



EXECUTIVE SUMMARY

Understanding Specialist Disability Accommodation funding

FOR THE

**Australian Housing
and Urban Research Institute**

PUBLICATION DATE

March 2019

DOI

10.18408/ahuri-3219701

AUTHORED BY

Andrew Beer
University of South Australia

Kathleen Flanagan
University of Tasmania

Julia Verdouw
University of Tasmania

Braam Lowies
University of South Australia

Elizabeth Hemphill
University of South Australia

Gina Zappia
University of Tasmania

Title	Understanding Specialist Disability Accommodation funding— Executive Summary				
Authors	Andrew Beer	University of South Australia			
	Kathleen Flanagan	University of Tasmania			
	Julia Verdouw	University of Tasmania			
	Braam Lowies	University of South Australia			
	Elizabeth Hemphill	University of South Australia			
	Gina Zappia	University of Tasmania			
ISBN	978-1-925334-74-6				
Key words	Disability housing, private sector investment, property markets, finance				
Series	AHURI Final Report	Number	310	ISSN	1834-7223
Publisher	Australian Housing and Urban Research Institute Limited Melbourne, Australia				
DOI	10.18408/ahuri-3219701				
Format	PDF, online only				
URL	http://www.ahuri.edu.au/research/final-reports/310 (full report)				

Recommended citation

Beer, A., Flanagan, K., Verdouw, J., Lowies, B., Hemphill, L. and Zappia, G. (2019)
Understanding Specialist Disability Accommodation funding, AHURI Final Report 310,
 Australian Housing and Urban Research Institute Limited, Melbourne,
<http://www.ahuri.edu.au/research/final-reports/310>, doi: 10.18408/ahuri-3219701.

Executive summary

Key points

- Industry sources and experts in the provision of accommodation for people with disability welcomed the Specialist Disability Accommodation (SDA) scheme as an important initiative.
 - SDA has attracted substantial interest amongst the property sector, large financial institutions, specialist financial institutions, community housing providers, and disability service providers.
 - Industry informants noted barriers to the take up of SDA opportunities, including uncertainty around the eligibility of individuals to secure SDA support and poor knowledge of the detailed geographical distribution of those eligible for SDA funding.
 - Informants also noted a perceived fluidity in the administrative policy settings applied by the National Disability Insurance Agency (NDIA) and the limited scale of the program.
 - Enterprises interested in SDA had invested time and other resources in acquiring knowledge to inform their investment decisions.
 - Overall, more than 100 for-profit sector and not-for-profit enterprises are engaged with SDA and there is potentially sufficient private capital to enable large-scale investment. Greater clarity around the location and volume of demand and the processes for assessing individuals for SDA support is needed for this potential to be realised.
-

Key findings

This research was initiated in response to an expressed need amongst policy makers for a better understanding of both the operation of the SDA program and the attitudes of industry to investment and participation in that program. The research builds a deeper understanding of Australia's National Disability Insurance Scheme (NDIS), established 'to provide reasonable and necessary supports to people with a permanent and significant disability' (NDIA c. 2016). The NDIS was developed due to documented inadequacies in support provision for Australians with disability, which meant that many people, especially those on low incomes, lacked access to the level of funding, services, housing and support required for them to live a decent life (Productivity Commission 2011; Hinton 2006).

The Specialist Disability Accommodation (SDA) program was developed to encourage investment and growth in housing supply which would also add to the diversity of accommodation available to people with disability. Access to SDA is determined as part of the National Disability Insurance Agency (NDIA)'s assessment process. If, during this process, SDA is identified as one of the 'reasonable and necessary supports' required by an NDIS participant, then that person receives funding as part of their NDIS plan. The goal of this funding is to cover the cost of the physical environment an individual needs in order to receive the support they

require for day-to-day living. There is evidence that impediments to the success of the SDA program have emerged, with a joint submission to the NDIS Pricing and Payments Framework by providers and financiers identifying a number of challenges (Ability SDA, Access Housing et al. 2018).

This study drew on the expertise of members of a specially-convened Investigative Panel, as well as interviews with 27 informants drawn from the banking and property sectors, specialist independent living (SIL) agencies, and community housing providers (CHPs). It also gathered data from an industry workshop and an on-line survey with 74 respondents. It found that:

- Industry is able to operate with an affordable housing market model driven by client choice and without a safety net for investors. Many industry informants would prefer the government to take some of the risk, or have risk more clearly assigned between the SIL providers and the accommodation providers. However, there is a consensus that under most circumstances the model can be made workable.
- Markets are able to match client need, but need more and better information on the nature and location of demand to do so efficiently. There is a clear need for the NDIA to develop mechanisms that provide better data to providers, and which do so in an open and transparent way.
- The investment sector is responding positively to the SDA program. Investors are able to both identify opportunities and access finance. There is uncertainty around the SDA pricing formulae and the types of dwellings that the NDIA is willing to place SDA recipients into. However, there is a sense that the maturation of this market and the clarification of some processes and rules would enable a depth of market interest to emerge.
- Our informants did not identify major additional costs in accessing finance. The greatest cost barrier appears to be those additional costs associated with acquiring specialist knowledge on SDA and its implementation.
- Informants acknowledged that the design requirements of SDA affect cost structures and therefore finance. They reported a degree of risk arising out of the potential for cost 'blow outs' as they seek to build housing for specific needs. The industry felt that over time they would become more experienced and more effective in managing these issues, and that they did not represent a major barrier to SDA overall.
- Security of cash flows was not a barrier to the implementation of SDA, with the prospect of NDIA-provided income streams able to support financing costs.

More broadly, the research found that:

- Many impediments to SDA success are within governmental control. One of the key themes to emerge from our research is that there is a diverse but networked SDA 'sector' with a keen interest in participating in SDA. Simultaneously there is a concern that many of the key impediments facing this sector are generated by government rather than the for-profit market or its segments. In particular, the process of defining SDA eligibility in participants' plans is a critical area of delay and inconsistency, but also one that can be remedied relatively easily. Similarly, other areas of uncertainty, such as the risk of continued regulatory change and policy inconsistency, lie within the direct control of government.
- There is significant cost shifting and inefficiency represented by the replication of effort across a number of organisations as they 'wrangle' multiple aspects of the system internally and from scratch. This includes individual organisations simultaneously collecting and collating data, building information systems, advocacy pathways and administrative processes, interpreting and 'translating' NDIA documentation and procedures, educating and informing developers and investors on the issues involved in housing for people with disability, and negotiating support arrangements. Some of these tasks are being

appropriately undertaken by individual providers or on a case-by-case basis, but others would be more efficiently and effectively managed in a centralised way. The current dispersed and ad-hoc approach disproportionately favours organisations with the resources and capacity to invest in these tasks. Providing a central and accessible source of information would create a more equitable playing field for smaller and less traditional providers.

- The provision of a specialised housing asset makes the SDA program unique within the NDIS. Informants throughout this project argued consistently that the NDIA lacks the necessary knowledge or understanding of housing-specific issues. There are two aspects to this:
 - SDA is focused on housing as well as disability and all segments of the SDA sector indicated that housing is a complex product, even more so when building for people who have a range of complex and high-level needs. Housing for people with disability is a specialised asset associated with multiple layers of risk at each point along the pathway from design to occupancy. Successful delivery of housing requires providers to negotiate the initial pricing of SDA housing properly, understand planning and building requirements (which vary widely across and within jurisdictions), predict unintended building costs associated with changing needs, predict future cash flows arising from changes in the occupant's circumstances, and carrying the reputational risks associated with changing or defaulting tenancies.
 - There is a perception that funding is driven by the balance between supply and demand within the market, and is thus outside government influence. Our informants have argued this approach fails to acknowledge the Australian Government's influence in creating and shaping the housing market. The reality of the government's contribution calls for on-going oversight to ensure effective market operation.
- Providing choice and control requires creativity and innovation, and these qualities are not yet evident within the implementation of SDA. The philosophy underpinning the NDIS and SDA is one of choice and control for people with disability. This research clearly indicates access to both of these has been critically compromised in the SDA program.
- Our informants argued that the structure of the sector exerts a critical influence on the implementation of the SDA program, with the not-for-profit sector largely leading the rollout of this program and the delivery of housing. Participants in this study noted that the current industry structure is unlikely to change given the small scale of the investment being supported by the SDA and felt that this fact needs to be both acknowledged and built into the further evolution of the program.
- Industry participants observed that a number of different risks are evident in the structure of the SDA program, and these include vacancy risk, the risks associated with changing NDIS and SDA policies, and the risks associated with limited information on the balance between supply and demand. Housing providers in particular noted that considerable uncertainty is built into the structure of the SDA, as it is not always clear which individuals will be eligible for the SDA support. It is also possible that some individuals will see their SDA support withdrawn as their circumstances change.
- Overall, industry informants considered the potential returns on SDA housing were adequate and certainly sufficient to attract investment from a range of parties. There was a degree of disagreement amongst the informants about the adequacy of returns relative to the risk profile.
- Those active or considering investment in the SDA program were concerned about the relatively slow pace of NDIA approval processes and the lack of transparency associated with key aspects of program administration.

- There was a clearly articulated view amongst informants to this study that better information is needed to ensure the adequate and effective delivery of the SDA program. Respondents reported a need for simple and clear documentation, which should be accompanied by insights into the level of demand and supply at the regional scale to better inform investment.
- Finally, it is worth noting that informants considered the SDA program to be a welcome and long overdue investment in disability housing, and the overwhelming majority of informants were confident that the SDA program would mature into a robust and valuable system of accommodation supply.

Policy development options

This research has identified a number of policy development options that have the potential to deliver significant gains for Australian society and people with disability.

- There is the opportunity for the government, through the NDIA, to take on a greater leadership role and actively work to shape and direct the emerging SDA market. Its current position places too great a reliance on the capacity of markets to emerge by themselves. As a number of industry informants noted, markets in services have emerged in other areas of social policy, but they have tended to be far larger program areas—such as the introduction of Consumer Directed Care for older Australians—and have not been reliant on substantial capital investment into relatively inflexible assets. There is a clear need for government to create the conditions that make all the elements of NDIS/SDA both possible and available to the target population (choice, control, innovation, long-term planning/commitment, responsiveness to need/demand/aspiration).
- The impact and efficiency of the SDA sector would be considerably enhanced by organising and centralising information flows across the sector. This would include building information systems with key information around demand and supply (number of SDA packages awarded, targets, expectations) that is focused on sector needs. This information would be used to facilitate communication across and between the different parts of the SDA sector. Some of this is work only the NDIA can do because they are the data custodian, but some tasks could be outsourced to an independent peak body or be carried out by state agencies.
- There is a need for more resources for crucial processes, especially around eligibility assessments and approvals. Industry informants saw this as the single biggest source of failure in the system, and one driven by the assumption that the market determines supply and demand and that governments do not need to be involved. Solutions could include simple measures such as developing and making templates and assessment tools available to planners to structure and clarify their decision-making.
- The NDIA could consider mechanisms to achieve greater clarity around roles and responsibilities, including collection and facilitation of access to data. It may also seek to develop performance measures, including data on those functions that are not being delivered adequately. Some of these roles clearly sit with government, while others could be outsourced. Other areas of necessary work include:
 - development of planning and building requirement overlays for different jurisdictions
 - addressing uncertainty within the social housing supply sector about which standards and codes to follow
 - the achievement of a better delineation between SIL and SDA, including how to facilitate flexibility around changed client needs and desires, and

- the differentiation of the different types of vacancy risks, including greater transparency and guidance around who carries risk arising from property damage (this latter risk drives conservative decision-making amongst many providers).
- The Australian Government may choose to address the policy environment around very complex clients, who are not an attractive investment proposition to SDA providers but who have some of the greatest needs (e.g. tenants with complex challenging or aggressive behaviours that may lead to significant property damage). This work on further refining policy around the provision of housing for people with disability should also address the accommodation of those in receipt of NDIS support who are not granted SDA accommodation subsidies as part of their package. This group represents 94 per cent of NDIS recipients, but current policy settings do not provide a solution to the difficulties many confront in the housing market.
- The disability housing sector as a whole needs to explore the scope for innovation in housing provision—including design, tenure arrangements, integration with care, bundling of housing and support, the provision of different types of built form, making greater use of other housing funding in NDIS (e.g. home modifications), consumer-controlled models, partnerships or shared funding with other affordable housing programs (e.g. Indigenous housing organisations), or ways of matching tenants in shared settings to enhance compatibility. There is a role for governments to lead this exploration, and it could be undertaken as a joint exploration by the Australian, state and territory governments, possibly informed by further AHURI research.
- Finally, there is a need to undertake further work that delivers both cultural change and community education. It should address the stigmatisation of disability-focused housing and the sector overall, as well as raising awareness within the community of what is possible in terms of both built housing for people with disability and the capacity of people with disability to control their housing outcomes.

The study

This research included a number of data collection strategies, which sat alongside, and informed, three meetings of an expert Investigative Panel made up of SDA stakeholders. The Panel meetings were designed to develop an understanding of the implementation of SDA, with one meeting taking place in Sydney in May 2018, a second meeting in Melbourne in September 2018 and a final meeting in November 2018, also in Melbourne. The Investigative Panel was an important part of the overall project because of its capacity to generate fresh insights and knowledge drawn from the experience and practical concerns of the panel members.

The purpose of the Panel was to help the research team develop a detailed understanding of the implementation of the SDA program from a range of viewpoints. Panellists were asked to share their insights, knowledge and experiences, from the perspective of their respective sectors (disability, housing, property, government) across three in-depth meetings facilitated by the research team. They also participated in a workshop that included a wider range of stakeholders. Panel members were chosen for their expertise and knowledge on the subject. Inevitably, there were some changes in Panel membership across the life of the research owing to role changes within organisations and—in the case of the inclusion of consumer representatives—in response to input from the Panel.

The research drew on four data collection elements:

- 1 A policy and grey literature review informed the initial Panel meeting, and its findings are largely captured in the introductory Chapter 1. Relatively little written material exists in

relation to SDA, although more has been produced since the project commenced. Much of what does exist is descriptive rather than analytical or critical.

- 2** A short online survey of industry and consumer representatives was conducted between June and September 2018. It was designed to provide a snapshot of awareness and understanding of SDA across stakeholder groups. The survey was conducted electronically. It was deliberately kept to 25 primarily closed questions (i.e. a 10-minute completion time) to maximise participation, and the link to the online platform was circulated via email through researcher and Panel member networks. We received 74 responses, which is reflective of the small number of organisations and individuals with a current active engagement in SDA and related issues.
- 3** Twenty-seven in-depth, semi-structured interviews were held by telephone with selected stakeholders associated with SDA. Interview participants were drawn from the online survey or identified as key organisational representatives and individuals by the Panel members. They included SDA providers and consultants, small, medium and large-scale CHPs, disability support provider (DSP) organisations, banking and financing institutions, the construction industry and building developers. The interview themes focused on the drivers of participation in the SDA market; perspectives on, and strategies associated with, the SDA funding model; attitudes to integration with other forms of social housing; and decisions being taken by stakeholders with respect to SDA take-up, including the risk and barriers associated with engaging in SDA provision and development in Australia. Interviews were not recorded or transcribed, but the researchers took comprehensive notes during interviews to capture the relevant and key information (these notes form the basis of the quotes used to illustrate key points in this report). Some interviewees had a high level of involvement in and knowledge of SDA, while others reported only limited experience—while they were aware of it in a very general sense, they lacked detailed information or a strategy for engaging with this segment of the market. To a degree, we see this outcome as indicative of a wider knowledge gap in the sector.
- 4** An industry and consumer stakeholder workshop was held in Melbourne on 24 September 2018. The sectors represented largely overlapped with those responding to the survey and involved in an interview, but the workshop was designed to promote cross-sector engagement and discussion on the emerging research findings, including the indicative results of the survey and interviews. The workshop included both small group and whole group discussion, with exchanges recorded by scribes seated with each group for later analysis.

AHURI

AHURI is a national independent research network with an expert not-for-profit research management company, AHURI Limited, at its centre.

AHURI's mission is to deliver high quality research that influences policy development and practice change to improve the housing and urban environments of all Australians.

Using high quality, independent evidence and through active, managed engagement, AHURI works to inform the policies and practices of governments and the housing and urban development industries, and stimulate debate in the broader Australian community.

AHURI undertakes evidence-based policy development on a range of priority policy topics that are of interest to our audience groups, including housing and labour markets, urban growth and renewal, planning and infrastructure development, housing supply and affordability, homelessness, economic productivity, and social cohesion and wellbeing.

Acknowledgements

This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

AHURI Limited also gratefully acknowledges the contributions, both financial and in-kind, of its university research partners who have helped make the completion of this material possible.

Disclaimer

The opinions in this report reflect the views of the authors and do not necessarily reflect those of AHURI Limited, its Board, its funding organisations or Inquiry panel members. No responsibility is accepted by AHURI Limited, its Board or funders for the accuracy or omission of any statement, opinion, advice or information in this publication.

AHURI journal

AHURI Final Report journal series is a refereed series presenting the results of original research to a diverse readership of policy-makers, researchers and practitioners.

Peer review statement

An objective assessment of reports published in the AHURI journal series by carefully selected experts in the field ensures that material published is of the highest quality. The AHURI journal series employs a double-blind peer review of the full report, where anonymity is strictly observed between authors and referees.

Copyright

© Australian Housing and Urban Research Institute Limited 2019

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, see <http://creativecommons.org/licenses/by-nc/4.0/>.



AHURI Research Centres

AHURI Research Centre—Curtin University

AHURI Research Centre—RMIT University

AHURI Research Centre—Swinburne University of Technology

AHURI Research Centre—The University of Adelaide

AHURI Research Centre—The University of New South Wales

AHURI Research Centre—The University of South Australia

AHURI Research Centre—The University of Sydney

AHURI Research Centre—University of Tasmania

Australian Housing and Urban Research Institute

Level 1

114 Flinders Street

Melbourne Victoria 3000

T +61 3 9660 2300

E information@ahuri.edu.au

ahuri.edu.au

ACN 090 448 918



twitter.com/AHURI_Research



facebook.com/AHURI.AUS



evid.in/AHURI_LinkedIn