



March 2016

The Community Housing Response

Accommodation for people with disabilities and the NDIS

Joint Standing Committee on the National Disability Insurance Scheme *Accommodation for people with disabilities and the NDIS*



Submission by the Community Housing Industry Association and the Community Housing Federation of Victoria in conjunction with:



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Executive Summary

The Community Housing Industry welcomes the opportunity to make a submission to the Joint Standing Committee on the National Disability Insurance Scheme on accommodation for people with disabilities and the NDIS.

We agree with the Committee's observation that the lack of adequate accommodation can limit NDIS participants' ability to fully exercise their individual choice and control, participate in society and live an ordinary life like any other Australian.

Community housing is hopeful that the NDIS can be the start of a brighter future for people with a disability trying to find their way in a housing market that currently often does not work for them. Access to supported accommodation and affordable housing is limited. People with disabilities cannot access a range of adaptable or accessible stock which is suited to their needs. The rollout of the NDIS only makes addressing these shortcomings a more pressing task for policymakers.

We are firmly of the view that the community housing model is aligned with NDIS principles and consumer needs and preferences. In addition, the community housing model can leverage contributions from a range of sources to produce integrated outcomes and ensure that housing for NDIS participants is fully integrated within mainstream housing provision.

Of particular interest to the community housing sector is the possibility that within the NDIS funding envelope there is a notional allocation – known as “user cost of capital” – that could act as a catalyst for new investment in affordable and accessible housing.

In this submission we make five key recommendations:

1. The efforts of the NDIS in housing must compliment wider national and state and territory housing affordability policies and strategies

The NDIS should explore efficient funding mechanisms in conjunction with the the work of the Council for Federal Financial Relations' Affordable Housing Working Group. These important initiatives should be inclusive of people with disabilities.

Efficient financing mechanisms though financial intermediaries have significant synergies with the recurrent revenue stream of the NDIS user cost of capital. This has the potential to support large scale institutional investment in housing for NDIS participants.

2. The NDIS should promote a spectrum of housing options that are integrated into mainstream housing provision

Affordable housing for people with disabilities should not be seen as a separate segment of the housing market. While the current focus on “specialist disability accommodation” addresses the needs of people at a particular disadvantage in the housing market, this runs the risk of establishing a parallel, isolated housing system for a minority of NDIS participants.

The NDIS should work in close collaboration with housing providers and other stakeholders to ensure that housing funded, while appropriate and adapted, only contains specialist features to the extent necessary and creates a range of options which maximise independence and control over support arrangements.

3. The NDIS should seek co-investment in housing by governments, NDIS participants, providers and communities

For the NDIS user cost of capital to be utilised to the greatest extent possible, it should be blended with funds from other sources, including mainstream housing funding and contributions by NDIS participants and families. This should enable the NDIS user cost of capital to benefit a wider pool of NDIS participants than is currently envisaged and to stimulate new investment in affordable housing supply. This is consistent with the initial vision presented by the NDIS for housing which has sadly been lost in recent times.

A modest allocation of an additional 10% of the NDIS user cost of capital to a NDIS Housing Affordability Fund, subject to annual contestable funding rounds, can stimulate new ideas, energy and investment in partnership with governments, NDIS participants, families and communities.

4. The NDIA should lead the development of an efficient, well-informed market

A competitive market for housing for NDIS participants is desirable to respond effectively to consumer needs and to ensure that public funds are allocated efficiently. We see an important role for the NDIS in particular to deepen the market consistent with NDIS principles of choice and control for consumers.

In the early days of the NDIS, the NDIA needs to play a leading role by providing market data and leadership to promote excellence in housing provision and to ensure that the voices of consumers are heard in the design of new supply. Supply-side funding will be necessary to develop the right range of housing options required in the right locations.

5. The NDIS should invest in the community housing industry to further align the industry's values and capacity to NDIS objectives

Community housing is a diverse provider model that can provide a range of responses designed to meet the needs of NDIS participants and communities. A separation of tenancy and support provision promotes choice and control for NDIS participants. An existing regulatory framework for community housing provides as an assurance of service quality and prudential oversight to guarantee investment.

The NDIS has invested significantly in building the capacity and readiness of disability personal support provider industry. It should consider similar investment within the community housing industry to further align the industry's values and capacity to NDIS objectives.

About the Community Housing Industry Association and the community housing sector

The Community Housing Industry Association (CHIA) is a member based national industry body for all community housing providers. This submission has been prepared with the Community Housing Federation of Victoria and in consultation with the other state and territory based industry bodies. Together, we represent the nationwide community housing sector.

Nationally, the community housing sector owns or manages over 72,000 dwellings.¹ Community housing organisations comprise a wide range of non-profit organisations which own or manage social and affordable housing. Providers may have a broad focus on social and affordable housing generally, while others have a specific focus on particular geographical areas or target groups. Most community housing providers are registered under a regulatory framework overseen by an independent statutory appointee to ensure quality services and prudential oversight to protect investment.

Australia's community housing providers already play a key role in providing housing to people with a disability. Some community housing providers have either a sole or a particular focus on housing for people with disabilities. The sector is involved in a range of housing models, including supported accommodation and properties purpose –built or modified to meet the needs of people with mobility impairment. The sector has for many decades worked with people living with disability, support providers and communities in order to get people with disabilities into affordable housing and to keep tenancies on track.

The community housing sector strongly supports the NDIS and its principles of choice and control for NDIS participants and maximising NDIS participants' independence and social inclusion. We believe that for the NDIS to truly deliver on these goals, it is vital that the NDIS contribute to delivering affordable housing for NDIS participants – described as the “big sleeper” in the NDIS by the *Every Australian Counts* campaign.²

Housing and the NDIS

We acknowledge that housing is a complex interface issue for the NDIS, similar to other so-called “mainstream” services such as health, transport and education. While it is important that the NDIS maximise the ability of NDIS participants to live independently, we agree that the NDIS cannot – and should not – be the sole funder or provider of housing to NDIS participants.

Mainstream providers of housing – public, community and private – have an obligation and duty to ensure that what they do is inclusive of people with disabilities. There is a risk that if the NDIS responds to shortfalls in mainstream services by providing its own substitute services, it will cost shift the responsibility for affordable housing to the NDIS.

Much of the policy debate over the last two years has centered on the application of the so-called “user cost of capital” – a notional allocation of about 2-3% of the total NDIS funding envelope (variously described as \$550 to \$700 million) that is allocated to meeting the housing needs of some

¹ Productivity Commission, *Report on Government Services 2016 Volume G: Housing and Homelessness*, Table G.1. Figure excludes indigenous community housing.

² Every Australian Counts, *Housing: the big sleeper*, 19 February 2015 at <http://www.everyaustraliancounts.com.au/ndis-housing-big-sleeper/>

NDIS participants whose housing needs are not met by mainstream housing provision. The way the NDIS user cost of capital is to be applied has been clarified of late following signing of bilateral NDIS rollout agreements³ and the release of a draft Specialist Disability Accommodation Framework (SDA Framework) by the NDIA.⁴

In this submission we will focus on ensuring that the design of the NDIS, including its contribution to housing supply by the NDIS user cost of capital, is applied so as to promote an effective market which meets consumer needs and in which public investment is effectively leveraged.

We have also provided feedback to the NDIA separately on the SDA Framework. We believe that the SDA Framework as currently drafted may not meet objectives of supporting the construction of new housing supply or a viable market in specialist disability accommodation.

³ See for example *Bilateral Agreement between the Commonwealth and New South Wales for the transition to an NDIS, Schedule J, Supports for specialist disability housing*

⁴ This can be found at: <http://www.ndis.gov.au/news/release-sda-policy-framework>

Case Study

Housing for people with a disability within a wider housing setting: Community Housing Limited (Vic)

Community Housing Victoria Ltd (CHVL) partnered with community organisation Frankston Carers Group (FCG) for the development of 20 housing units on a single site. The units offer secure and long-term rental accommodation, with 13 of the units for the aged and people on low incomes, and 7 units for people living with an intellectual or physical disability who can live independently with support.



The development, completed in 2013 and owned and operated by CHVL, makes an important contribution to dwelling diversity in the area, providing much needed affordable rental accommodation for people on low incomes with links to the local community.

FCG raised finance to assist in the purchase of the land from

Mornington Peninsula Shire Council, and CHVL obtained funding from the Victorian government for construction. Part of the site was sold to the Victorian Department of Health and Human Services for the construction of a community residential unit which provides housing for five to six people with disabilities requiring full time support.

CHVL and FPC worked together on the design of the complex and units to ensure that they responded to residents' needs. The design aimed to generate a supportive and inclusive community, incorporating a shared landscaped area in the centre of the site (shared with the adjoining supported accommodation unit) and direct connections to the communal area from the units. Ground floor tenancies include a private outdoor area adjacent to living areas and upper floor units include balconies. Seven of the ground floor units are designed in accordance with Australian Standards to provide access for people with physical disabilities, including accessible ramps to front porch areas. Three further ground floor units are designed to be adaptable.

The development is a short walk from the local shopping centre and services and close to support providers, in the heart of the local community. One frontage looks east over the attractive Hastings foreshore and its recreation facilities.

Recommendation 1: The efforts of the NDIS must compliment wider national and state and territory housing affordability policies and strategies

The Committee's call for submissions on accommodation and the NDIS comes in context of broader policy work on the role of the Commonwealth in addressing barriers to affordable, secure housing via rental or ownership.

We stress that there is a need for housing for people with disabilities not to be seen as an isolated issue but one which aligns with broader issues of housing affordability. Much of the reason why people with disabilities do not have housing which meets their needs is that people with a disability are much more likely to have lower incomes than the community generally.⁵ While there is certainly a shortfall in accessible or adaptable social and private market housing, people with disabilities, like many others in our community, face the usual barriers of affordability, tenure insecurity and poor location or quality.⁶

Accordingly we believe that there is a need for any policy on housing for NDIS participants to work hand-in-hand with other efforts in this area. This includes:

- The Consultation by the Council on Federal Financial Relations (CFFR) Affordable Housing Working Group on finance models;
- CFFR's Housing Supply Working Group
- The Cities Agenda;
- The Review of Australia's Taxation System;
- The Reform of Federation Process;
- Housing strategies at a state or territory level, including transfers of public housing to the community housing sector or housing affordability funds.

In our view the NDIS's contribution in the housing space is best seen as that of a co-investor with other government agencies responsible for housing in a way that:

- recognises the unique needs of NDIS participants in the housing market;
- seeks to quantify and apply the savings to the lifetime care and support costs of NDIS participants that can be generated by appropriate housing;
- ensures that new housing supply is suitably integrated into mainstream settings and delivery models;
- promotes and affirms principles of choice and control for NDIS participants; and
- affirms the rights of NDIS participants to be fully included in any broader housing affordability policy settings.

We see particular synergy with the Housing loan/bond aggregator model (Model 1) in the Affordable Housing Working Group Issues Paper. This involves the establishment of an efficient financing mechanism for community housing providers through a financial intermediary which aggregates the

⁵ Australian Council of Social Services, Poverty in Australia (2014)

⁶ Wiesel, I. et al (2015) Moving to my home: housing aspirations, transitions and outcomes of people with disability, AHURI Final Report No.246. Melbourne: Australian Housing and Urban Research Institute. Available from: <http://www.ahuri.edu.au/publications/projects/p71040> [Date accessed this report: 25 2 2016]

sector-wide need for debt finance. Research from AHURI has demonstrated how the use of a government guarantee could lead to low cost-finance to support new affordable supply.⁷

Such a mechanism could work hand-in-hand with the NDIS cost of capital – a recurrent funding stream that could be used to support private investment in housing for NDIS participants. The NDIS should explore the way this could be done, including:

NDIS Cost of Capital + Housing Supply Bonds

In this case housing supply bonds (backed by a government guarantee) are used by the intermediary to support low-interest loans to community housing providers. The community housing providers are able to meet interest and principal payments via rental income and the NDIS user cost of capital payment made by the NDIA. This would make more effective use of the NDIS user cost of capital by reducing finance costs and risks to the community housing sector, potentially lowering the NDIS user cost of capital to the NDIS or enabling providers to deliver more outcomes.

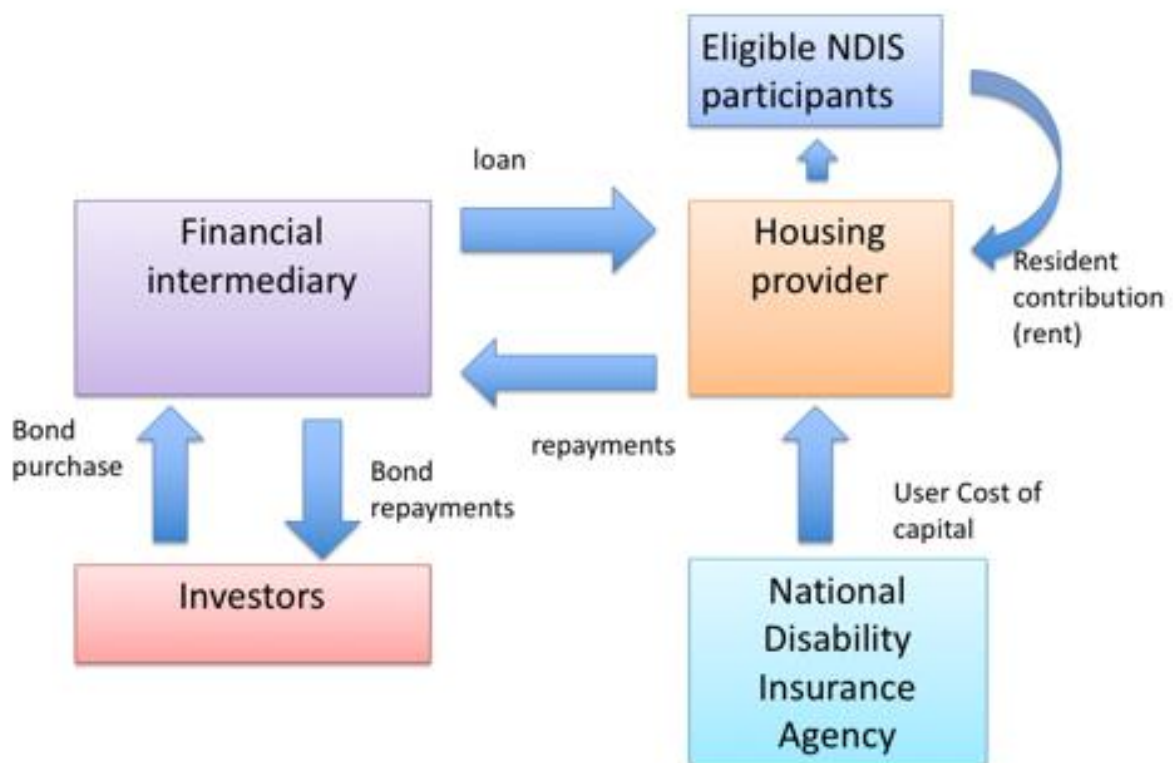


Fig 1: Housing Supply Bonds

⁷ Lawson, J. et al. (2012) Housing Supply Bonds—a suitable instrument to channel investment towards affordable housing in Australia? AHURI Final Report No.188. Melbourne: Australian Housing and Urban Research Institute.

NDIS Bonds

Under this model, the NDIS user cost of capital is paid to the financial intermediary to support the raising of capital as grants to pay for the acquisition of new housing supply for NDIS participants. Repayments (principal and interest) are met by the recurrent income stream paid by the NDIA.

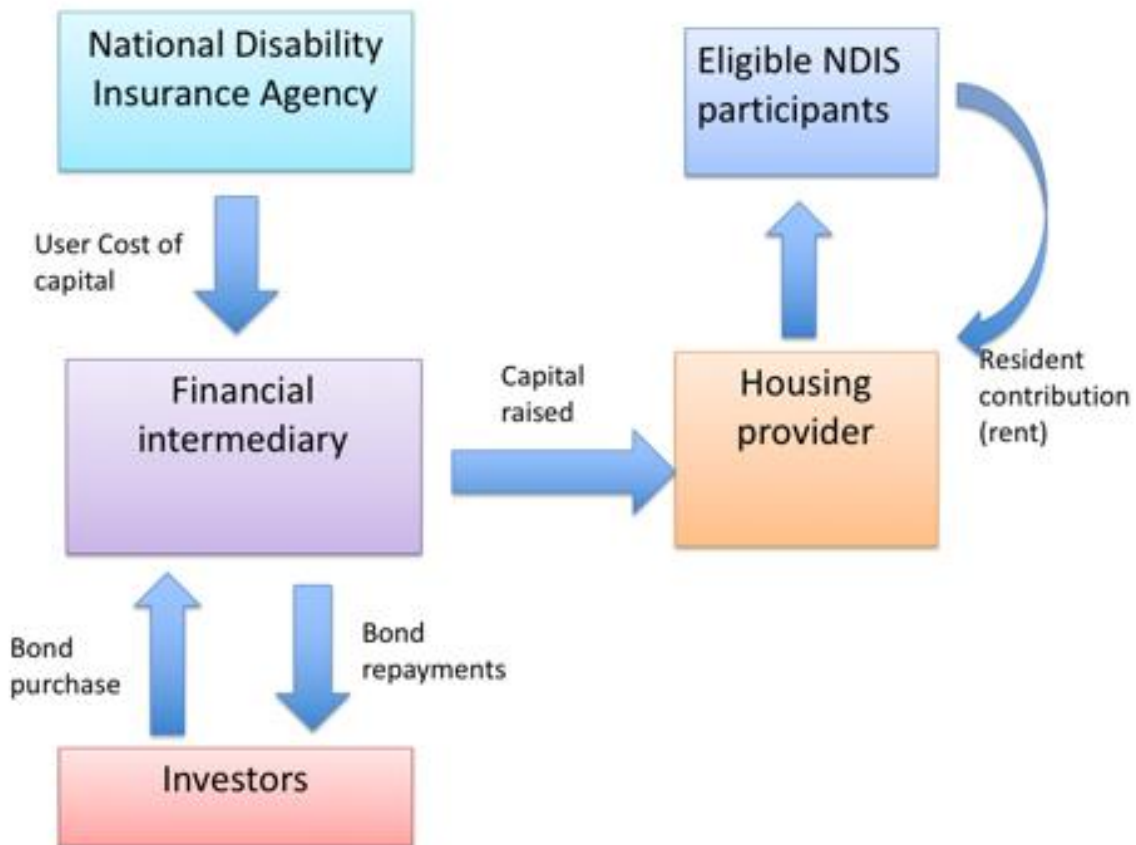


Fig 2: Housing Supply Bonds

A range of entities have undertaken considerable work in this area. For example, the Disability Housing Futures Working Group has suggested a number of ways in which the NDIS user cost of capital could be most efficiently and effectively utilised.⁸

If no efficient financing mechanism is available, then this will reduce the social utility of the NDIS user cost of capital, as housing providers will have recourse only to bank debt at market rates, increasing financing costs.

⁸ See <http://nahc.org.au/pages/research/disability-housing-futures-working-group>

Case Study

Independent but not isolated living: North Coast Community Housing (NSW)

NCCH successfully obtained funding of \$1.825 million from the Supported Accommodation Innovations Fund to develop three properties in Alstonville, Ballina and Murwillumbah. NCCH contributed \$600,000 of its own funds to the projects, which it completed on time and under budget. This created 12 housing outcomes with integrated care space at an average price of \$150,000 per place.

NCCH partnered with Ko;Ho on the design and construct and House With No Steps, Ballina District Community Services Association and Lifebridge East for the ongoing support partnerships.

The design combines self-contained living units with purpose built communal amenities. The objective is to support the day-to-day needs of clients and meet their desire for independent but not isolated living. The homes are located in established areas and are indistinguishable from their neighbors. It delivers affordable housing for people with disabilities in some of the least affordable parts of regional NSW. The project was a finalist in the 'Innovation in independent living' category of the 2013 NSW Disability Industry Innovation Awards.



Recommendation 2: The NDIS should promote a spectrum of housing options integrated into mainstream housing delivery

We believe that the NDIS is an opportunity to break down the existing paradigm of supported accommodation on one hand and social/affordable housing on the other. To support the full aspirations of NDIS participants, the housing system needs to provide a range of options to promote participants' social mobility and independence as their circumstances and aspirations change.

We believe that it is likely, and indeed desirable, that we will see convergence of these two systems over time. We should be looking not to build more of the same – rather to develop a spectrum of housing options which covers the space between these two paradigms. This should align the expected withdrawal of state disability service providers from owning or operating supported accommodation over time as the NDIS rolls out.

In our view the focus on funding “specialist disability accommodation” risks reinforcing the existing paradigm of a specialised housing system distinct from the mainstream (further reinforced by the use of the term “accommodation”). We think that great efforts should be made to integrate NDIS-funded housing into mainstream settings and delivery models as much as possible. Most importantly, we think that models of housing need to explore the space between supported accommodation and unmodified housing:

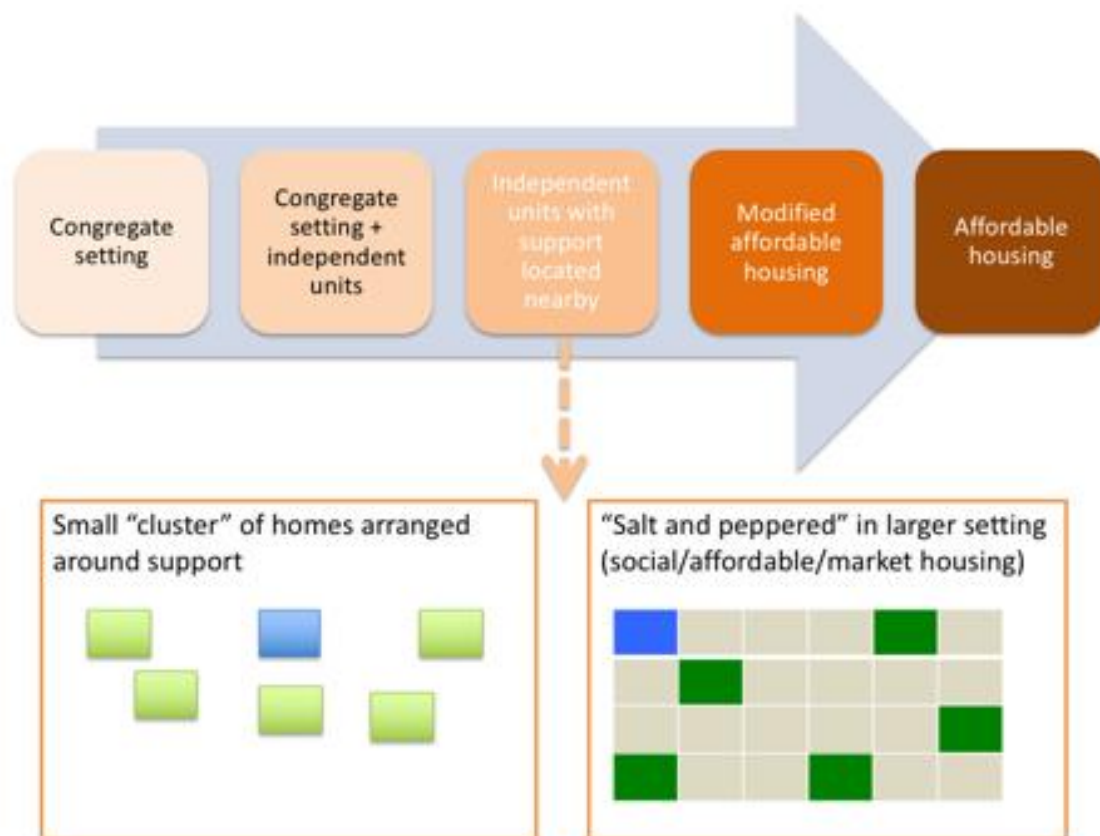


Fig 3: A spectrum of housing options

Accordingly, we are of the view that the NDIS should work in close collaboration with housing providers and other stakeholders to ensure that housing funded, while appropriate and adapted, only contains specialist features to the extent necessary for the full range of NDIS participants. In all

other respects, the housing should look and feel like ordinary housing and be delivered in a mainstream context. This includes normal tenancy rights and ensuring that units provide appropriate privacy and control. Where there is sharing of common areas, these are best operated as intentional communities similar to a share-house. Application of these principles should also prevent over-concentration of housing outcomes on one site.

Case Study

Promoting independence and choice through community housing: Housing Choices Tasmania

In May 2015, national community housing provider Housing Choices Tasmania entered into a partnership with NEXUS Inc to undertake a demonstration accommodation model within a community housing framework.

The program aimed to assist young people from within the NDIS trial cohort living in the family home or supported accommodation. Housing Choices and Nexus recognised that there are people living in both settings who have developed sufficient skills and have a desire to work towards living independently. Housing Choices identified four suitable one bedroom units within an 85 unit complex in Hobart. NEXUS's role in the partnership is to promote and refer participants who may suit this model.

The accommodation offers the support of a social housing model to create an effective and diverse community, while the disability support takes a training and development approach to any extra help people need to make the adjustment to independent living. NDIS participants establish a tenancy, signing a lease agreement and undertaking the usual tenancy obligations. Participants can enjoy what community housing has to offer; residents meetings, community gardening and general communal support.

The four young people who signed a lease in May 2015 are still housed and are enjoying their independent living experience. This model will be evaluated and the findings shared across the sector and with NDIA Tasmania.



Recommendation 3: The NDIS should seek co-investment in housing by governments, NDIS participants, providers and communities

The notional allocation of up to \$700 million annually at full scheme rollout for the NDIS user cost of capital is a significant revenue stream. We believe that for this recurrent subsidy to be utilised to the greatest extent possible, the NDIS should seek to invest NDIS cost of capital most efficiently by blending these funds with a range of mainstream sources.

Early indications from the NDIA in 2014 endorsed this approach, where the NDIA's capital contribution to housing would act as a "catalyst" for wider investment in housing for NDIS participants.⁹ A draft NDIA discussion paper on housing, obtained under freedom of information but never formally released, endorsed this approach when it said:

There is already a significant shortage of accessible, affordable and secure housing in Australia and so the NDIA wants to make sure that the user cost of capital is used to increase the supply of appropriate housing for Scheme participants as efficiently as possible.

Initial modelling by the NDIA indicates that if the user cost of capital funds are used as a catalyst for further investment in housing, it is possible that the NDIA can assist the independence and social and economic participation of more participants than the Productivity Commission's original costings expected could be supported through this funding allocation.¹⁰

More recently, following the signing of bilateral agreements by some jurisdictions on the full rollout of the NDIS and the SDA Framework, we have seen a much narrower focus meeting the housing needs of a smaller cohort – believed to be around 6% of NDIS participants¹¹ – who require "specialist disability accommodation". Those eligible are, in broad terms:

- participants who are currently in specialist disability accommodation and wish to stay there;
- participants who are currently in specialist disability accommodation who wish to explore options to change their accommodation arrangements;
- participants who require a specialist built-form because the physical, cognitive or psychosocial features of their disability requires housing with specific design, specialist features or amenity to enable them to live safely; and
- participants who have support needs that can only be met cost effectively by specialist disability accommodation.¹²

There are undoubtedly high and unmet needs in this cohort, in particular people on waiting list for supported accommodation and young people in aged care settings. The costs of providing such housing are significant. The Benchmark Price set by the SDA Framework is designed to meet the full lifecycle costs of that housing when a participant is eligible.

Identifying the beneficiaries of the NDIS user cost of capital will create a further interface and equity issue and will be a complex task. It is likely that a great many of the over 50,000 people living with

⁹ Bonyhady 2014

¹⁰ For a copy of the paper, see

https://www.dss.gov.au/sites/default/files/documents/07_2015/foi_request_no._14.15-166_-_document_for_release.pdf

¹¹ This is based on the original Productivity Commission modelling – see Australian Government, Productivity Commission Inquiry Report, Disability Care and Support, pages 229-232

¹² SDA Framework, paras 60-64

ageing parent carers¹³ – also seen as a priority – will not qualify. For these reasons we believe that for the NDIS to truly deliver on its promise then there needs to be a broader focus in partnership with all stakeholders with an interest in housing, consistent with the NDIA’s earlier vision.

We would see this as delivering two key benefits. Firstly, the NDIA’s funds can be most effectively co-invested, delivering additional housing outcomes for those NDIS participants who may not qualify for assistance under the SDA Framework. Secondly, it would produce more socially integrated outcomes, by encouraging housing for NDIS participants to be developed as a part of wider housing projects.

Some savings in the SDA Framework may be possible as the Benchmark Price is intended to cover the full lifecycle capital cost of the land and buildings. Historical contributions by state disability services agencies, including contributions of land (other than long term leases) or capital funds for specialist disability accommodation, will be ignored in setting the efficient price for such accommodation.¹⁴ This level of funding will be required for some existing supported accommodation where the buildings are in poor condition or no longer meets modern standards. However, in a constrained funding environment a blanket approach that ignores historical contributions is difficult to justify. At the very least where the Benchmark Price is more than necessary to pay for the ongoing costs of management and maintenance of the accommodation, we suggest that some of these funds be released for a wider fund to be invested annually in new housing supply intended to benefit a wider pool of NDIS participants than those eligible under the SDA Framework.

We would recommend therefore that an additional amount to the NDIS user cost of capital (for example, 10%) be allocated to an NDIS Housing Affordability Fund to promote a wide range of housing options for NDIS participants who do not meet the eligibility criteria under the SDA Framework.

The NDIS Housing Affordability Fund would be open to annual market-led submissions which specified the levels of co-investment from other sources, seeking to develop a wide range of housing options and leveraging maximum value from the investment. We have seen some small scale initiatives in this regard with the recent announcement of the NDIA Specialist Disability Accommodation Housing Pilot in the Barwon launch site and the Specialist Disability Accommodation Initiative. For such programs to be effective however, they need to be at scale, recurrent and predictable. This is to avoid the largely ad-hoc nature of past grant programs which does not build capacity, expertise or investor confidence.

There is potential to leverage co-investment from a range of sources, including:

[Land held by state/territory housing and disability services agencies](#)

We think it vital that state and territory social housing and disability services agencies be engaged to make sure existing social housing and supported accommodation assets are put to highest and best use and transformed and upgraded where appropriate. There is considerable potential in the underlying value of land on many public housing estates and ageing supported accommodation buildings.

¹³ Wiesel et al, page 2.

¹⁴ SDA Framework, para 38

Introducing NDIS capital into the mix for the transformation of these estates could lead to an uplift in outcomes for people with disabilities on those sites. Appropriate base lining would need to be put in place to ensure that co-investment in these systems by the NDIA does not lead to other outcomes for NDIS participants being withdrawn elsewhere within these systems.

Consumer contributions

NDIS participants should be encouraged to contribute to their own housing if possible. The NDIA should support and promote models of housing which allow NDIS participants and their families to invest in secure, long-term housing outcomes through shared ownership models, shared equity loans and equity co-operatives.

Contributing to the cost of capital for housing

Schemes which enable an individual or their family to make a capital contribution to their own housing can take a variety of forms. Currently available schemes include:

Subsidised home ownership – where the consumer holds title subject to two mortgages – the first securing a normal bank loan, and the second securing an equity loan. This equity loan does not require the payment of interest or principal, but must be repaid when the loan ends calculated on a formula which uses the current market value or sale price of the property. The equity mortgage reduces the need for a deposit and the interest payments are reduced, as borrowings comprise a lower proportion of the value of the property than a traditional bank loan.

“Mixed equity” schemes whereby individuals or families contribute to the acquisition by a community housing provider of a specified property. The property is then leased on a secure basis to the nominated tenant (usually the family member with a disability) at an affordable rent. If the tenancy ends or the family/individual wishes to end the arrangement, the property can be sold and the equity repaid, based on the value of the property at the date of sale.

Equity co-operatives where members pool financial resources to establish a portfolio of housing to be made available to members of the co-operative. These can be full equity (i.e. fully funded by members) or limited or shared equity (where members’ contributions are blended with other funds such as government grants).

Contributions from community, local government and philanthropy

There is also significant goodwill and community support to address the issue of housing for people with disabilities which manifests itself in the form of contributions from philanthropy, local government or disability support groups. The NDIA could incentivise such investments by making prudent co-contributions to projects designed to assist NDIS participants.

Case Study

Creating informed consumers: Opening Homes Initiative

The Opening Homes Initiative will enable people living with disability and their families to visit the 'open' homes of peers. Participants will be able to:



- Go online and inspect the latest in housing for people living with disability and learn about accessible and purpose-built housing;
- Learn how people match support with technology to maximize their support package;
- Learn about a broad range of housing options including home ownership, and renting in community housing; and
- Deepen their understanding about what is available to them in the rental market.

In the spirit of premium real estate websites, people can explore a diverse range of living environments. People living with disability can choose from a range of properties of interest and speak with and/or be guided through innovative and contemporary homes.

NDIS participants and their families will be able to make more informed choices about what type of home they want and how good access designs and automation can reduce reliance on paid support. The Opening Homes is funded by NDIS and developed by Julia Farr Housing Association. Further information will be available from April 2016 via www.openinghomes.org.au

Recommendation 4: The NDIA should lead the development of an efficient, well-informed market

A competitive market for housing for NDIS participants is desirable to respond effectively to consumer needs and to ensure that public funds are allocated efficiently. However, it is likely that this market will take some time to develop and mature.

In the first instance, we expect that non-profit providers, including community housing providers will be most keenly involved in this market. These organisations are driven by social mission and will have a tolerance for a degree of risk greater than the private sector. Over time, as the market matures and develops we may see a more diverse provider market, similar to developments in aged care.

In that context, there is a clear role for government in supporting the development of an efficient market where no such market currently exists. We therefore believe there is a role for the NDIS to:

- Collate and make available data on the unmet housing needs of NDIS participants, including data on desired locations, attributes, modifications and support needs;
- Collate and make available data on actual capital costs and recurrent costs to test the underlying assumptions behind the funding model under the SDA Framework;
- Promote best practice in delivering appropriate, accessible and secure housing for NDIS participants which can lower overall support costs;
- Fund programs designed to promote and share good design outcomes and assess consumer satisfaction with housing models;
- Evaluate completed projects over a long-term to establish whether they meet consumer needs and the extent to which housing design and provision can lower support costs and promote independence for NDIS participants;
- Deepen and mature the consumer market to create informed NDIS participants who are able to obtain housing which meets their needs and preferences; and
- Finance forms of housing where there are additional costs attributable to particular needs of NDIS participants, in conjunction with bodies with mainstream responsibility.

It is concerning that after the trial sites have been in operation for some time, yet we do not have any sense of the level or nature of housing need amongst NDIS participants. For a market to function effectively this must be addressed as a matter of priority.

There is some uncertainty as to the way that the NDIS user cost of capital will be distributed. There are some suggestions from the NDIA that this will be a demand-side subsidy where NDIS participants will directly control their capital allocation. There are some benefits to this approach, particularly in creating market incentives to develop the housing needed by NDIS participants. However, we are concerned that this will create too many risks for providers to stimulate a viable housing market particularly in the NDIS's early years. We would support the evidence of AHURI's Dr. Michael Fotheringham at the Committee's 2015 Roundtable, when he said:

A supply-side subsidy could trigger development of new housing supply that is not only affordable but also adaptable and accessible, that reduces the cost of support for people with disability ongoing and mitigates the social inclusion and economic participation disadvantages experienced by people with disabilities...

A well designed supply-side subsidy could facilitate new supply of housing designed to meet NDIS participants' needs and preferences. Supply needs to be dispersed and noncongregated.

It needs to be adaptable or accessible. It needs to be located and designed to maximise health, employment, social inclusion and living affordability outcomes, and a proportion of the housing needs to be designed to enable sharing...¹⁵

Recommendation 5: The NDIS should invest in the community housing industry to further align the industry's values and capacity to NDIS objectives

The community housing sector has a major role to play in developing and responding to the housing needs of NDIS participants. Many organisations in the sector have a specialist focus and significant experience in this area. However, in an environment where NDIS participants direct their own housing and support arrangements, there will be significant change to existing models of housing provision.

The NDIS has invested significantly in building the capacity and readiness of disability personal support provider industry. Given the level of investment proposed by the NDIS in housing, it similar makes sense to invest in the community housing industry to further align the industry's values and capacity to NDIS objectives. This is critical to ensuring that the housing developed with NDIS support is:

- right for the individuals involved and does not simply replicate existing housing supply;
- creates a home rather than a house, residence or facility;
- remains flexible to the needs of a range of NDIS participants.

We would argue that this investment would further build the capacity and readiness of a sector that is already well-aligned with NDIS values. In particular, we would point to the following attributes of the community housing sector:

Providing choice and control for NDIS participants

A separation of tenancy and support functions promotes choice and control for NDIS participants by allowing NDIS participants to change support provider without any fear that housing arrangements will be jeopardised. Integrated housing and support providers can achieve the same outcomes, and indeed may be preferred by some consumers. Where this occurs there should be appropriate arrangements in place to ensure proper functional separation of housing and support functions.

A person-centred approach to tenancy management means that community housing can work with both funded and natural supports in order to ensure that NDIS participants can meet tenancy obligations and stay in housing for the long term even as their support needs change.

Mainstream housing provision

This promotes full tenancy rights for NDIS participants, consistent with the principle that people with disabilities should have access to the same opportunities as the rest of the community. Ensuring that housing is delivered to NDIS participants in the same way as it is for the rest of the community means normalising it is a service and promoting the social and economic participation of people with a disability.

¹⁵ Joint Standing Committee on the National Disability Insurance Scheme, Hansard (23 October 2015), page 3.

Quality and prudential oversight

There are already existing regulatory frameworks for community housing under the National Regulatory System for Community Housing or similar state-based schemes in Victoria and WA. These act as an assurance of service quality, sound asset management, transparent governance and prudential oversight to safeguard the significant public investment being made.

Promoting independence, social and economic participation for NDIS participants

Community housing can provide a range of options for NDIS participants. People with a disability may start their housing careers in more supported environments and then build skills and capacity to transition into more independent, less supported environments over time, consistent with the principles of lowering overall support costs.

Glossary

Affordable housing

Housing is generally considered to be affordable if members of a household are not in housing stress after they have paid for their housing. There are a number of measures of affordability. One of the most widely used is that a low-income or moderate-income household (usually defined as being in the lower two income quintiles) should not pay more than 30% of their gross income on housing. Social housing (defined below) is a subset of affordable housing, but this term can also include rental housing that is targeted at low-moderate income households with the rent set as a proportion (e.g. 75%) of market rent.

Community Housing

Rental housing that is provided by not-for-profit, non-government organisations. It is intended to be affordable and appropriate for low to moderate income earners, and/or for groups whose housing needs are not adequately met in other forms of housing.

Community housing providers

A non-profit, non-government organisation which includes community housing as one of its activities. Community housing providers may also undertake other activities such as homelessness support, disability support or aged care.

NDIS Participant

A person who participates in, and is a beneficiary of the NDIS.

NDIS user cost of capital

A notional allocation of 2-3% of the total NDIS funding envelope, to be applied to meet the housing needs of some NDIS participants.

Social housing

Affordable housing targeted for rent by low-income households, usually on a long-term basis (generally for the duration of housing need). Rent in social housing properties is usually calculated based on tenant or household income, and is commonly set at 25% or 30% of gross household income. Social housing is provided by a variety of organisations, including state governments (public housing), Aboriginal housing providers, and community housing providers.