

## NRAS & DHA (DEFENSE HOUSING AU) INVESTMENT PROPERTY

Some significant differences between buying a new NRAS property versus a DHA property, may suit some investors better than others.

### Similarities. NRAS & DHA

Both typically have long leases. DHA typically 6 years, NRAS 10 Years. Both deliver discounted, affordable housing to parts of the community. Both investment options have pre-arranged management services for the property on behalf of the owner, for a service fee. (see below)

### Differences. NRAS & DHA

The major differences lie in the tenancy management fees and provisions, and in the “tax -free incentive” which is granted to the owners of NRAS properties, the latter providing in most cases, a post-tax positively geared property purchase.

#### **Property type**

NRAS provides the investor with options across free standing houses, townhouses, apartments and units, determined by area demand and demographic growth requirements.

DHA properties are typically limited to free standing houses (with occasional townhouses and apartments).

#### **Tenancy**

NRAS tenants must simply meet a salary limit to be eligible. NRAS landlord have freedom to be incredibly discerning in selecting tenants.

DHA limit choice of tenants to be members of the Defence Force.

#### **Management Fees**

NRAS typically 10 % -11 % (inc. GST) of the Discounted Weekly Rent to cover compliance fees and tenancy management (Model dependent)

DHA fees are typically 16.5 % (incl. GST) of the gross rent for houses, and between 12 % and 14 % for apartments, units or townhouses

#### **Tax-Free incentives**

NRAS properties are generally rented to tenants at a discount of 20 % of the “market rent” and so highly sought after. Creating strong tax negative-gearing opportunities. Post-tax Governments make an annual tax-free payment (2013-2014 **\$10,350 tax-free.**) more than off-setting any rent discount.

**Typically NRAS is net of tax, cash positive investment from year 1.**

DHA properties provide a “Guaranteed Rent” to be agreed. No other grant, or tax-free consideration is made.

## SUMMARY

Benefits To Investor

NRAS Delivers Significant Tax-Free Incentives

NRAS Provides Flexibility of Tenants Appeal & Tenant Selection

NRAS Provides Flexibility For Owner Resale

NRAS Is Upward Pressure Market Forces Driven

DHA Is Driven By Defense Force Requirement.

DHA Provides Assured Rents