



# Troubled NDIS Housing Program Displacing Demand onto NAHA Housing and Homelessness Programs

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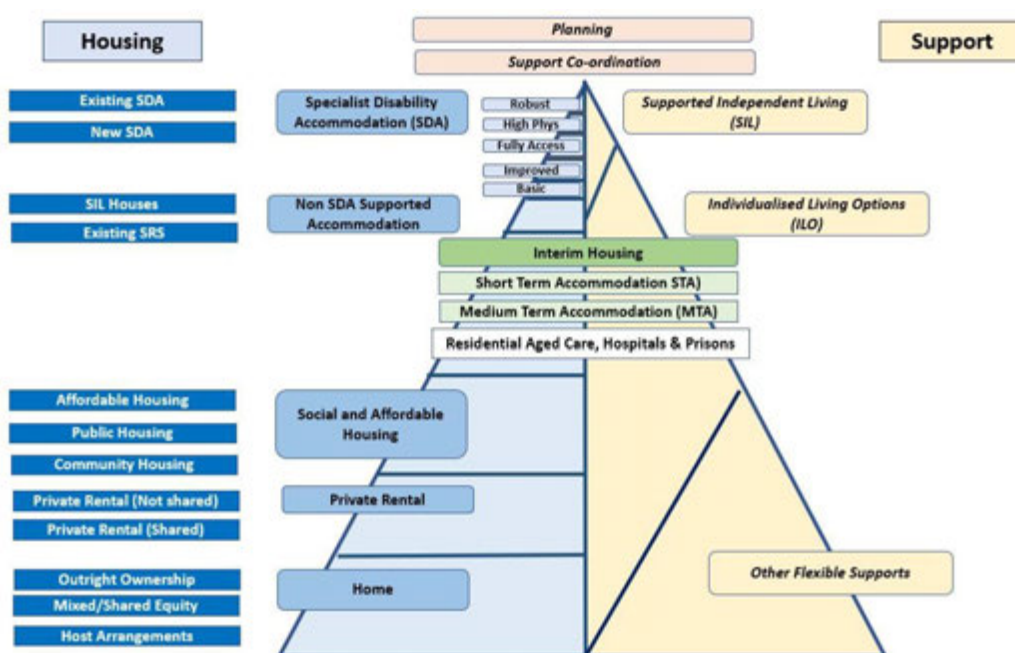
## 1 Introduction

The Specialist Disability Accommodation (SDA) program is part of a complex, opaque and dynamic housing system for National Disability Insurance Scheme (NDIS) participants. The Productivity Commission Review of the National Housing and Homelessness Agreement (NAHA) should examine this troubled housing program to identify the impacts of its failure to deliver on NAHA programs. Such a review could also identify proven housing funding and development methodologies that could contribute to improving the flawed SDA funding mechanisms.

## 2 Housing for NDIS participants

Generally, housing for NDIS participants can be framed in two sections: housing and support. The housing can be grouped into SDA, Non-SDA Supported Accommodation, Social and Affordable Housing, Private Rental and At Home. The supports are broadly made up of Supported Independent Living (SIL) for the highest need, the emerging Individualised Living Options (ILO), and other supports. Interim options (both short and medium-term accommodation) combine both housing and support. Planning and Support Co-ordination provides direction.

**Diagram: Housing System for NDIS Participants**



### Specialist Disability Accommodation (SDA)

The purpose of the SDA program is to provide housing for participants with an extreme functional impairment and/or very high support needs for whom SDA is reasonable and necessary <sup>1</sup>. It is only available to about 6% of NDIS participants. While there is a great deal of focus on developing new SDA, about half of the supply is existing stock. A large proportion of the existing stock is group homes for five or more residents, which the National Disability Insurance Agency (NDIA) has identified as potentially institutional and should be redeveloped <sup>2</sup>. The biggest owners of existing SDA are State Governments.

## **Non-SDA Supported Accommodation**

The rollout of the NDIS has fostered the development of Supported Independent Living (SIL) Houses, which receive no NDIS housing funding and broadly sit outside of NDIS housing policy. These new Non-SDA Supported Accommodation options operate alongside the existing privately-run boarding and rooming houses. Typically housing and support are delivered by a single provider.

## **Social and Affordable Housing**

Most NDIS participants will be eligible for social housing, which comprises public housing (managed by the Government) and community housing (managed by regulated, not-for-profit organisations). Notably, the NDIA has identified that there is insufficient accessible and affordable housing in social housing, as is the case in private rental<sup>3</sup>.

## **Private Rental**

Private rental is broadly unaffordable for NDIS participants to live alone. However, more options become available if the housing is shared, especially where shared space can be let at market rates (including with ILO funds).

## **At Home**

Overall, NDIS participants and their families are poorer than the general population and have a lower level of homeownership. Where people live at home, it is often with their families, typically to an older age than for those without disability. There are a small number of successful mixed and shared equity programs, but these are not currently funded to grow at scale. The ILO is expected to generate growth in host arrangements.

## **3 Projected Vs Actual SDA Growth**

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In 2011, the Productivity Commission estimated that around 28,000 people would require SDA. It further estimated that, in 2011, there was enough existing SDA-like accommodation for 17,500 people, implying the need for new housing for an additional 10,500 people<sup>4</sup>. In 2016, the National Disability Insurance Agency (NDIA) projected<sup>5</sup> that the SDA program would house more than 23,000 people housed by 2021 in a variety of dwelling types and sizes. In reality, by June 2021, there were 16,350 active participants with SDA supports (i.e., living in SDA)<sup>6</sup>.

The savings for the NDIS are significant. Although the SDA program has an expected budget of \$700m<sup>7</sup>, by September 2021, only \$214m had been allocated<sup>8</sup>.

*By 2021, instead of housing 5,000 more people than the 17,500 estimated to be housed in 2011, the SDA program actually housed 1,000 less.*

## **4 The Pace of Development and Redevelopment**

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The NDIA has recently flagged an intent to replace SDA, which was not contemporary, including group homes for five or more people<sup>9</sup>. This targets 11,000 existing SDA places for redevelopment<sup>10</sup>. This means that the projected additional SDA required was more than 20,000 places, a combination of additional or replacement stock. The current delivery of new SDA growth is slow, with about 1,000 places added annually<sup>11</sup>.

*The SDA program will require almost two decades to meet currently identified targets for additional or redeveloped housing at the current development rate.*

## 5 Impact of SDA Program Failure

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The failure to roll out the SDA program is causing people to be inappropriately housed in hospitals, prisons, aged care, at home with ageing carers, and NAHA funded housing and homelessness services. This is shifting the cost of housing and, often, support to programs outside of the NDIS.

*While the slow rollout of the SDA is saving the NDIS a large amount of money, these costs are being transferred to other programs primarily administered by the same Governments that are party to the NAHA.*

## 6 SDA Funding Methodology Flaw

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The SDA funding mechanism is an open market recurrent funding model that pays on occupancy using predetermined prices. This is an unusual funding mechanism for developing a small but defined portfolio of specialised property. This centrally set price structure is complex, with thousands of possible prices set through a matrix of dwelling size, dwelling design, building type and location<sup>12</sup>.

Because it is developer-driven, the housing that is being delivered is that which is perceived to be the most valuable to developers, not what NDIS participants require. Not surprisingly, SDA developers are choosing locations and configurations that maximise their expected returns generating gaps, oversupplies, shortfalls and housing that is not contemporary. While there has been significant reviews and reforms of the SDA program over its life, its funding methodology flaws remains central to its failure to deliver.

In a very slow development program, both undersupply and oversupply have emerged. Some developers are selling SDA to underinformed investors on the promise of returns, in some cases more than to 20% per annum<sup>13</sup>.

*The SDA funding mechanism is failing to deliver the required SDA in the right locations while producing oversupply in some segments. It relies on developers, whose market includes uninformed investors, to decide what and where to develop.*

## 7 Conclusion

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The SDA program's failure saves the NDIS hundreds of \$ million a year by shifting housing responsibility to others. This dislocation of people entitled to but unable to access NDIS funded housing shifts costs into other areas such as hospitals, prisons, aged care, NAHA funded housing, homelessness services, and ageing carers. At the core of the SDA program failure is a flawed housing funding methodology.

*A review by the Productivity Commission provides an opportunity to identify the impacts of the failing SDA program rollout on NAHA funded programs and identify proven housing funding and development methodologies that could supplement the existing SDA flawed funding methodology.*

## 8 Joseph Connellan MC Two Pty Ltd

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- <sup>1</sup> Part 3 – For whom in what circumstances, Australian Department of Social Services. Specialist Disability Accommodation Pricing and Payments Framework Specialist Disability Accommodation Pricing and Payments Framework Contents.
- <sup>2</sup> Page 11, National Disability Insurance Agency (NDIA). Consultation Paper: An Ordinary Life at Home. National Disability Insurance Agency (NDIA), June 2021
- <sup>3</sup> Page 11, National Disability Insurance Agency (NDIA). Consultation Paper: An Ordinary Life at Home. National Disability Insurance Agency (NDIA), June 2021
- <sup>4</sup> Page 760. Productivity Commission Inquiry Report Volume 2 Disability Care and Support. (2011). [online] Available at: <https://www.pc.gov.au/inquiries/completed/disability-support/report/disability-support-volume2.pdf> [Accessed 4 Oct. 2019].
- <sup>5</sup> Page 27, “SPECIALIST DISABILITY ACCOMMODATION Position Paper on Draft Pricing and Payments.” National Disability Insurance Agency (NDIA), 2016
- <sup>6</sup> Table P.11 Number of Participants with identified SDA needs by status and SA4 Region as at 30 September 2021 , NDIS Quarterly Report to Disability Ministers 30 September 2021.
- <sup>7</sup> Page 8, National Disability Insurance Agency (NDIA). (2019a). A Home for Living Specialist Disability Accommodation Innovation Plan. <https://www.ndis.gov.au/media/1867/download>
- <sup>8</sup> Table P.2 Annualised committed supports in current NDIS plans as at 30 September 2021, NDIS Quarterly Report to Disability Ministers 30 September 2021.
- <sup>9</sup> Page 4, National Disability Insurance Agency (NDIA). Consultation Paper: An Ordinary Life at Home. National Disability Insurance Agency (NDIA), June 2021.
- <sup>10</sup> Page 18, National Disability Insurance Agency (NDIA). Consultation Paper: An Ordinary Life at Home. National Disability Insurance Agency (NDIA), June 2021.
- <sup>11</sup> P.1 Changes in Specialist Disability Accommodation by quarter – National, National Disability Insurance Agency (NDIA). Home Modifications Guidance for Builders and Designers Quarterly Report: 2020-21 Q4. , 2021.
- <sup>12</sup> National Disability Insurance Agency (NDIA). “SDA Pricing and Payments | NDIS.” [www.ndis.gov.au](http://www.ndis.gov.au), 2021, [www.ndis.gov.au/providers/housing-and-living-supports-and-services/specialist-disability-accommodation/sda-pricing-and-payments#sda-price-guide](http://www.ndis.gov.au/providers/housing-and-living-supports-and-services/specialist-disability-accommodation/sda-pricing-and-payments#sda-price-guide). Accessed 9 Aug. 2021.
- <sup>13</sup> Page 62, Summer Foundation and JB Were. “Specialist Disability Accommodation (SDA) Explainer for Investors.” <https://www.summerfoundation.org.au/Resources/Specialist-Disability-Accommodation-Sda-Explainer-For-Investors/>, Summer Foundation, Dec. 2020, [www.summerfoundation.org.au/resources/specialist-disability-accommodation-sda-explainer-for-investors/](http://www.summerfoundation.org.au/resources/specialist-disability-accommodation-sda-explainer-for-investors/). Accessed 19 Apr. 2021.