



# Transferring allocations (substitutions)

The National Rental Affordability Scheme (NRAS or the Scheme) seeks to increase the supply of affordable rental dwellings and reduce rental costs for low and moderate income households.

## Transfer of allocation

Regulation 20 and 21 of the National Rental Affordability Scheme Regulations 2008 (the Regulations) provide for the Secretary (or the Secretary's delegate) to transfer an allocation from one approved rental dwelling to another or from one approved participant to another. The transfer of an allocation is often referred to as a "substitution". The Regulations explicitly exclude the transfer of provisional allocations.

When considering a substitution, it is important to bear in mind that a substitution is not about two dwellings. It is about one allocation and therefore the one incentive period of ten years.

## How are decisions made about transferring allocations?

The decision to transfer an allocation is at the discretion of the delegate. The delegate cannot consider transferring an allocation to a dwelling that does not meet the conditions of allocation set out under Regulation 16. The Delegate will still take into consideration the State or Territory position when deciding whether or not to transfer an allocation to another rental dwelling.

While the Regulations do not prohibit it, transferring an allocation to rental dwelling in another state or territory will require significant negotiations between state treasuries and housing departments such that it would be virtually impossible to negotiate.

Regulations 20 and 21 of the Regulations require that a request to transfer an allocation must be "in a form approved by the Secretary" – the Department has provided application forms for this purpose on the website – only applications submitted on the approved form (one form per allocation) will be considered by the delegate. It is important to complete the application form correctly in its entirety and to attach all relevant documentation.

Each application form has a checklist of required documentation on the last page – please ensure that you check this list carefully and ensure that you have attached all supporting documentation listed. Failure to complete the form correctly and attach all required supporting documentation will result in delays to the delegate considering your application.

The forms can be found at the links below:

- [Transfer an Allocation to Another Rental Dwelling – Application Form](#)<sup>1</sup>
- [Transfer an Allocation to Another Approved Participant – Application Form](#)<sup>2</sup>

## Transferring an allocation to another rental dwelling

When transferring an allocation to another rental dwelling, the proposed dwelling must not have been lived in as a residence prior to the first day of the incentive period. It is possible to transfer an allocation to a brand new rental

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<sup>1</sup> <https://www.dss.gov.au/housing-support/programmes-services/national-rental-affordability-scheme/nras-resources-documents-and-information/transfer-an-allocation-to-another-rental-dwelling-application-form>

<sup>2</sup> <https://www.dss.gov.au/housing-support/programmes-services/national-rental-affordability-scheme/nras-resources-documents-and-information/transfer-an-allocation-to-another-approved-participant-application-form>

dwelling, but not to a dwelling which was lived in prior to the first day of the incentive period. The delegate may require approved participants to provide evidence that a rental dwelling has not been lived in prior to the date the dwelling it is proposed to replace was lived in, before considering the application to transfer the allocation.

If there is a gap between the date the initial dwelling is withdrawn and the date the replacement dwelling is substituted into the Scheme, approved participants need to be aware that they will not be eligible to receive an incentive for the gap period.

It is important to note that there is no change to the Actual First Available for Rent (AFAR) date, or the first day of the incentive period when an allocation is transferred.

## How do substitutions and market rent valuations interact?

When a dwelling is substituted into the Scheme, a new market rent valuation needs to be submitted. Regardless of the incentive year in which the substitution occurs, this new market rent valuation is used as a baseline to calculate the applicable NRAS rent over forthcoming months and/or years. This new market rent valuation is effective, with the market rate index applied annually thereafter, until the next scheduled market rent valuation is due.

The next scheduled market rent valuation will be for either the fifth or eighth years of the NRAS incentive period. This means 13 weeks (91 days) either side of the last date of the fourth or seventh years of the NRAS incentive period. The incentive period is that of the original dwelling, i.e. the AFAR date and subsequent fifth and eighth year market rent valuations are due as per the incentive period of the original NRAS dwelling.

## Examples

The examples below provide further clarity to assist your understanding of the transfer of allocations.

### Example 1:

Dwelling A is allocated on 15 March 2012. This means that the ten year incentive period commences on this date and continues until 14 March 2022.

The original dwelling is sold out of the scheme on 7 August 2015 and the replacement dwelling (dwelling B) enters the scheme on 8 August 2015. On the 8 August 2015, the approved participant must supply a market rent valuation to ensure compliance with the Regulations. However, for the end of the fourth and seventh NRAS years, the market rent valuation must be obtained and relate to the last day of the fourth or seventh year (as the case may be) of the incentive period. This means that the market rent valuation for the end of the fourth year must relate to 14 March 2016 (the end of the fourth year of the incentive period). Any CPI increases or decreases must also be applied from the anniversary of the first day of the incentive period – 15 March 2012.

### Example 2:

Dwelling A is allocated on 15 March 2012. This means that the ten year incentive period commences on this date and continues until 14 March 2022.

The dwelling is sold out of the scheme on 7 August 2015 and the replacement dwelling (dwelling B) enters the scheme on 1 November 2015. The market rent valuation for the end of the fourth year must relate to 14 March 2016 exactly as above.

However, you should note that the dwelling is not eligible to receive an incentive for the period where there is no dwelling in the scheme. In this example, the approved participant cannot receive an incentive for the period from the 8 August 2015 to 31 October 2015.

## Further information

Further queries on substitutions can be sent to [nras@dss.gov.au](mailto:nras@dss.gov.au)