



Australian Government
Department of Social Services

Dear approved participants,

Information relating to the National Rental Affordability Scheme (NRAS) market index for the 2023-24 NRAS year.

I am writing to provide you with important information relating to the NRAS market index for 2023-24.

NRAS has two rent components; market value rent and rent charged. Market value rent represents the full market value that is expected to be paid to reside in a dwelling, in respect to a time period. Rent charged is the amount of rent that an NRAS eligible tenant must pay to reside in a dwelling under the Scheme, which must not at any time during an NRAS year exceed 80 per cent of the market value rent.

In circumstances where an approved participant is required to obtain a market rent valuation, the NRAS market index will have no implications for those dwellings. A market rent valuation is only undertaken in circumstances contemplated by subsection 36(1) of the National Rental Affordability Scheme Regulations 2020. This is when the dwelling is:

- first available for rent, or;
- the fifth year of the incentive period, or;
- the eighth year of the incentive period.

If the above circumstances do not exist, approved participants are required to review market value rent against the NRAS market index of the immediately preceding NRAS year. Once market value rent has been determined, the maximum permissible rent charged can be calculated by reducing the market value rent by 20 per cent.

The 2023-24 NRAS market index for each capital city is detailed below.

City	Jurisdiction	NRAS market index (%)
Sydney	New South Wales	3.3
Melbourne	Victoria	2.2
Brisbane	Queensland	6.0
Adelaide	South Australia	4.9
Perth	Western Australia	8.0
Hobart	Tasmania	4.7
Darwin	Northern Territory	7.8
Canberra	Australian Capital Territory	6.0

Any increase in rent charged must be consistent with any state or territory landlord and tenancy laws.

Further to the above, any proposed rent charge must not result in the rent exceeding 80 per cent of the market value rent as established by the most recent market rent valuation, or market value rent as the result of the NRAS market indexation.

Scenario 1:

For example, a dwelling in Perth had its eighth year market rent valuation on 1 July 2022 with a market rent valuation of \$500 per week.

In a situation where rent charged is at 80 per cent of the market rent valuation, rent charged would be \$400 per week for the eighth year of the incentive period. On 1 July 2023, the ninth year of the incentive period, market rent valuation can be increased by 8.0 per cent, assuming compliance with the state and tenancy laws, bringing the market value rent to \$540 per week.

To remain compliant, rent charged must be at or below \$432. **This figure cannot be rounded up, as the rent charged for the dwelling must, at all times during the year, be at least 20 per cent less than the market value rent for the dwelling.** This is a condition of allocation and is a matter that must be addressed in the Statement of Compliance.

Approved participants must continue to adhere to their relevant state and territory laws regarding rent increases.

If you require further guidance on the contents of this letter, please contact the Department of Social Services at nras@dss.gov.au.

Yours sincerely



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