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Great opportunity - and uncertainty - over emerging SDA housing sector

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Growth of the fledgling specialist disability accommodation sector - which still has a shortfall of more than 9100 places nationally - is being held back by a lack of market information and uncertainty for investors.

Two separate reports, one by the [Summer Foundation](#) and Social Ventures Australia, and another by Australian Housing and Urban Research Institute (AHURI), into [the sector forecast to become a \\$5 billion housing asset class](#) show that while the unmet need is large, it still suffers from a lack of local market information that impedes investment and certainty about revenue flows.

NSW has the biggest need, with a gap for 2658 places, followed by Victoria (2559) and Queensland (2217), the Summer Foundation-SVA report shows. The first such

analysis of its kind, based on the data of 55 providers, also identifies a pipeline of 1,518 newly built or committed SDA places nationally.

"There's uncertainty for investors and investors deal with uncertainty by raising cost"

— Prof Andrew Beer

However, the AHURI report says investors see specialist disability accommodation program as risky due to lack of key information about demand and sector needs.

Reforms [announced last month](#) that gave some certainty to investors and reduced red tape were a start but not enough, said lead researcher Andrew Beer from the University of SA Business School.

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"The main gap remains one of information flow and information certainty," Prof Beer told *The Australian Financial Review*.

"There's uncertainty for investors and investors deal with uncertainty by raising cost."

Specialist disability accommodation

State	New SDA Supply	Existing SDA residents (pre-NDIS)	Distribution of SDA places	SDA shortfall (places)*
ACT	32	212	471	227
NSW	635	5738	9029	2658
NT	0	165	286	121
Qld	99	3340	5656	2217
SA	336	1720	1998	-59
Tas	14	511	603	80
Vic	386	4262	7210	2559
WA	16	1580	2871	1341
National	1518	28,124	28,124	9144

*Takes into account reported new supply.

SOURCE: SUMMER FOUNDATION/SVA

Summer Foundation senior policy advisor Robin Zakharov agreed that while there was more information and policy clarity than a year ago, gaps still hindered decisions for investors about what clients were in need of what services in any given area.

"You've got second guess who are they, where are they?" Ms Zakharov said. "What do they need?"

The Summer Foundation-SVA report reveals for the first time how things are playing out so far in the NDIS-funded sector expected to accommodate 28,000 people and pay out about \$700 million in specialist disability accommodation payments.

"The market really doesn't understand how the NDIS works until it's in their backyards"

— Policy Adviser Robin Zakharov

NSW has the greatest need, but it and SA - which currently has a surplus of accommodation for its needs - have a large number of places under development due to direct state government efforts. Victoria, the second-largest state by development, has only privately developed stock.

Queensland lags because of its later entry into the NDIS, Ms Zakharov said.

"People only came into the scheme in recent months," she said. "The market really doesn't understand how the NDIS works until it's in their backyards."

But the report also shows that the private market is more willing to supply some types of accommodation than others.

The vast majority of the 1500-strong pipeline, some 960 places, is in the 'high physical care' category - high-quality accommodation drawing the highest subsidy, for people with severe physical disabilities who, with the provision of those facilities can live relatively independent lives.

The number of places in the 'robust' category - needed by clients exhibiting so-called behaviours of concern, however, is just 62. These dwellings require stronger and more expensive construction as well as specialist managers to help clients - and yet they draw a lower subsidy.

"This is traditionally where state governments would have provided properties," Ms Zakharov said.

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