

Rental affordability scheme gets revamped after investor complaints

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November 8, 2018 10:00am

EXCLUSIVE: THE Federal Government has revamped the \$3 billion National Rental Affordability Scheme so housing investors can abandon a middleman accused of withholding payments.

From today, NRAS clients of Ashley Fenn's Ethan Affordable Housing will be able to ask the Department of Social Services to move them to another provider on the new grounds of "unfair conduct".

The DSS has received 400 transfer requests; more than 300 are from Ethan clients.

But the company says the problems with the scheme lie with the department.

At a Senate Estimates hearing in June, DSS head Kathryn Campbell said the majority of complaints about Ethan "went to not passing on the NRAS incentive to investors", a claim the company strongly denies.



DSS chief Kathryn Campbell. Picture Gary Ramage

Social Services Minister Paul Fletcher told News Corp Australia there was a small number of providers who “act against the spirit of the scheme” by delaying or not making payments, or forcing investors to use particular property managers.

“These changes will stop this behaviour in its tracks,” Mr Fletcher said.

Once moved, Ethan clients who want to transfer will get a combined \$2.6 million of subsidies the DSS had not paid out of concern the company might keep some of the money.



Social Services Minister Paul Fletcher. Picture: Toby Zerna

The way NRAS was set up means all subsidies — worth up to \$11,000 a year — are paid via a provider.

Also, the DSS is still assessing a further \$15.6 million of Ethan client claims for 2017-18.

Out of 130 providers, Ethan is the only one whose claims for last financial year haven't been paid.

Mr Fenn ran unsuccessfully for the Senate on Family First's Victoria ticket at the 2013 federal election and he was a major donor to the party.

At an Estimates hearing last month, Labor Senator Doug Cameron called him a “crook”.

“Investors are being ripped off,” Mr Cameron said.



Labor Senator Doug Cameron. Picture: Lachie Millard
Mr Fenn yesterday said Mr Cameron’s statements “have no basis”.

“The last ALP Government blundered the set up and administration of this important program and continues to try and divert attention away from the program’s problems,” Mr Fenn said.

The minister hadn’t been in contact to “verify the veracity” of his public comments either, he said.

Ethan had been trying to exit NRAS and had applied to the DSS to have its clients transferred, he said.

Months had passed but the department hadn’t made a decision, he added.

“Ethan continues to ensure that all NRAS incentives that have been received from DSS are passed on in accordance with the contractual arrangements,” Mr Fenn said.



Property Developer Ashley Fenn from Ethan Affordable Housing. NRAS was set up by the Rudd Government in 2008 to increase the supply of new and affordable rental homes through incentives to investors for letting properties at 20 per cent below market rates.

There are 35,000 homes in the scheme, which runs until 2026.

A Sydney-based Ethan client, who asked not to be named, told News Corp Australia she is owed about \$100,000.

She said her grievances were mainly with the DSS.

“I’ve had to go back to work at 67 to keep up maintenance on the mortgages,” she said.

A Melbourne-based Ethan client who claims she is owed tens of thousands of dollars said: “It’s been a total debacle.”