BHC project. Source: Supplied

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A MAJOR affordable housing initiative cancelled last year amid accusations of exploitation has been recommended for a return to the market.

The Senate Economics References Committee report examined the National Rental Affordability Scheme (NRAS) as part of its investigation into affordable housing.

The scheme allowed investors to secure positively geared properties with CPI indexed tax-free rebates in return for renting the properties to eligible tenants for 20 per cent less than market rates.

But the \$6 billion partnership between the federal and state governments was cancelled before round five after concerns in other states about leasing to international students.

However, the Senate report held up Queensland's NRAS model as being successful, well-targeted, more tightly controlled and a prototype that could be used to finetune the system.

At the end of August 2013, Queensland had 10,503 approved NRAS incentives and delivered 8483 dwellings.

Of the 10,180 households who had benefited from NRAS tenancy, more than three quarters were on incomes of less than \$50,000 and almost 30 per cent had been registered for social housing.

The report recommendation for the Federal Government to continue with NRAS round five was supported by Queensland not-for-profit groups that had been active in the sector.

Horizon Housing delivered about 1500 NRAS units while BHC created numerous projects across Brisbane.

BHC CEO David Cant said the loss of round five had been devastating.

“Social housing has really been a poorly understood and tiny part of the housing system, less than five per cent of housing stock,” he said.

“Because NRAS involved investors, it encouraged the not-for-profit industry to form connections.

“We had a waiting list – we had one investor who bought seven units from us. It did attract people and it was fantastic in helping projects stack up.”

Mr Cant said that without NRAS there was now a “funding drought”.

“The State Government is haemorrhaging cash because their (public housing) rents are low, buildings are old and costs are high,” he said.

“NRAS was one of the few remaining ways that not-for-profits who wanted to build new projects could do anything.

“Our company is still robust and will continue to provide social housing, but the scale of additional housing we can build is reduced by NRAS going.”

Horizon Housing chief operating officer Samantha Evans said NRAS had empowered the group to deliver more affordable housing.

Most of Horizon’s NRAS projects had been developed on behalf of investors.

“It’s been a key vehicle for the not-for-profit sector in terms of being able to deliver affordable housing without that burden on government and the taxpayer,” Ms Evans said.

She described cancellation of the scheme in round five as a “disappointment”.

“In the early stages of NRAS the financiers were the ones who really had an aversion to the scheme,” she said. “We hit round five and finally had everything sorted – and it was pulled.

“It was a loss because it felt for the first time all the different sectors that contributed to the NRAS story were aligned.”

Both Ms Evans and Mr Cant agreed the scheme should return.

Ms Evans said a number of projects statewide that had been planned for round five could be resurrected, providing immediate momentum for the scheme should it be reinstated.

“As a supply strategy it worked well, because you were not relying on one niche part of the sector to develop it,” she said.

“Your traditional developers were playing in the same space as not-for-profit providers. It was a leveller in those respects, and providing variety to investors.”

Mr Cant said the NRAS report recommendations made “enormous sense”.

“We have seen a number of NRAS tenants go on to buy their own homes,” he said.

“Some of the pure theory of NRAS has been vindicated by experience.”
