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**Submission to the Joint Standing
Parliamentary Committee on the National Disability
Insurance Scheme (NDIS) on accommodation for
people with disability.**

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Introduction

Activ Foundation welcomes the Joint Standing Parliamentary Committee's focus on the funding of housing and accommodation options as it provides a great opportunity to promote action by disability sector organisations. It is clear that no single area of government or non-government can successfully address the full range of housing issues for people with disability. There is a need to implement comprehensive, collaborative, coordinated and innovative solutions to increase appropriate and accessible housing supply for people with disability in the most efficient and effective manner.

Activ has reviewed the National Disability Services' (NDS) submission and supports the key tenets of their submission in principle. Activ would also like to present its own views in the context of the needs of Activ's customers and strategic directions for the future.

The case for housing market intervention

The NDIS can act as the prime catalyst for governments, the disability and private sectors to engage in the complex and long term process of the development of housing options. As stated in the NDS submission a range of government planning, regulation and supply chain interventions will be required, as the current housing market has already demonstrated that it does not have the capacity to deliver the full range of accessible and affordable housing options required for people with disability. This is one area where the current market has not shown an ability to identify and resolve the complex interrelated issues involved.

Priority Solutions

1. Policy certainty for potential investors in housing for people with disability

The establishment of appropriate and well-designed housing has a long lead time and more clarity about the future regulatory and funding policy is required. Activ agrees with NDS that it is important that the National Disability Insurance Agency (NDIA) meets the timeframes for developing benchmark prices and implementing the 'Specialist Disability Accommodation Pricing and Payments Framework' and ensure the prices are adequate.

In principle the benchmark methodology developed by the NDIA appears to be appropriate. It is recognised that benchmarks can only ever hope to cope with up to 90% of the possible variances. If options that fall outside of the established benchmarks are open to ongoing negotiation then this should satisfy the concerns of the majority of stakeholders.

Benchmarks must also be subject to regular review and the application of appropriate indexation, otherwise over time the benchmarks will be eroded and lose their relevance. An open approach by the NDIA to the ongoing resolution of these issues will assist to allay the concerns regarding the current lack of details. The Commonwealth government has not demonstrated a good record in the application of appropriate and sustainable levels of indexation.

The NDS submission states that registration processes around specialised disability accommodation must ensure the development of quality homes and not reduce choice or diversity.

The NDIA should allow disability service providers to own and operate specialist disability accommodation. Disability housing providers will wish to retain equity in their current housing capacity. This is required so that the provider can leverage their current equity in order to contribute to the housing developments of the future. The disability sector organisation could outline how the housing section will liaise with the direct care service section to ensure that the potential for any perceived conflict of interest is minimised. The individual with disability can also nominate an advocate to assist with the negotiations in this area.

To reduce the capacity of providers to own and operate disability related accommodation would severely reduce the development of potential options in an era where demand significantly exceeds supply. All endeavours should be made to maintain the current level of supply and to find new options to increase supply into the future. This is particularly the situation if the accommodation options supports people who have challenging behaviours. These people will not readily find accommodation in the open and private rental market.

Activ operates as both a service provider and a housing provider and has considerable experience in both areas. Activ operates a range of accommodation models including group homes, cluster housing and individual units. These are provided in a range of tenures, including Joint Ventures with the Housing Authority, Housing Authority rentals, freehold and local government.

Activ has also acted as builder and developer in its own right. Activ has designed and constructed a range of flexible accommodation models, incorporating universal design principles. Its deep level of understanding and expertise in this area demonstrates why disability service providers should be allowed to own and operate specialist disability accommodation.

Activ has also added to the supply of land to the disability sector by creating and developing subdivisions which generated income for the construction of specific housing projects for people with disability.

For example, in 2004 Activ developed an innovative residential estate, which integrated people with and without disabilities. The focal point of the development was a proposed nursing home and retirement village sites which were developed for an aged care provider. The residential component comprised some 223 residential lots, eight (8) duplex sites and multiple grouped dwellings, accommodating about 1,000 people, the vast majority without disability. The subdivision achieved its goal of integrating people with disability, their families and others into a well-planned residential estate.

Activ is currently developing relationships with Growth Providers to further expand the impact of leveraging assets to increase housing supply. Additionally, some growth providers are considering setting aside a certain percentage of new development for people with disability

NDIA should also consider the opportunities to address disability sector specific accommodation issues, in partnership with DSO's, that currently see young people with disability accommodated within inappropriate high cost hospital rehabilitation or low cost nursing home options which subsequently contribute to the complexity of the individual and potentially higher support needs leading to cost impacts that contradict the principle of intervention, support and a reduced cost to support over the life of the funding.

There needs to be incentive funding to permanently break this cycle. The issue is that the funding for rehabilitation is contained in the health department budget and funding for the new accommodation support options is contained in the disability department budget. There is a requirement for transitional funding in order to move the individual from the rehabilitation options to the disability accommodation support options. This has existed as a sporadic and intermittent funding source in the past, it needs to be made permanently available.

The NDS submission states that Governments and the NDIA should provide commitments as soon as possible about how much capital funding will be available to stimulate new housing production for people with disability.

It would be extremely useful if this information could be provided in three to four years forwards estimates so that the disability sector organisations can plan long-term, taking into account the extended periods required for the completion of housing developments.

Activ notes that if the Framework offers only NDIA investment in housing, there is a risk that it will force more participants to seek access to 'specialised disability accommodation' when less expensive options would be preferable had they been made available. Activ does not support the general transfer of NDIA housing money to the states and territories governments. The allocation of NDIS funding for housing needs to be subject to quarantine, so that these funds for housing are not caught up in the application of efficiency dividends that is so popular with the current WA state government to meet alternative competing budgetary needs.

It is important to note who wears the prime risk with the major housing developments; namely the housing provider, the DSO, the people living with disability or the government? In Activ's view, the only stakeholder with the funding required to underwrite such large investments for the sector as a whole would be the government agency. As an agency based on the concept of insurance, the NDIA should also insure the other stakeholders against the failure of the housing development.

Activ has experience in this area with Growth Providers who carry out multi-million dollar construction programs and carry a large percentage of the risk. In Activ's case, funds have to be either borrowed, taken from cash flow, or equity is provided in the form of land contribution. The cash flow option can inhibit the operation of the agency and mortgages provide an added risk to the sustainability of the organisation. Cash flow is further challenged by the other issues involved with the implementation of the NDIS. Joint Ventures with the Housing Authority provide a large degree of protection, where the Authority wears the risk of the capital injection and the agency provides the land. This could be replicated in the private market with some type of financing equity loan with people prepared to invest in social housing.

2. Establish partnerships involving developers, financiers, and the disability and community housing sectors

At a local level, both the Commonwealth and NDIA can play an important role in coordinating the establishment of partnerships with the aim of exploring and putting in place ways to scale up effective housing for people with disability.

The responsibility to address longstanding disability housing challenges goes beyond the Australian Government. As the NDS submission states, the Commonwealth can play a key role in facilitating collaboration between all three levels of government, land developers, planners, housing providers, disability housing providers, families, banks and superannuation funds.¹ There is a need for partnerships to canvas a wide range of approaches for financing such as shared equity and social investment options as well as the more traditional commercial return and government funded options.

Activ has had discussions with growth provider agencies and social venture organisations regarding funding tools such as social equity bonds. The Commonwealth Government can play a major role in providing backing and credibility to less traditional funding mechanisms, which have proved so successful in the UK.²

The sector requires a “notice board” of potential players in this field, which could be registered by NDIA and linked to the NDIS website. Programs such as the successful Western Australian Housing Authority ‘Key Start’ program and home ownership sales programs should be leveraged.

3. Disseminate information on diverse housing demand, options and supply

Activ agrees with the NDS submission that it is critical to recognise and promote the wide continuum of housing arrangements and financing options. Major investors as well as individuals and families need to understand the range of possibilities to make good investment decisions.

To make useful investment in housing for people with disability, investors need to have access to detailed demand data. As the NDS submission states an understanding of housing ‘demand’ is complex. It is important to increase knowledge across all stakeholders of the diverse range of housing models, such as share houses, networks, tenant managed cooperatives, and shared equity arrangements.

There is a role for the NDIA to fund the distribution of housing information through their information, linkages and capacity-building tier. Activ is aware of its own data and can plan for its own medium term needs. There is a need for more locally based and relevant data on disability housing needs across the whole of WA. This would enable better and more coordinated planning of housing options and developments.

The NDIA will also need to fund the coordination of a state wide vacancy management program for diverse housing options to assist some people to find the most appropriate accommodation and to help ensure providers do not carry unfunded vacancy costs. This information and vacancy management role will provide investors with confidence in the market. To support this particular point, there could be a clearing house function developed where all vacancies in disability accommodation services and all people seeking an accommodation option could be placed on an electronic noticeboard and the movement could be coordinated. This function has existed in the past in WA and the clearing house is best placed within a peak body or a private organisation that is funded to perform this function. Funds could also be generated from charging a fee for successful placement.

¹ Social Ventures Australia partnering with Hesta – Article (<http://www.socialventures.com.au/work/social-impact-investment-trust/>)

² Big Society Capital (<http://www.bigsocietycapital.com/social-issues/housing-and-local-facilities>)
Social Finance (<http://www.bigsocietycapital.com/social-issues/housing-and-local-facilities>)
Resonance (<http://www.resonance.ltd.uk/funds/community-land-trust-rental-housing/>)

This would assist to maintain an impartial and systematic process in order to minimise any favouritism or potential for a perceived conflict of interest.

It will be interesting to see the benefits of the introduction of the Local Individualised Funding (LIF) and improved accommodation placements.

Any new system has to encourage long term planning and innovative accommodation models. The current system only allows for short to medium term planning in traditional housing models.

Discussions with Growth Providers regarding the ability to identify tenants prior to the completion of new development to reduce vacancy rates and minimise compatibility studies would be an effective process to pursue. New projects could also be added to the 'clearing house' process to assist in the achievement of early occupation of new housing.

4. Establish national funding to stimulate the construction of affordable and accessible community housing for people with disability

Activ Foundation encourages the new Ministerial working group to investigate innovative ways to improve the availability of affordable housing. The Joint Standing Committee should encourage the working group to introduce a national funding scheme for stimulating the construction of affordable and accessible housing for people with disability. Improving access to affordable housing for people with disability is a key plank of the National Disability Strategy and is essential for the NDIS.

To complement the NDIS, the Commonwealth should introduce a national scheme that offers financial incentives to the business sector and community organisations to build and rent dwellings to low and moderate income households.

Activ agrees with and supports the general points raised by the NDS in this section namely,

- Incentives to be indexed annually and provided for each approved dwelling to be a tax offset or cash
- complement contributions/ investments from state or territory governments
- allow investors in the scheme to benefit from the annual incentive as well as through rental yields and potential capital gains
- only apply to approve schemes that meet quality and probity standards that are subject to monitoring.

5. Regulate adaptability standards in the National Construction Code

All new and extensively modified housing should be required to meet national access and adaptability standards.

Proposed minimum access and adaptability standards are defined by the Australian Network for Universal Housing Design (Liveable Housing Design Guidelines). These types of accommodation options are ready or readily adaptable to the needs of an aging population. Activ has complied with the requirements of the 'silver standards' in all its recent housing developments.

6. Ensure access to affordable housing is equitable for people with disability

Activ agrees and supports the NDS submission in that all jurisdictions review eligibility criteria and prioritisation systems for affordable housing schemes to ensure they are equitable for all people with disability and their families.

The guarantee of quarantined funding for housing for people living with disabilities addressed in section 1 of this paper will go a long way to ensuring that this occurs.

7. Revise local government planning regulation to require all new housing developments to include 10 per cent affordable housing options

The joint standing committee must encourage all jurisdictions to do their part in addressing an enduring national shortage of affordable housing. This can be achieved through ensuring approvals for new housing developments include affordable housing components.

Every jurisdiction and relevant local government area must release sufficient land in order to stimulate and support the proposed housing developments with incentives provided to encourage and enable local planners and provisions to be as flexible as possible to stimulate the development of appropriate housing options for people with disability.

This could be assisted by the consideration of installing lifts (or the provision to retrofit a lift) where land is at a premium and consideration is given to two- storey construction. This type of construction and provision for retrofit has been developed in Western Australia by Dale Alcock Pty Ltd.

Summary and conclusion

The expertise and contribution that DSO's currently undertake in this particular area of focus should not be underestimated. In any change environment this opportunity to respond linked to a period of consultation is welcomed by Activ; however serious consideration should be given to previous and current strategies proactively undertaken by DSO's and Housing Developers to combat the ongoing lack of housing models for people with disability.

There is a need to implement comprehensive, collaborative, coordinated and innovative solutions to increase appropriate and accessible housing supply for people with disability in the most efficient and effective manner.

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