

Productivity Commission Inquiry into First Home Ownership

A Submission by the Disability Council of NSW

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Executive Summary

The Disability Council, operating under the Community Welfare Act 1987, is the official advisory body to the NSW Government on disability issues and policy and acts in NSW as Commonwealth Disability Advisory Body commenting on Commonwealth issues that affect people with disabilities and their families in NSW.

The Disability Council's submission focuses on the following key points:

- There is a dearth of national statistics on the number and location of people with disabilities who are potential home owners
- Until such statistics are available planning and policy of housing and infrastructure cannot adequately address the need to modify housing to make it useable to people needing enhanced access.
- Experience of people with disabilities who are or are seeking to become home owners is frustrating due to lack of stakeholders' knowledge of access and disability and treatment by stakeholders is often perceived as discriminatory.
- The lack of affordable housing options to those on lower incomes constitutes indirect discrimination as people with disabilities are more likely than other groups to fall into the lower income strata.
- Government subsidies and supports are best targeted to those in the lower income strata of society.
- Coverage of the cost of modifications faced by home buyers with disabilities to make their living environments useable is a cost not borne by others and this should be addressed government to ensure equal treatment of all citizens seeking access to the housing market.
- The dearth of housing options for home buyers with disabilities requiring affordable and modifiable homes should be addressed by government initiated home modification schemes and tax incentives to those modifying housing to meet access needs.
- There is no adequate home modifications scheme designed to meet the specific access needs of people with disabilities and this needs to be addressed by government.

Recommendations

1. Government should address by means of public education the lack of knowledge of access needs and disability, and the discriminatory behaviour, of stakeholders across the housing sector which negatively impacts on the efforts of people with disabilities seeking to purchase their first homes.
2. Governments should be encouraged to develop Australia wide statistics to support policy, programs and planning and ensure equitable coverage of the specific needs of people with disabilities, including their housing needs and options.
3. Government should develop a low cost loans scheme for people on lower incomes and cap First Home Owners Grants based on the income of the applicant and/or the cost of the home being purchased.
4. First Home Owners Grants should be increased when home modification is required.
5. Government should substantially develop home modification schemes for new home owners with disabilities to ensure premises purchased can be used by home owners without undue delay.
6. Modification costs for new home owners with disabilities should be subsidised by Government through tax exemptions for building materials and utilities and/or by waiving Stamp Duty for houses needing substantial modification.
7. Local Government should be mandated by the States to require adaptability as an essential element of all new property developments and building applications.
8. Commonwealth and State tax incentives should be provided to those modifying existing housing for enhanced access (regardless of whether they have a disability) by deducting building costs from gross income when assessing taxable income.

Introduction

About the Disability Council of NSW

The Disability Council of NSW is the official advisory body to the NSW Government on disability issues and policy. The Council, appointed by the Governor and reporting to the Minister for Disability Services, operates under the Community Welfare Act 1987 and is made up of a majority of members who have disabilities. In addition, there are members who have experience in the provision of services for people with disabilities, their families and carers.

The role of the Disability Council is to

- research, evaluate and implement all government policies relating to disability issues and assess their impact on people with disabilities;
- advise government on priorities relating to services provided for people with disabilities;
- promote the integration of people with disabilities into the community through community awareness and education;
- encourage diversity, flexibility and innovation in services through constant consultation with people with disabilities, their families and carers, and
- function in NSW as the State's Disability Advisory Body to the Commonwealth Government, commenting on Commonwealth issues that affect people with disabilities and their families in NSW.

Members of the Disability Council are selected on the basis of their experience of disability and their understanding of issues, knowledge of service delivery and government policy.

The structure of the Submission

For the sake clarity the Disability Council of NSW has been referred to as Council, the Productivity Commission has been referred to as 'the Commission' and the Disability Discrimination Act (1992) has been referred to as the DDA throughout the submission. The submission first addresses broader social considerations before noting current inequities and commenting on the means to address the shortfall in housing options for people with disabilities.

Council's proposed input to the Inquiry

Council is concerned with the dearth of accessible and/or adaptable housing on the market. Noting the Terms of Reference it has restricted its response to *(f) the operation of the total housing market, with specific reference to the availability of a range of public and private housing types, the demand for housing, and the efficiency and use of existing residential housing stock*. Council will provide no input to the public hearing in Sydney due to time restraints.

Social and Equity Considerations

The need for accurate statistics

People with disabilities are not a homogenous group. They are people of different ages, languages, races and cultures; different genders, experiences, lifestyles and choices. They have a diverse range of incomes, histories, and political and social commitments. They understand, describe and identify with disability in different ways.

Yet the majority of people with disabilities are in the lower socio-economic strata. Australian Bureau of Statistics (ABS), Disability, Ageing and Carers: Summary of Findings, 1998, found that 47% of people with disabilities were in the lowest two income groups, compared with 30% of people with no disability. It was also found that the greater the degree of restriction experienced by a person with a disability the higher the likelihood they will be represented among low income groups (50% of people with disabilities with specific restrictions, 60% with severe/profound restrictions).

These statistics suggest a strong correlation between disability and welfare so it is surprising that Morrow's research suggests otherwise. He notes:

...regional analysis has revealed that the incidence of disability has only a weak relationship to the incidence of the Disability Support Pension (DSP) ...(and)...that DSP receipt (can) be modelled with 97% accuracy using unemployment, age and education data.¹

Yet the assumption that people with disabilities and acceptance of welfare support is strongly correlated is widespread. Its consequence relevant to this submission is that people with disabilities who are in need of accessible accommodation are not

¹ Morrow I. (1998) *The Growth of Disability Support Pension Receipt among Australian Males: 1971-1996*, Canberra, Strategic Analysis and Evaluation Branch, Department of Social Security.

generally considered as potential home owners. They are seen as a separate sub-group of the citizenship, from a lower social strata, rather than individual citizens whose additional needs impact on their ability to access society and participate equally with others. The access related needs of people with disabilities are not generally considered in discussions on planning, infrastructure and housing for the wider community. No accurate national statistics yet exist on the location and variation in housing / accommodation needs of people with disabilities. The ABS Report (noted above) suggested that in 1998 people with disabilities were participating in many areas of Australian life, although often not to the same extent as the overall population. These statistics are a major source of research compiled at the national level on the subject. Yet they fail to quantify the number of people with disabilities who are owners of their own homes or who are in the market for a home.

The search for statistical data finds only small pockets of research. Selling and Marketing Accessible Housing to All (SMARTA), a program of Spinal Cord Injuries Australia, completed a survey in 2003 which targeted accommodation options of people with disabilities and 64% of survey respondents were home owners (with or without a mortgage). This survey has been appended (see Appendix 1). While small, this survey suggests the need for wider statistics on people with disabilities to ensure government policy and planning has a firm statistical base. It also notes respondents report an experience of discrimination when seeking to purchase homes.

The Social Contract and Equity

The Senate Legal and Constitutional References Committee has summarised citizenship as consisting of the following four linked elements:

- (demonstrating) the quality of full membership and active participation;
- (occurring) in a just, democratic and mutually supportive political community;
- including the individual and collective rights and responsibilities - legal, social, economic, cultural and environmental - that go with such membership; and
- (having) the public and private policies and resources needed to sustain it²

Council holds that the failure to identify the housing, educational and employment needs of people with disabilities and incorporate statistics from these in policy, planning and programs should be regarded as a failure by government to meet the terms of the social contract and ensure practical options can accommodate equitable treatment of people with disabilities.

² Senate Legal and Constitutional Reference Committee 1995. *Discussion Paper on a system of National Citizenship Indicators*, Senate Legal and Constitutional Reference Committee, Parliament of the Commonwealth of Australia, p20.

Experience of people with disabilities

The appended survey was undertaken by a body that is principally dedicated to improving the access awareness of real estate agents. Respondents to this survey noted both that real estate agents had little knowledge of access and/or disability and that this often resulted in discriminatory treatment. From their knowledge of the disability community various Council members and staff can provide anecdotal evidence to support these claims. The Council and its staff can also provide anecdotal evidence to suggest the lack of knowledge of access and disability, or discriminatory practice, is not restricted to real estate agents but is common to stakeholders across the housing market service system.

The Commission may consider these matters as outside its Terms of Reference. However, Council is specifically responding to its requirement to review “the operation of the total housing market” and believes, interpreted widely, this should include both the knowledge and behaviour of stakeholders across the housing market (including real estate agents, lenders, building contractors, government staff dealing with development and building applications, stamp duty etc, and lawyers). Council believes that the experience of people with disabilities of seeking housing and seeking to modify homes fits under this category; though not specifically detailed in the Commission’s Terms of Reference. Hence Council views it appropriate for the Commission to comment on the knowledge and behaviour of stakeholders across the total housing market. Government has already provided a means of addressing discriminatory practice based on disability through complaints based legislation (i.e. the DDA at the Commonwealth level). Yet, knowledge of access and disability by stakeholders across the housing sector is an essential requirement of quality service provision and equitable treatment. Such knowledge has the potential not only to improve the quality of the ‘housing’ service system but also address the inequitable treatment of first home buyers with disabilities, and may even reduce complaints of discrimination.

Affordable Housing

While not all welfare recipients the national statistics quoted above place 47% of people with disabilities in the lowest two income groups. The majority of people with disabilities in the paid workforce are on low pay and many can only maintain part time work due to the restrictions of their disabilities. Government assistance to lower income earners has resulted in these groups, like welfare recipients, being condemned to a life in the rental market. Compulsory Mortgage Insurance and other bank charges have priced lower income earners out of the housing market. Tax incentives and the reduction or waiving of stamp duty may have some effect on the numbers able to afford entry to the housing market but it will do nothing to address the inequity of opportunity generally experienced by people with disabilities due to their lower earnings.

Experiences of people with disabilities (noted above) suggest discriminatory treatment can result from a lack of knowledge of access and disability. Yet such discrimination is often the result of structural barriers that effectively reduce social equity which, Council argues, is a right of citizenship. There is a clear link between indirect discrimination, as defined under the DDA, and a social structure that precludes lower income earners from entering the housing market as people with disabilities are more likely to be members of the lower social strata.

The First Home Owners Grant, ostensibly developed to assist First Home purchasers to enter the housing market has the incongruity that it is available to, and accessed by, many who are clearly in higher income positions. (This is evidenced by the number of grants provided to those purchasing homes in excess of \$1,000,000). Council believes that society would be more equitable if lower income earners were targeted as recipients of government support mechanisms.

Home modification and its related difficulties

Even when people with disabilities successfully enter the housing market they still often face the hurdle of modifying their homes to make them useable. The failure to address this extra cost, imposed as an unavoidable cost of disability, is seen by Council as an issue needing to be addressed to ensure social equity.

From the SMARTA survey attached it can be noted that 70% of respondents needed to modify their homes to live in them and 32% of these spent over \$20,000 to modify their premises. 78% of these modifications were self funded. Such modification is an added cost to first home ownership for people with disabilities, reducing the amount they can afford to spend on purchase. In New South Wales (NSW) the Home Modifications Maintenance Service is funded through the Department of Ageing, Disability and Home Care. The service is intended to assist older people and people with disabilities to live independently in their own homes. Yet, historically the scheme was conceived to reduce the likelihood of institutionalisation. As such the scheme is beneficial to an older person requiring home modification to remain in their homes. It was never intended to address the high cost of modifying a home for enhanced access. Cost of modification is considered before approving modifications under this scheme, the higher the cost, the more difficulty in being granted approval. Case studies of scheme recipients are detailed on the website of HMM Information Clearing House, an initiative of University of Sydney (http://plan.arch.usyd.edu.au/hmm/hmm_web/default.cfm).

Several new home owners with disabilities living in NSW have had their homes modified through the Home Modification Maintenance Service. Yet the processing of applications is somewhat time-consuming and while some are dealt with promptly others may experience a waiting time of eighteen months. The delays result in new home owners being unable to live in their own

homes within a year of purchase and as a condition of the First Home Owners Grant is that new owners will be resident of the premises for 3 months of the first 12 some people are in the position that they are required to live in premises that have not been modified to their needs and which they cannot access without assistance. In such cases this criterion cannot be met for practical reasons and therefore, these potential Grant recipients are made intelligible for a First Home Owners' Grant by virtue of their inability to guarantee their ability to make their homes useable within the stipulated timeframe.

The added cost of home modification is matched by the difficulty in finding an affordable house that is modifiable. Universal or adaptable housing design has been a recommendation to government for over a decade. NSW Department of Housing has determined that a percentage of new public housing stock is to be accessible but has no policy on ensuring that all new stock has the potential to be adapted to meet access needs. Similarly, few Local Council requirements consider the need for adaptability of housing when considering development applications. Correction of this matter requires the development of a State Planning Policy on access requirements and the Commonwealth can do no more than encourage the States to address this need.

One Commonwealth initiative that **could** address these deficiencies (if amended appropriately) is the decision to amend the Building Code of Australia (BCA) to align with the requirements of the DDA, thereby constructing an Access Standard under the DDA. Unfortunately, the current stance of the Building Codes Australia Board and the Human Rights and Equal Opportunity Commission is that residential dwellings will need to meet the requirements of the Building Code of Australia but will **not** be covered under the Access Standard. In a recent submission to the Commission' *Draft Report on the effectiveness of the DDA*, in reference to its *Request for Further Information*, Council argued that there was no need for an Accommodation Standard under the DDA but the Access Standard should be expanded to cover residential premises. As the DDA only refers to premises available to the public (and private residences are seen as available to members of the public by invitation only) the DDA does not cover the accessibility of private dwellings. The BCA too has limited relevance as many required modifications may be outside its coverage. Council argues that the BCA, when amended, should require all new homes to be adaptable. This would improve the market of adaptable housing for future home buyers with disabilities requiring enhanced access.

The difficulty remains that while such an amendment may require future dwellings to meet standards that consider access and adaptability most people (and thus most home buyers with disabilities) purchase pre-existing dwellings. As very few of these are totally accessible and not many easily adaptable there is limited housing choice for first home buyers whose disability require their home to be modified. Council is of the opinion that this situation could be partially remedied by incentives to increase accessible housing stock. Yet it argues that the increase in accessible housing stock must be matched by incentives and/or subsidies to adapt or modify existing buildings to make them *useable* to people with disabilities requiring enhanced access.

Recommended Initiatives

Government has a responsibility to ensure equitable treatment of all citizens. As noted above the lack of knowledge and behaviour of real estate agents (reported by respondents to the attached survey and supported by the anecdotal evidence of Council members and staff) suggests equitable treatment is not the experience of people with disabilities who are or are seeking to become first home owners. Council therefore recommends:

Government should address by means of public education the lack of knowledge of access needs and disability, and the discriminatory behaviour, of stakeholders across the housing sector which negatively impacts on the efforts of people with disabilities seeking to purchase their first homes.

The dearth of national statistics on people with disabilities in terms of use of infrastructure, potential house ownership, work-roles and work related needs suggests current policy and planning initiatives are based on inappropriate data. Council thus believes that such data must be collected to properly inform policy. Hence Council recommends:

Governments should be encouraged to develop Australia wide statistics to support policy, programs and planning and ensure equitable coverage of the specific needs of people with disabilities, including their housing needs and options.

The relegation of people on lower income levels to permanency as clients of the rental market is maintained by a lack of government support to this group to enter the housing market through low cost loans, subsidised down-payments when contracts are exchanged, tax incentives and waived stamp duty. Current First Home Owners Grants are provided to those in higher income brackets (as evidenced by the number of first homes purchased costing in excess of \$1,000,000). Council believes that social equity can best be addressed by capping First Home Owners Grants and providing support to lower income groups to enter the housing market and increasing Grants when purchasers have additional unavoidable costs not shared with other potential buyers.

Council therefore recommends:

Government should develop a low cost loans scheme for people on lower incomes and cap First Home Owners Grants based on the income of the applicant and/or the cost of the home being purchased.

and

First Home Owners Grants should be increased when home modification is required.

Current Home Modifications Schemes to assist new home owners with disabilities to access their premises are currently underfunded and long delays are experienced by those awaiting such modifications. They are not targeted to assist first home owners but to reduce the likelihood of institutionalisation. The cost of modifications reduces the purchasing power of potential home owners with disabilities. To maintain equity of opportunity between potential home owners these pitfalls need to be addressed. Council therefore recommends:

Government should substantially develop home modification schemes for new home owners with disabilities to ensure premises purchased can be used by home owners without undue delay.

and

Modification costs for new home owners with disabilities should be subsidised by Government through tax exemptions for building materials and utilities and/or by waiving Stamp Duty for houses needing substantial modification.

The dearth of accessible housing stock needs to be addressed. Government should increase options available by mandating local governments to require adaptability in all new property developments and building applications. Any decision to make existing dwellings accessible should also be supported financially to increase housing options to potential home buyers with disabilities.

Council therefore recommends:

Local Government should be mandated by the States to require adaptability as an essential element of all new property developments and building applications

and

Commonwealth and State tax incentives should be provided to those modifying existing housing for enhanced access (regardless of whether they have a disability) by deducting building costs from gross income when assessing taxable income.

Conclusion

The opportunity to become a home owner needs to be equally available to all, regardless of disability. Coverage of the cost of modifications faced by home buyers with disabilities to make their living environments useable is a responsibility of government to

ensure equal access to the housing market. This can be achieved through tax incentives and or government initiated building schemes. The dearth of accessible public housing can also be addressed by government initiatives in ensuring new housing is adaptable to access needs and providing tax incentives to address the shortfall in housing stock. Future planning of government needs to consider accessibility of housing stock and infrastructure to meet its obligations under the social contract.

Appendix 1

Key Findings of the SMARTA Consumer Survey 2003

Information was gathered from over 400 respondents: 200 male and 200 female. The survey was conducted from June – July 2003..

Respondent demographics

Age groups

15 – 25	6%
26 – 35	15%
36 – 45	22%
46 – 55	27%
56 – 65	19%
Over 65	11%

86 % of respondents considered themselves to have a disability – mostly physical/mobility limitations.

Living arrangements

Private Dwelling – alone	18%
Private Dwelling – at least one other person	65%
Non-Private Dwellings	17%

Of the non-private dwellings 85% Department of Housing Premises

Type of homes currently inhabited

Single house dwelling	77%
Apartment	8%
Villa/Townhouse	9%
SEPP 5 property	1%
Retirement Village	5%

Housing situation

Home owner with a mortgage	23%
Home owner without a mortgage	41%
Private rental	7%
Public rental (Department of Housing)	17%
Boarder	7%
Other (e.g. living with family)	5%

The following features influenced their decision to purchase, rent or invest in property.

In descending order from most important to least important;

- Bathroom/ toilet on the entrance level
- Bedroom located on entrance level
- Living room located on the entrance level
- At least 1 level entry into the house
- Sealed pathway from parking area to a home entrance
- Level or gently sloped approach to your entrance
- Open plan kitchen on the entrance level
- Covered car parking/carport area
- Covered front door with external lighting
- Car parking space in close proximity to home entrance
- Easy to reach power points and light switches
- Wider doorway entrance
- Wider corridors
- Access to common tenant areas
- Easy to reach/ open window fittings
- Lift access between floors
- Provision for a house stair lift

Length of intended stay in current home

Over 10- years	64%
Under 10 years	36%

Modifications required to make home accessible

Yes 70%
No 30%

Top 3 areas where changes were made:

- Ramps eg. Entrance doorways
- Bathroom eg. Grabrails, hobless shower
- Kitchen

Recipients' cost to modify homes

\$	%
0-1000	18
1000-10 000	32
10 000 – 20 000	18
Over 20 000	32

- **78%** privately funded modification to homes
- A health professional was involved only 31% of the time (usually Occupational Therapist)

Features considered essential to a home

70% of respondents noted that the following features as essential to a home:

- Visitability
- Adaptability
- Accessibility

89% thought that a 'lifespan or universal' home would be desirable (i.e. home capable of easy and affordable modification, should enhanced access be required)

Type of consumers noted who would benefit from a lifespan or universal home

People who have a significant mobility impairment	89%
Older people	84%
Anyone associated or related to a person with a disability	77%
Anyone with a disability looking to invest	73%

Demand for Universal homes

- If the costs were the same, 83% would prefer to live in a universally designed home.
- 94% indicated that if they were in the market for purchasing a home, they would prefer to use a real estate agent who has been trained in disability awareness and universal housing design features.
- 93% would like real estate agents to display a logo /symbol which indicate that a home has accessible features.

Major themes from survey comments

- Real estate agents have a lack of awareness on access and disability issues. This can lead to issues of discrimination especially if there is perceived difficulty in dealing with uncomfortable situations when working with people who have specific needs
- Lack of awareness in the design process for accessibility – builders and architects
- Difficulty modifying existing houses – becomes economically unviable and people have no choice but to custom build an entire home.
- Housing options are limited (eg expensive private rental) with 10 -15 year waiting list for public housing. This demonstrates a need for accessible housing in the private market.
- Definitions of accessibility to be widened to include, for example to include, turning space in rooms, areas for storage of equipment, room sizes, proximity to external services such as public transport and schools.