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National Disability Insurance Scheme Specialist Disability Accommodation: *Position Paper on Draft Pricing and Payments*

National Disability Insurance Scheme Specialist Disability Accommodation: *Position Paper on Draft Pricing and Payments*

Joint submission by:

Community Housing Industry Association

Community Housing Council of SA

Community Housing Federation of Victoria

NSW Federation of Housing Associations

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Executive Summary

The community housing sector supports initiatives to bring new investment to housing for National Disability Insurance Scheme (NDIS) participants. In that context we welcome this opportunity to make a submission in response to the Position Paper on Draft Pricing and Payments (Position Paper).

The Position Paper is a reflection of the work that has been done by the National Disability Insurance Agency (NDIA) and state and territory agencies after the release of the draft SDA Pricing and Payments Framework (SDA Framework) in late 2015. The Position Paper provides significantly more detail on how the market for specialist disability accommodation will work as the NDIS rolls out. This will enable providers to consider the impact of NDIS funding on new and existing specialist disability accommodation. Its release follows wide-ranging consultation by the NDIA with stakeholders.

We believe that housing by non-profit community housing providers is a natural fit for specialist disability accommodation under the NDIS. We promote a separation of housing and support provision, are experienced in working with supports to sustain successful housing outcomes, can raise private finance and are already subject to robust regulation. We believe there is a strong alignment between our sector and NDIS values.

The approach reflected in the Position Paper and the SDA Framework is complex and without precedent in the finance of affordable housing in Australia. Getting the approach right requires constructive dialogue and a willingness to be flexible as the market for specialist disability accommodation under the NDIS evolves.

In this paper we have made a number of recommendations around ensuring that the market for specialist disability accommodation functions effectively and in the best interests of participants. In the limited time since the release of the Position Paper it has not been possible to do more sector consultation.

As the bodies representing the community housing sector, we believe that we can play a valuable role to facilitate a high level of engagement between the NDIA and the sector. We believe that for the specialist disability accommodation market to operate effectively, it is vital that the sector be supported to further mature and grow its capacity to meet the housing needs of NDIS participants.

Accordingly, we see our role as one where we can assist the NDIA in the design of the market. To that end, we would propose a follow-up meeting between ourselves and the NDIA to look at options for further sector engagement and partnership.

About this submission and the community housing sector

This submission is a joint submission on behalf of four industry bodies representing the community housing sector in Australia:

- Community Housing Industry Association
- Community Housing Council of SA
- Community Housing Federation of Victoria
- NSW Federation of Housing Associations

Together, we represent a significant proportion of the community housing sector across Australia. This is a sector which owns or manages over 72,000 dwellings.

Community housing providers 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 modified to meet the needs of people with mobility impairment. The sector has for many decades formed successful partnerships with disability support providers and communities in order to get people with disabilities into affordable housing and to keep tenancies on track.

The NDIA has specifically sought feedback on the interpretation of the the SDA Framework and the proposed approach outlined in the Position Paper. We have therefore confined our comments to those issues.

The wider housing challenge

We have also made a submission to the Commonwealth Parliament's Joint Standing Committee on the NDIS on the way the SDA Framework is structured and the wider issues of housing for NDIS participants.

We are of the view that outside of those NDIS participants eligible for funding under the SDA Framework there remains a much wider challenge of housing for NDIS participants. We remain concerned that a lack of affordable, accessible and secure housing will prevent the NDIS from delivering on its full potential to maximise the independence and social inclusion of participants. While there is a specific focus to this submission, we are keen to engage on the wider issues in partnership with the NDIA and state and territory agencies with responsibility for housing.

Our previous submission on the SDA Framework

We have previously made a submission on the SDA Framework, in which we expressed the view that:

- The SDA Framework comes in the context of past approaches to funding this type of housing which have been fragmented and ad-hoc, based largely on up-front grants with little private sector finance or involvement. Supply has been inadequate, leading to a lack of consumer choice and supply dominated by the group housing model.
- Therefore, the role of the NDIA is to foster a market for specialist disability accommodation where none exists at the moment. This will require the NDIA to actively engage with consumers, providers and financiers and show leadership.
- Non-profit community housing providers are likely to be first movers in this space the level of market risk needs to be acknowledged and providers supported to manage that risk.
- Without this leadership, there is a significant risk of market failure, leading to a failure of supply, or poor quality outcomes in terms of integration, location and empowerment of people with disabilities.
- There remains a role for targeted, supply-side subsidies that are paid directly to providers in return for making housing available to eligible NDIS participants.

We are pleased to see that this has been taken into account in the Position Paper, including:

- That the NDIA may build in strategies to influence supply of particular types of accommodation and to maximise participant outcomes over the long term (Part 2.1: Pricing objectives, page 8)
- The NDIA will examine the feasibility of stimulating the market to supply housing in particular areas as demand for specialist housing becomes clear through transition, which may include directly commissioning property (Part 2.2: Approach to pricing, page 9)
- Acknowledging the impact of vacancy risk on providers and seeking more feedback (Part 2.9.4: Vacancy rate assumptions, page 16).

What is the role of the community housing sector in delivering specialist disability accommodation?

Construction and management of specialist disability accommodation is a complex matter and that the required approach to best practice is emerging. The SDA Framework and its implementation set out in the Position Paper represents a new approach to funding housing based on a flexible, participant-centred demand side subsidy. We believe this approach is without precedent in the provision of housing for people with a disability, or subsidised housing generally. This much is acknowledged by the NDIA, which has committed to reviewing its approach regularly as experience and participant data grows (Part 2.1: Pricing objectives, page 8).

We believe that housing provision by non-profit housing providers – the community housing sector – is the natural fit for the provision of specialist disability accommodation for NDIS participants. This is because community housing:

- **Is subject to an existing quality assurance framework overseen by independent regulator**. These frameworks provide both prudential oversight (preventing loss of public investment by provider failure) and assurances of quality service delivery and sound asset management.
- **Promotes a separation of housing provision and support provision** to enable participants to exercise choice and control over supports without having to change housing.
- **Is the sector with experience in accessing private finance** to support the construction of new affordable and social housing.
- **Has a track record in providing housing that for people with disabilities** but which is non-congregate and integrated into mainstream housing settings.
- **Has existing, experienced specialised providers** who have capacity to construct scalable, purpose-built quality housing, and to provide tenancy management services aligned to NDIS values.

Are the SDA Prices adequate?

The Position Paper sets out (in tables 5 to 8) a range of base prices per participant for new and existing specialist disability accommodation (SDA Prices). In the limited time we have had to prepare this submission it has not been possible to obtain input from member community housing providers about the adequacy of the SDA Prices to support a viable market.

Community housing providers will no doubt be analysing the SDA Prices in light of their business model to determine whether to invest in this area. Projects in planning could incorporate a component of NDIS-funded housing, which would have the further benefit of integrating specialist disability housing within a wider housing setting.

Some of our community housing provider members have queried the assumptions on which the SDA Prices have been based. We would appreciate the opportunity to engage in further dialogue on these and other matters. Following is an outline of preliminary feedback obtained from stakeholders about the Key Assumptions (Table 4, page 21) and other assumptions and allowances set out in the Position Paper:

Annual rental contribution/ participant	The NDIA has already acknowledged that prices will require adjustment for participants under the age of 21 (Part 2.8: Additional factors impacting building costs, page 15). Not all participants may be entitled to the maximum Commonwealth Rental Assistance payment. This can occur if market rents are low. To obtain GST concessions, most community housing providers charge a maximum of 75% of market rent for the dwelling.

Shared spaces and common areas	The SDA Prices may not adequately cover accommodation that incorporates significant shared spaces. These can be a feature of new and emerging housing models based on self-contained units and sharing of some supports.
Property management	Some providers query if the allowance for property management is sufficient. Participants with complex support needs may require intensive tenancy management so that housing provision works in close partnership with support provision to sustain successful housing outcomes. In that regard, clarity on what the NDIA considers to be in and outside the scope of tenancy and property management (and accordingly what are the responsibility of support providers) would be helpful.
Long term land appreciation	An allowance of 5% per annum may be excessive, especially if applied nationally in light of regional areas where there is historically low levels of land value inflation compared to capital cities.
Remoteness indices	The allowances for remote areas, based on the Australian Statistical Geography Standard, may not in all cases be an accurate reflection of increased (or decreased) building costs and should be benchmarked against actual construction costs when available. Housing constructed under the Supported Accommodation Innovation Fund and similar programs may assist the NDIA in understanding actual costs.
Loss on building costs when sold	An allowance of 20-40% may appear generous, but may not be adequate for group homes built to a high specification.

Recommendation 1: The NDIA commit to a further process of engagement with housing providers on the SDA prices as the market develops. This should include a one-year review to test the assumptions against available data before 1 July 2017, including data from recently built and existing specialist disability accommodation.

What is the market for specialist disability accommodation?

We have previously advocated for the NDIA to release further data on the state of the market to assist providers with planning.

In that regard, we welcome the NDIA's commitment to transparency of data on demand by geographical location and participant requirements via the release of a Market Position Statement on the NDIS website (Part 3: Demand and assessment, page 25).

The NDIA has indicated that it is developing and testing criteria that will be applied to determine when specialist disability accommodation is a reasonable and necessary support for a particular participant. Accordingly, participants will only know their eligibility for a capital subsidy as an outcome of the planning and assessment process. This means that developing a complete picture of who is eligible and the extent of funding available to participants will take many years as the NDIS rolls out nationally.

Delivering new supply

The Position Paper (Figure 2 – Assumed Supply of SDA (New Buildings), page 18) suggests that over 500 new properties will be delivered in FY2017, rising quickly to almost 1,000 new properties p.a. by FY2019. This is in a context where:

- NDIS participants have not yet been assessed as having a specialist disability accommodation component in their reasonable and necessary supports; and
- the full national rollout of the NDIS has not commenced.

For quality housing outcomes that are in established neighbourhoods and integrated into mainstream settings, there are long lead times in terms of securing finance, planning approvals and undertaking complex construction. The requirement for providers to identify and negotiate with eligible NDIS participants to fund new supply will also add to the complexity of delivering housing outcomes.

We think it is crucial that projection of new specialist disability accommodation supply avoid raising unrealistic stakeholder expectations. The National Rental Affordability Scheme (NRAS) is perhaps a cautionary example on this front. In that case, estimates of new NRAS dwelling supply proved too optimistic, leading to a perception that NRAS had failed to deliver.

Recommendation 2: That the NDIA further engage with housing providers on developing a revised statement of when specialist disability accommodation is expected to be available as the NDIS rolls out across Australia.

Assisting providers understand the market

Understanding this market data is vital to the ability of the sector to engage in business planning and to mitigate risks associated with this market. From 1 July 2016, the benchmark prices will guide planners when determining the reasonable and necessary supports for the cohort of participants identified as requiring specialist disability accommodation (Part 2.2: Approach to pricing, page 9). This means that over the coming years as the NDIS rolls out the nature of the various sub-markets (in terms of location and type of specialist disability accommodation required) will become clearer.

We believe it is vital to the operation of a well-functioning and transparent market for specialist disability accommodation that the NDIS establish mechanisms to assist providers and consumers understand the market as it evolves and develops.

We also believe that a more flexible market “clearing house” allowing participants to express individual needs and make connections with providers, developers and other participants would be a significant boost to the market. A modest investment in a webbased platform via the Information, Linkages and Capacity Building program would be a wise investment.

Recommendation 3: That the NDIS consider the funding the establishment of a market facilitation mechanism to:

- **better inform eligible NDIS participants on the range of housing options that are possible under the SDA framework; and**
- **assist NDIS participants to link with other participants and housing providers to facilitate the functioning of a market.**

How will specialist disability accommodation be financed?

Consistent with the SDA Framework, the Position Paper provides that specialist disability accommodation will be funded by an annual payment made to registered providers. The up-front cost is to be met by housing providers raising necessary debt and equity finance which is supported by the annual payment. The SDA Framework states that while the SDA Prices are an annual amount, the NDIA has flexibility in determining the payment schedule for instalments through the year (SDA Framework, Part 19: Payment arrangements, page 39). While flexibility may be justified, this makes it difficult for providers to analyse the financial impact of the SDA Prices.

It would also assist supply if NDIS payments could commence from when a project is approved, site purchased and construction commences to reduce risk to providers rather than when completed buildings are occupied.

Recommendation 4: In order to facilitate community housing providers' business planning, the NDIA should clarify as soon as possible when payments will commence and the way payments will operate in practice - in what instalments and in advance or arrears.

This is an untested housing product in the finance space. Community housing has experience in raising private finance - In Victoria and NSW the registered community housing sector holds $309 million and $137 million in interest bearing debt respectively. This debt is largely raised in conjunction with investment by state and territory housing authorities (in the form of grants or land transfers) and supported by limited net cash flows from rental income and in some cases by NRAS incentives.

The Position Paper assumes a gearing of 60%, with the remaining 40% of the capital cost to be financed by equity at a rate of return of 8.1% after tax and 11.6 % before tax (Part 2.12: Key pricing assumptions, page 20).

Equity finance

To date, equity investment in the community housing sector has taken the form of capital grants or land transfers from state and territory housing or disability services authorities. These usually take the form of perpetual grants only refundable if a property is no longer used for its funded purpose, secured by an interest on title to the land to prevent dealings with the land.

There is little experience of equity investment in the community housing sector where an equity investor expects a commercial rate of return. Traditional forms of equity investment such as shares in a company or units in a trust are not easily compatible with the charitable status of community housing organisations which prevent the distribution of profits to equity owners (members).

Therefore, equity investment in non-profit providers will require new forms of investment instruments and possibly special purpose vehicles. Some community housing providers may wish to apply their own balance sheet equity to new housing supply but not all will have this capacity. This is particularly in light of the past policies of state and territory funding agencies which have already required that community housing providers maximise return on government equity investment.

There is an emergent social finance sector, but this is in its infancy in terms of financing of housing assets. Shared equity models may provide participants with an opportunity to invest in their own accommodation and benefit from it not just as housing but as an investment. There is already some limited experience of shared equity in the community housing sector and existing shared ownership schemes.

However, equity investment of some kind will be crucial as it is unlikely that providers will be able to finance construction without it. Higher loan-to-value rations may be financially unsustainable or not available on the debt finance market.

Without equity investment, community housing providers would have to provide higher levels of debt funding, or where this is not viable, withdraw from the market altogether. This would be a disappointing result in which a seemingly neutral requirement unintentionally advantages for-profit providers in the market for specialist disability accommodation.

Recommendation 5: The NDIA should support efforts to develop new equity finance models to support the participation in the emergent specialist disability accommodation market by non-profit providers. This should include social finance and shared equity products.

Debt finance

Debt financiers will be keen to understand the risk to net cash flows in considering advancing debt finance for the construction of specialist disability accommodation. This means that strategies to mitigate vacancy risk will be a key factor in raising necessary debt finance. We comment further on vacancy risk later in this paper.

In its early stages, the market may operate on the basis of “pre sales” – a pre-commitment by participant (or group of participants) to a particular housing project for a minimum period (for example, 10 years) that provides sufficient certainty for a provider to raise finance. This is analogous to debt finance for new private market housing construction which is usually contingent on developers reaching an agreed threshold of qualifying pre-sales before financial close.

Another way of achieving this means would be by the NDIA directly commissioning specialist disability accommodation (Part 2.2: Approach to pricing, page 9 and Part 4.1: Purchase of SDA supports, page 28) for a period of time which would provide debt financiers with certainty of cash flow. To ensure accountability, we believe that mechanisms for the NDIS to directly commission housing should be:

- transparent: with proposals assessed against clear criteria;
- consistent: operating regularly against a predictable timeframe; and
- flexible: allowing room for providers to demonstrate best practice without being constrained by overly-restrictive specifications.

There is a particular need to establish this mechanism in light of the NDIA establishing in the Position Paper an "innovation" category where prices can be flexible (Part 2.5: Accommodation design categories, page 13).

Recommendation 6: That the NDIA provide further guidance on:

- **whether the NDIA would be supportive of participants agreeing to make such a pre-commitment to a particular accommodation outcome; and**
- **in what circumstances the NDIA would consider market-led applications for the NDIS to directly commission specialist disability housing (for example, annual funding rounds).**

We are concerned that the debt finance rate (of 5.2% set by the NDIA) is too low. While interest rates are currently low, they are unlikely to remain this low over a 20-year horizon. Further, we understand community housing providers usually also pay facility fees and line fees on loan facilities that can effectively add about 2% to the interest rate of a loan facility.

Recommendation 7: The NDIA should engage in further dialogue between financiers, providers and the NDIA about commercially available rates of finance and adjust prices if necessary. This may include separate prices for non-profit providers based on the availability of debt and equity finance to the sector.

Existing specialist disability accommodation assets – the missing piece of the puzzle?

The Position Paper outlines two prices under the SDA Framework; one for new construction and one for existing assets. In the short period of time for the consultation on the positon paper we cannot make any meaningful comment on whether the discount for existing assets represents a fair discount. There is also perhaps a grey area about the treatment of new housing commissioned before NDIS rollout in that area but completed after.

It is likely that this discount will be too much for significantly depreciated assets that no longer meet modern standards where sale or demolition is the most economically viable outcome. However, for some newly-built assets, these discounted prices may represent a windfall gain for housing providers where the up-front cost has been met by cash grants.

The transformation of existing specialist disability accommodation assets therefore forms a crucial component of making the new SDA Framework deliver good outcomes for participants.

Existing specialist disability accommodation assets take a range of forms and ownership structures. Some assets have been developed recently under various grant funding programs (such as the Supported Accommodation Innovation Fund) and will be of a high quality and amenity. Others will be legacy assets – variously owned and/or managed by government, disability support providers or community housing providers. These will be of inconsistent quality and suitability to purpose, however will be situated on land which may be of significant value and/or undercapitalised.

The contribution that existing state-owned specialist disability accommodation may make to the provision of specialist disability accommodation is a potential source of equity investment in new and upgraded specialist disability accommodation. The SDA Framework provides that where governments directly provide accommodation services, this may form part of their in-kind contribution to the NDIS (Part 17: Treatment of publicly owned land in setting the benchmark prices, page 38). The SDA Framework otherwise adopts a neutral position by stating that state-owned land may continue to be owned by the relevant jurisdiction or transferred to another provider at the jurisdiction's discretion.

We believe that to truly unlock the potential of existing specialist disability accommodation assets, State and Territory governments need to be actively encouraged to transfer ownership of land assets to the non-government sector. This is to:

- provide a source of equity investment in specialist disability accommodation to make the SDA prices financially viable for the non-government sector (and to enable public investment in specialist disability accommodation to be retained);
- ensure investment in, and replacement of, specialist disability accommodation assets that have reached the end of their economic life and should properly be demolished and replaced with new dwellings that meet modern standards; and
- unlock existing equity in the form of undercapitalised land owned by state disability services authorities.

We believe that continuing to leave existing specialist disability accommodation assets under the ownership of state disability services authorities runs the risk of inefficiencies and could stifle innovation by entrenching the position of a dominant state-owned provider.

Recommendation 8: The NDIA should actively engage State and Territory housing and disability services authorities in identifying suitable assets for transfer to the sector under a competitive process.

Wider reforms to housing finance

In terms of finance, we think it will be essential for the NDIA to continue to engage with wider efforts to reform the finance of affordable housing. In this respect, we also refer to our submission to the Commonwealth Parliament Joint Standing Committee on housing for NDIS participants, in which we argued that:

> *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.

What type of housing will the market deliver?

We believe that any pricing system for housing creates risks of incentivising construction of dwellings that are:

- congregate via the application of economies of scale;
- badly located (in areas remote from services, transport and employment) by seeking out cheap land; or
- of poor quality via inappropriate or inadequate quality standards.

We acknowledge that the Position Paper has made quite extensive efforts to account for this via establishing a detailed matrix of factors set out in Appendix B, including:

- establishing a range of building types (part 1.2)
- setting minimum sizes for each building type (part 1.3);
- minimum specifications for each building type (part 1.4);
- regional cost variations (part 1.6 and Appendix C) reflecting both costs associated with remoteness and land in inner ring areas of cities; and
- allowing for costs of additional options and factors such as fire sprinklers, technology and cyclone rated construction (part 1.7).

The market has not to date seen a complex pricing framework of this level of detail (however various state disability services authorities have developed detailed design guides for group housing). The risks of this approach is of unintended consequences by the settings not being adjusted appropriately. We think therefore that it is crucial that the NDIA carefully monitor registered specialist disability accommodation dwellings and be prepared to adjust these allowances and standards if it transpires that the effect of market conditions is incentivising the wrong type of housing.

However, at the same, time, we are concerned that the ability of the NDIA to adjust prices every five years (or sooner) creates a significant risk for the financing of new dwellings. We would suggest therefore that the NDIA apply a “no disadvantage” test. This would mean that for registered dwellings, SDA prices cannot move below a floor of the original price at the start date for the dwelling indexed to CPI.

Recommendation 9: The NDIA commit to an annual update of the SDA prices based on a “no disadvantage” test and carefully monitoring registration of new dwellings to ensure quality of outcomes for new supply.

How should vacancy risk be managed and allocated?

The NDIA has specifically asked for feedback on this point. The SDA Prices make an allowance of between 3 and 10% for group homes and 3 and 7% for “smaller forms”. We assume that the when the NDIA states that the SDA Prices takes into the vacancy rate, this includes the financial impact of losing both rental income and the NDIS payments from vacancies, however this is not explicitly clear.

An allowance of up to 10% may on its face appear significant given industry benchmarks. However, we see two key challenges for community housing providers in managing vacancies.

- For properties built around pooling of supports or sharing of common areas, filling vacancies may be a complex task. In a housing developed designed to accommodate 5 participants (either in a single group home or in 5 villa units) having a unit vacant for an extended period of 6-12 months (or longer) is not out of the question. This is particularly the case for housing designed for participants with complex disabilities where behaviours of concern might make it impossible or undesirable to fill a vacancy in order to safeguard the health and safety of other participants or staff.
- A national market of around 28,000 participants may appear to represent significant unmet demand. However, this market would be split into sub-markets based on region and dwelling type. Participants would be approved only for a particular level of capital funding in their reasonable and necessary supports.

Therefore, housing providers would need to manage vacancies by matching them to participants that:

- want to live in that particular dwelling and setting (including any shared support arrangements); and
- who have a NDIS funding allocation that matches the dwelling.

A principle of risk mitigation is that the party best placed to manage that risk should bear the risk. The Position Paper argues that given the presence of waiting lists, low vacancy rates could be expected in the market generally (while acknowledging the incompleteness of that data). In the absence of market data from the NDIA on which participants are eligible and the types and location of properties required, it is hard for us to comment on whether these vacancy rates represent a reasonable apportionment of risk between the NDIA and housing providers.

We are encouraged by the fact that the NDIA is considering:

- continuing to provide SDA payments for a period after a vacancy arises (Part 2.9, Additional pricing considerations, page 16); and
- where a provider is facing genuine hardship, the NDIA may provide exceptional circumstance payments to safeguard residents (Part 2.9, Additional pricing considerations, page 17)

As one purpose of the SDA Framework is to attract private finance to the construction of specialist disability accommodation, measures which reduce vacancy risk for providers will aid in that objective by providing more certain cash flows.

Ultimately however we remain concerned that a financial allowance for vacancy risk can not properly mitigate the cash flow risk to providers (and therefore financiers) of vacancies.

This may make obtaining finance extremely difficult given the consequences to cash flow of extended vacancies and the small sub-markets for NDIS housing. For this reason, we re-iterate our view from our previous submission that the SDA Framework that it:

> *…needs to recognise a more active role for the NDIA in developing that market and supporting non-profit housing providers (and their financiers) who are likely to be the first movers in this space. This should be achieved via targeted, supply-side subsidies that are paid directly to providers in return for making housing available to eligible NDIS participants.*

Tender documentation issued by NSW Government for the Hunter Replacement Program suggested that vacancy management could be the responsibility of disability service providers who are appointed to support the residents of specialist disability accommodation. It is unclear if the disability support sector would be better placed to manage that risk in an environment where participants exercise choice and control over who provides them with support.

Recommendation 10:

(a) That the NDIA provide greater clarity on when and and on what basis the NDIA would make decisions about covering the costs of extended vacancies to providers of specialist disability accommodation or to safeguard residents.

(b) That the NDIA give further consideration to attaching NDIS funding to dwelling and not participants in the early years of the scheme, in order to facilitate the development of a market.

How should quality and safeguarding be managed?

We think it is crucial that quality standards are in place before any new NDIS-registered dwellings are constructed.

Community housing providers are usually registered under the National Regulatory System for Community Housing or equivalent state-based schemes. This is because registration under these "opt-in" schemes is a condition of most state and territory housing funding initiatives. Registration under these schemes should be sufficient to enable a provider to register with the NDIA.

We think that strong quality standards – not just in terms of the design, location and functionality of housing but also the way it is managed and maintained – are crucial. Providers of NDIS-funded accommodation should be under obligations to:

- have a fair and transparent tenancy management policies and process that aim to sustain successful tenancies by working in partnership with a participant's supports (where the participant wants this) and where evictions are a last resort;
- provide sound asset management to ensure that assets are appropriately invested in to maintain their useful economic life and utility for the resident; and

- maintain a complaints mechanism for participants who are dissatisfied with matters that do not fall within the jurisdiction of tenancy tribunals under residential tenancy laws.

Unregistered providers and for-profit providers need to be held to a similar standard in recognition of a fair and level playing field and also the effectiveness of these mechanisms in safeguarding the rights of participants living in NDIS-funded housing.

Recommendation 11:

(a) The NDIS Quality and Safeguarding Framework, when developed, should acknowledge the standard to which community housing is already held to under the National Regulatory System for Community Housing and equivalent state-based regulatory systems.

(b) In the absence of a Quality and Safeguarding Framework, as a minimum all registered dwellings should have in place a tenancy and property manger that is a registered community housing provider. This is to ensure in the interim period there is quality management of registered dwellings.

(c) The NDIS registration system should recognise registration of community housing providers under regulatory systems for community housing