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**Bruce Bonyhady AM**  
Chairman

14 July 2015

The Hon Mal Brough MP  
Chair  
Parliamentary Joint Standing Committee on the  
National Disability Insurance Scheme  
Parliament House  
CANBERRA ACT 2600

Dear Mr Brough

I am writing to you in your capacity as Chair of the Parliamentary Joint Standing Committee on the National Disability Insurance Scheme (NDIS).

On Tuesday, 7 July 2015, the Department of Social Services released a document under the *Freedom of Information Act 1982* regarding a draft paper on the housing sector and its relationship to people with disabilities. I have enclosed a copy of the paper, *The NDIS and Optimising the User Cost of Capital*, for your information. The paper is also available at: [www.dss.gov.au/about-the-department/freedom-of-information/disclosure-log](http://www.dss.gov.au/about-the-department/freedom-of-information/disclosure-log).

Please contact me if you wish to discuss.

Yours sincerely

Encl. *The NDIS and Optimising the User Cost of Capital*



# OPTIMISING THE 'USER COST OF CAPITAL' FOR HOUSING AS PART OF DELIVERING THE NDIS SUSTAINABLY AND EFFICIENTLY

**Bruce Bonyhady AM**

**Chairman**

XXXXXX 2014

It gives me great pleasure to provide you with this paper on housing and the National Disability Insurance Scheme (NDIS or Scheme), for your feedback and comments.

The National Disability Insurance Agency (NDIA or Agency) is seeking views and comments on how funds allocated to the NDIS to support specialised disability housing is best utilised. This funding is referred to as the 'user cost of capital'.

The phrase 'user cost of capital' was adopted by the Productivity Commission in their estimation of the costs of the NDIS. The Productivity Commission acknowledged that the NDIS would need to supply capital funding for specialist disability accommodation not normally provided by social housing, and hence referred to this funding as the user cost of capital.

This consultation should be seen in the context of our Strategic Plan for the NDIS to optimise the independence and the economic and social participation of people with disability.

It should also be seen as a vital part of a co-design approach to the optimal implementation of the NDIS by the Agency. The knowledge and expertise of stakeholders in this area is a critical input to enable the Agency to effectively utilise the 'user cost of capital' for housing to maximise the sustainability and efficiency of the Scheme.

The NDIS provides participants with reasonable and necessary supports for daily living. For many people this certainty about long-term support will be their first real opportunity to consider living independently. This is an important part of the vision of the NDIS and will increase demand for affordable, appropriate, well located, safe and secure accommodation.

The NDIS will provide ongoing supports for daily living, but has not been designed to take responsibility for meeting all the housing needs of participants. Most participants will access private housing or existing systems of support such as the social housing system and there must be no reduction in the efforts of these systems to meet the housing needs of people with disability.

While the NDIS is not responsible for the provision of accommodation for people in need of housing assistance (for example, tenancy support and the supply of accessible social housing), the NDIS presents a unique opportunity to develop better housing options for people with disability.

Between 3 and 4 per cent of overall package costs have been earmarked within the Scheme to assist with the user cost of capital of housing.

The NDIA must use these funds wisely, applying the NDIS insurance thinking to improve housing options for participants.

Further, because the funds will not be sufficient to meet the housing needs of all participants, the Agency is seeking long term collaboration and partnerships with governments, the housing sector, families, disability service providers, churches, social finance and philanthropy. In particular, the NDIA is seeking to play a catalytic role; looking for scalable and innovative models in which it can co-invest to unlock new housing options for Scheme participants.

### **Your feedback**

This paper seeks to engage stakeholders about how the user cost of capital for housing should be applied. Most importantly, we are seeking stakeholder feedback on the draft principles outlined in this paper.

A number of tailored questions are set out in Part 3 of the consultation document and you can also send any other comments or ideas to the Agency.

Please email your feedback to [housing@ndis.gov.au](mailto:housing@ndis.gov.au) or post to GPO Box 700, Canberra ACT 2601, by 27 March 2015.

The next step will be to publish the final principles that will be used to assess applications for access to the housing user cost of capital.

It should be noted that the user cost of capital falls within the definition of reasonable and necessary packages and so falls within the delegations of the CEO of the Agency. To advise the CEO, the Agency is in the process of establishing a highly qualified and expert committee to advise Management on how to govern the application of the principles and make recommendations to Management.

Then, Management will examine the potential to seek Expressions of Interest for the user cost of capital which is available for expenditure in some of the trial sites with a view to getting some innovative projects started as soon as possible. This potential will depend on total funding availability in the trial sites, flow of funding, target populations, phasing of participants and the extent to which funding is in-kind or in cash and so is subject to further detailed analysis.

The Agency looks forward to your views and working with the whole community in creating better housing options for people with disability.

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Bruce Bonyhady AM

Chairman, NDIA Board

*Overview of Paper*

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## Part 1: NDIS supports that assist participants to live independently

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### Key points:

- The National Disability Insurance Scheme (NDIS) provides 'reasonable and necessary' supports.
  - NDIS participants will largely access housing through the private, public or community housing markets.
  - Supports that enable people to live independently which may be covered by the NDIS, include assistance with in-home personal care and domestic support.
  - The NDIS can link participants with other mainstream services through advice and referral with existing housing support systems.
  - Aids and equipment and home modifications funded by the NDIA will enable participants to live independently in the community.
  - The scheme can also contribute to the user cost of capital of housing in limited circumstances.
  - Between 3 and 4 per cent of overall package costs have been earmarked within the scheme to assist with the user cost of capital of housing.
  - The user cost of capital for housing is part of reasonable and necessary benefits and consistent with the long term insurance approach of the NDIS and its sustainability should be applied optimally so that it provides the maximum long term benefits to participants.
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### Vision

Before the introduction of the National Disability Insurance Scheme (NDIS or Scheme), people with disability faced many barriers, including a number related to living independently.

In particular, a lack of 'reasonable and necessary' support and a lack of security that support would continue into the future prevented people with disability from living independently in the community. The NDIS will provide that certainty by providing long-term funded support. This will remove the most significant barrier for people who want to live independently in the community.

The Vision of the Scheme, as set out in the Strategic Plan for the National Disability Insurance Agency (NDIA or Agency), is to:

*Optimise social and economic independence and full participation for people with disability.*

This Vision is being achieved through a number of Goals, which are also set out in the Strategic Plan for the Agency, and which include control and choice and provision of reasonable and necessary benefits to Scheme participants.

### Reasonable and necessary benefits

As set out in the *National Disability Insurance Scheme Act 2013* (NDIS Act) when the NDIA funds participants, this assistance needs to be 'reasonable and necessary'. Some of these characteristics of 'reasonable and necessary' are that the:

- support will assist the participant to pursue the goals, objectives and aspirations included in the participant's statement of goals and aspirations (section 34(a));
- support represents value for money in that the costs of the support are reasonable, relative to both the benefits achieved and the cost of alternative support (section 34(c));
- funding or provision of the support takes account of what it is reasonable to expect families, carers, informal networks and the community to provide (section 34(e)); and
- support is most appropriately funded or provided through the NDIS, and is not more appropriately funded or provided through other general systems of service delivery (section 34(f)).

Under the National Disability Insurance Scheme (Supports for Participants) Rules 2013 (the Rules), the NDIS will be responsible for:

- supports to assist a person with disability to live independently in the community, including by building their capacity to maintain a tenancy, and support for appropriate behaviour management; and
- home modifications for accessibility for a person in private dwellings; and
- home modifications for accessibility for a person in legacy public and community housing dwellings on a case-by-case basis but not to the extent that it would compromise the responsibility of housing authorities to develop, maintain and refurbish stock that meets the needs of people with disability; and
- user costs of capital in some situations where a person requires an integrated housing and support model and the cost of the accommodation component exceeds a reasonable contribution from individuals.

The NDIS will *not be responsible* for:

- the provision of accommodation for people in need of housing assistance, including routine tenancy support and ensuring that appropriate and accessible housing is provided for people with disability; or
- ensuring that new publicly-funded housing stock, where the site allows, incorporates Liveable Housing Design features; or
- homelessness-specific services including homelessness prevention and outreach, or access to temporary or long term housing for participants who are homeless or at risk of homelessness; or
- the improvement of community infrastructure, i.e. accessibility of the built and natural environment, where this is managed through other planning and regulatory systems and through building modifications and reasonable adjustment where required.

## **Assistance from Local Area Coordinators / Plan Management Providers**

The NDIA's Local Area Coordinators (LACs) can help participants with information, linkage and referrals to other systems, including to access and maintain housing.

The LACs can provide some support for participants to engage with the housing system, such as through connecting them with government run housing providers or community housing providers. Participants

can also be supported by a LAC to engage with the private rental market to identify an appropriate house that meets their needs.

The LACs can also assist participants where there are barriers or ongoing issues that the participant faces in accessing housing services and supports, and strengthen these mainstream systems to work better with participants and address gaps and other issues in service delivery. Given the current pressure on public and social housing waiting lists, LACs will need to look beyond public housing options for participants requiring accommodation.

## **Sustaining informal caring arrangements**

The NDIA will also fund the supports that participants require to maintain and sustain the assistance they are provided by family, friends and carers. This can be supported through capacity building and aids and equipment that assist people to live more independently and reduce the need for support.

In addition to these supports, informal care can be strengthened by the NDIS funding supports that increase a participant's social and economic participation. This includes supports that enable participants to enjoy social and community activities independent of their informal carers. Similarly, the NDIA will assist participants to engage in education or employment, including by funding personal care, transport and aids and equipment that are required because of a participant's disability. The NDIS can also fund supported employment for participants and transition assistance to prepare for work. These supports will increase independence, reduce demands on carers and increase the sustainability of caring arrangements.

## **Home modifications and aids and equipment**

Many participants will require changes and modifications to their home or additional aids and equipment in order to live independently. These supports can be funded by the NDIS, if they meet the requirements of the NDIS Act and Rules.

Modifications can include design and subsequent changes to the home including installation of equipment or changes to building structures, fixture or fittings to enable participants to live as independently as possible or to live safely at home. Public and community housing providers also have an obligation to make modifications to their dwellings to ensure they are accessible to people with disability and as such, the NDIA will only fund modifications to legacy public and community housing dwellings on a case-by-case basis.

The aids and equipment funded by the NDIS can enable participants to undertake cooking, cleaning, washing, home maintenance and other tasks. Aids and equipment for personal care or safety include beds and pressure mattresses, toilet and bathroom equipment, specialised clothing and continence needs. Equipment can also be funded to assist a participant to move around their home or community such as equipment for walking or wheelchairs as well as transfer aids.

## **Funding technology to promote independence**

The NDIS takes an insurance approach to meeting the needs of participants. This means the Scheme looks at long term costs and can make up-front investments that enhance independence and reduce a person's lifetime support costs.

The NDIS' insurance based approach is likely to ensure the use of technology within the home to both replace and enhance traditional face-to-face service delivery. In some cases, technology can assist in activities such as automated doors and appliances which can reduce the hours of assistance a participant requires each day.



In other cases technology can enable services to be developed more efficiently, such as through the use of high quality video conferencing and smart technology within the home that enables participants to connect and communicate with on-call assistance beyond the home. It is important that these solutions continue to place the participant at the centre of decision making and appropriately balance participants' rights to privacy.

The Scheme will consider technology in the context of 'reasonable and necessary' including that there is a strong value for money case, and that there is evidence to demonstrate that the support will be effective and beneficial for the participant. As the Scheme develops there will be a growing evidence base of the situations where technology can be beneficial for participants and the long term costs and benefits of technology to support independence.

## **Ongoing supports to live independently**

The NDIA can assist a participant to live independently through supports that build capacity and those that assist people with activities of daily living. Funded supports can include training and development activities undertaken by the participant or their carer to increase ability to live as autonomously as possible.

These supports will enable some people living with their parents to live independently and for some people currently living in residential care settings to move to more independent living in the community.

For some participants, they can also access funding for assistance needs, such as a weekly shopping trip or occasional community access.

For people with higher support needs, more intensive supports will be available, such as maintaining personal hygiene, dressing, cooking, laundry and shopping. Funded supports can also include the provision of complex care to participants with high intensity needs.

The NDIS can also fund plans that assist the participant, their family and support persons to identify behaviours of concern that cause harm to themselves or others, and to design and undertake specific positive behaviour support strategies. This will assist some participants to live independently and maintain their tenancies.

## **Assistance to find and secure accommodation**

The NDIS can also fund assistance to find accommodation and improve capacity to maintain tenancy obligations. This can include assistance that supports a participant to find and retain appropriate accommodation.

This could include assisting a participant to find suitable rental accommodation. The NDIS can fund a support service to work with both the participant and real estate agents to overcome barriers a participant faces in navigating the private rental market. NDIS funded supports can also assist a participant with ongoing tenancy obligations such as paying rent and bills where those costs are directly attributable to a participant's disability. The NDIS will also link participants into other government assistance, for example, Centrelink's Centrepay system, state and territory government assistance such as rental bonds and utilities concessions.

## **Specialist disability accommodation and residential care**

The NDIA will work with participants to identify their goals and aspirations and provide people with choice and control over their supports. For most participants this will be to live as independently as possible in the community through the supports described in this section.

Large residential centres are currently providing accommodation for a group of people with a disability on one site in a congregate setting. Many states and territories have indicated they intend to gradually phase out the use of large residential centres, with the intention of replacing large centres with new accommodation located in residential neighbourhoods, close to services and amenities and managed by community sector providers. The aim is to provide a home-like environment, with more privacy, flexibility in daily living and opportunities for increased participation in the local community. The provision of alternative accommodation is important but is not seen as a responsibility of the NDIS.

There may be a significant demand for alternative options to specialist disability accommodation that allow people to live independently in the community in their own homes with support. However, there are likely to be some participants with high support needs who may choose to enter specialist disability accommodation rather than live in more community based settings with support.

### **‘User cost of capital’ funding for housing**

The funding for the NDIS, which is based on modelling undertaken by the Productivity Commission, identified that NDIS participants will largely access housing through the private, public or community housing markets, with the scheme contributing to the cost of accommodation only in limited circumstances.

However, in costing the Scheme, the Productivity Commission included an average amount to support housing arrangement for participants, which the Commission referred to as the ‘user cost of capital’.

*‘User cost of capital’* refers to the cost of using capital that is tied up in infrastructure such as buildings and land. All people incur some ‘user cost of capital’ in their lives, such as the costs required to build and maintain a house or the cost of renting a property. Organisations that provide a service also incur a ‘user cost of capital’, such as through the cost of building and maintaining a school classroom. ‘User cost of capital’ can be calculated as a yearly or per person amount, such as the annual cost of borrowing funds to purchase a house or a building, or to finance additional features for a home.

The Productivity Commission expected that some NDIS participants would incur a higher ‘user cost of capital’ due to their disability. This could be because their housing requires more expensive design through reinforced walls and ceilings, or that a participant requires larger rooms or a spare room due to their disability. The Productivity Commission included an amount of ‘user cost of capital’ to ensure that the NDIA can contribute to the higher housing costs some participants may experience.

The Productivity Commission’s work identified 15,880 people who had a severe or profound disability who were aged between 15–64 years. The Productivity Commission used this as a proxy measure for participants who may require assistance with accommodation due to their disability. For these participants, the Productivity Commission increased the cost of their support package by 12 per cent.

The Productivity Commission then included an additional amount to further expand accommodation options for participants with high support needs. This additional amount was included because although the Productivity Commission identified 15,880 participants with high support needs, there are currently 15,700 supported accommodation places and a further 6,500 people in residential aged care. As such, the Productivity Commission identified that further accommodation options were required to meet the needs of participants with high needs.

The Productivity Commission’s total funding for participant support packages was sufficient for all the current people living in supported accommodation (15,700), including an increase to the current stock of supported accommodation by 12,000 places.

Following the Productivity Commission's work, it is currently estimated that between 3 and 4 per cent of overall package costs have been earmarked within the Scheme to assist with the user cost of capital of housing. The distributions of these funds will be subject to further modelling and analysis, as part of the current trial phase and then transition to full Scheme, which will need to take account of total funding allocations, flow of funding, target populations, phasing of participants and the extent to which funding is in-kind or in cash.

## **Applying the 'User cost of capital' efficiently**

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

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

However, this will only be achieved through long-term collaboration and partnerships with governments, the housing sector, families, disability service providers, churches, social finance and philanthropy.

The partnerships with families are likely to be particularly important. Families, parents and carers face a number of barriers to contributing to the housing of a family member or care recipient with disability. The NDIA could provide an opportunity to work towards overcoming barriers to families and carers contributing capital to shared equity models, including encouraging family members and carers to contribute to a participant's housing where possible and appropriate.

The NDIA approach to its role in assisting with disability housing should therefore be seen through the broader positioning of the NDIS within a framework of personal and family responsibility as well as rights.

Further, collecting information about the housing needs and preferences of NDIS participants and so building on the modelling of the Productivity Commission and PwC is a key aim for the NDIA, starting in the trial sites. Over the long term, this will include information on outcomes for participants of particular housing choices and solutions.

## Part 2: Optimising NDIS funds to improve housing options for participants

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### Key points:

- The NDIA has a responsibility to ensure that all of the funding and resources which it has been allocated are used as efficiently and effectively as possible and in accordance with insurance principles, as part of maximising Scheme sustainability.
- The key principles proposed to guide the NDIA's approach to ensure that the user cost of capital for housing is used optimally are:
  1. *The NDIS will adopt insurance-based thinking in how the Scheme applies 'user cost of capital' funds to assist participants achieve their goals*
  2. *Participants should have the same opportunities and responsibilities as the broader community.*
  3. *NDIS funding for housing must augment and not replace existing Government funding obligations and policy responsibilities.*
  4. *The core objective in housing solutions is to promote independence for participants.*
  5. *Partnerships with participants, family members, carers and other sectors are essential to increasing housing options for participants.*
  6. *Participants must have control and choice of their accommodation.*
  7. *An insurance approach will be used to plan for the long term and promote innovation.*

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In seeking to use the user cost of capital for housing optimally, the NDIA will work closely with participants, governments, developers and other key groups in the community to ensure that there are the best possible accommodation options to meet the needs of participants.

In doing so, under the NDIS Act the Agency is restricted to allocating annual funding and cannot use its own balance sheet.

### NDIA Principles for housing

The key principles that the NDIA proposes to adopt to promote and increase more appropriate housing options for participants are:

1. **The NDIS will adopt insurance-based thinking in how the Scheme applies 'user cost of capital' funds to assist participants achieve their goals**
  - The Agency's focus will be on participants who have a specialised housing need due to their disability.
  - The NDIA will seek to work with governments and align its approach with other housing reforms currently underway.
  - The NDIA will seek to identify funding models that achieve the best value for money and most efficiently and effectively empower participants to achieve their goals.

- The NDIA can consider new and innovative funding models that encourage contributions from community and effectively engage with the private sector.
2. **Participants should have the same opportunities and responsibilities as the broader community.**
- Participants should be supported to leave home at the same age as peers, which is now around the age of 25. There will be some participants where their disability or personal circumstances requires that they leave home at an earlier age and this can also be supported by the NDIS, while others may choose to leave home later in life.
  - The NDIS will respect the concept of dignity of risk that allows all members of the community to make choices about their housing and level of independent living. Throughout the NDIS participants are presumed to have the capacity to exercise choice and control, and the NDIA will provide support when a person requires support to develop and exercise this capacity.
  - Participants should be encouraged to participate in the private housing (rental and ownership) market to the greatest extent possible.
  - Participant's homes should enable them to be a part of the community and so both anticipate and facilitate greater inclusion, recognising that housing are assets with a 50 year life. This means providing housing within the community and not funding the development of segregated or congregate settings.
3. **NDIS funding for housing must augment and not replace existing Government funding obligations and policy responsibilities.**
- The NDIS is not primarily responsible for housing people with disabilities, including Scheme participants. The NDIS's focus is on participants who have a specialised housing need that results from their disability.
  - NDIS funds for housing must add to existing funding obligations and responsibilities of all governments. The funds from the NDIS need to be ring-fenced with a very clear line of sight between the Agency and the housing it is contributing to for participants.
4. **The core objective in developing housing solutions is to promote independence for participants.**
- Participants should be able to feel secure and live in an environment that optimises their independence and having some certainty over their long term housing needs.
  - Specially designed building structures, fixtures, fittings, installation of technology, aids and equipment within housing designs will enable participants to live more independently.
5. **Partnerships with participants, family members, carers and other sectors are essential to increasing housing options for participants.**
- The NDIA will not directly own any housing stock and will also not borrow funds to invest. Rather the NDIA could ensure that the funding stream created by the user cost of capital component effectively leverages the investment from beyond governments.
  - Housing models should encourage and make it easy for participants and family members and carers to contribute to housing security through shared equity models and facilitate capital recycling as new participants enter the Scheme.

**6. Participants must have control and choice of their accommodation.**

- Participants should choose whom they live with and who comes into their homes as much as possible. This means 'home ownership like control' with full tenancy rights, rather than a workplace. In the majority of cases choice and control is best supported by the separation of the provision of housing from the provision of support services and so will be preferred.
- Housing needs to be accessible and located close to amenities, transport, work, education, family and friends to optimise independence and social and economic participation.
- In determining how best to support an increase of housing for NDIS participants, the NDIA will be ensuring that NDIA funding matches participant needs to create the type of housing required by participants in the right locations.

**7. An insurance approach will be used to plan for the long term and promote innovation.**

- The NDIA can also consider how housing solutions can be used to reduce scheme costs.
- Insurance schemes influence community attitudes and so the NDIA could seek to facilitate wider adoption of adaptability/accessibility standards and goals, such as the Livable Housing Design standards and the target of a Silver standard for all new homes by 2020. This will not only benefit Scheme participants but all people with disabilities, including the aged at a time in which the population is ageing and so there is rapidly growing demand for more accessible housing and communities.
- The NDIS represents a major opportunity for innovation in design; use of technology, funding, etc. and this should be promoted and facilitated. The trial phase should be used to showcase new best practice models and options.

## **The NDIA's approach to supporting the development of housing options**

The principles outlined above are provided for comment and feedback from stakeholders. The experience of the trials will inform the NDIA's approach to the transition to full scheme phase from mid-2016.

This section outlines some of the practical ways that the NDIA envisages that it can work with the community to increase the housing options for NDIS participants.

As noted earlier, the resources available to the NDIA for this work is subject to further analysis, but is expected to amount to between 3 and 4 per cent of overall package costs.

**Increasing housing stock through partnerships** – the NDIA will not be developing or owning housing stock itself.

Rather, the NDIA is seeking to partner with organisations that are seeking to develop additional housing stock suitable for NDIS participants. Potentially the user cost of capital can enable specialised housing developments to become viable and create new housing stock for NDIS participants.

The NDIA will focus its housing support efforts on areas where there is likely to be failure of supply. This is likely to be in areas of more specialised housing for participants who face barriers to accessing housing in the private market due to their disability.

In providing a contribution to the cost of creating additional housing stock, the NDIA will operate in line with the principles identified above. The NDIA will also be working with state and territory governments which have a key role in affordable and public housing.

The NDIA's strategy for increasing housing stock could focus on ensuring that the use of the user cost of capital encourages community housing providers and developers to create new and specialised housing. The NDIA could also seek to engage with financial institutions, philanthropy and social finance providers to increase access to finance for these specialist housing developments.

Where the NDIA is providing funding that will create incentives for developing additional housing stock, the Agency will learn from the experience of other housing programs.

The NDIA will be seeking to leverage contributions from the community. This could include additional capital contributions and land from governments, not-for-profit organisations and church-based organisations.

The NDIA also has the potential to work with developers to ensure that all dwellings in projects which attract NDIA funding are accessible and/or adaptable

**Working with participants, family members and carers** – the NDIA will be acknowledging and allowing for participants to have different housing pathways, timeframes and costs. Participants will all have different needs and different pathways towards independent living. Regardless of the housing pathways, the NDIA will be promoting the benefits of mixed equity models with people with disability in achieving 'home ownership like control'.

The NDIA will seek to facilitate housing access for participants with low modification needs or no disability-specific housing need through Local Area Coordinators and general life and transition planning.

Families, parents and carers face a number of barriers to contributing to the housing of a family member or care recipient with disability. The NDIA could provide an opportunity to work towards overcoming barriers to families and carers contributing capital to shared equity models, including encouraging family members and carers to contribute to a participant's housing where possible and appropriate. This could include facilitating the development of standard mixed equity and tenancy agreements. It is critical that the right vehicles exist for family members and carers to contribute – the NDIA could work with governments and the community to examine ways to support family investments. The NDIA could also explain the role and benefits of financial strategies such as trusts for families wishing to make financial provision for family members with severe disabilities.

**Adopting an insurance perspective** – When the NDIA is considering how to apply user cost of capital, it will determine the appropriate level of funding for accommodation in the scheme, including where there is a demonstrable insurance-based return of reduced future support costs.

The lifetime nature of the scheme also means balancing the approval and control of housing investments between the desires of current participants with the very long term nature of housing investments (50 years).

Housing should also be linked to each participant's goals, and in particular economic participation. Home ownership and 'home ownership like control' can provide participants with greater housing security and also be linked to increased economic participation.

**Developing fit for purpose housing solutions** – The NDIA will be considering how it can best promote innovative, best-practice models and share this knowledge across the sector.

The NDIS is an individualised scheme that responds to the unique needs of each participant. As identified throughout this paper, participants will have different housing pathways to move towards independent living. The NDIA will be supporting access to different types of housing to meet the different needs of participants – a one size fits all solution will not work.

The NDIA may have a role in encouraging housing solutions across a spectrum of cost and design. The NDIA could encourage the development of highly accessible, highly flexible housing with imbedded technology for participants with significant mobility impairments. In other cases 'granny flat' style housing within the family home may provide a stepping stone for younger participants living at home toward independent living.

The questions posed in Part 3 of this Paper seek stakeholder views on the approaches listed above.



## Part 3: Next steps

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### Key points:

- In order to ensure that user cost of capital for housing is applied optimally, the NDIA needs to hear the views of stakeholders on:
    - the principles proposed in Part 2 of this paper, and
    - how those principles should be prioritised in order to optimise user cost of capital funding.
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## Providing your feedback on the housing principles

The NDIA invites all stakeholders to provide comments and feedback on the paper.

In particular the NDIA is keen to receive feedback on the principles outlined in this paper and how they should be prioritised so as to meet the objectives of the Scheme to optimise social and economic participation of Scheme participants.

The final principles will then guide the NDIA's work in applying the user cost of capital, first in the trial sites, and then as part of transition to the full NDIS.

## Key issues and questions for consultation:

1. Are the principles in Part 3 of the Consultation Paper those that the NDIA should consider when assisting participants who have a specialised housing need?
  - a. How should the principles be modified or are they correct and how should the final principles be prioritised to meet the objectives of the NDIS?
  - b. What would ensure that options become available for participants within the community that are consistent with these principles?
  - c. What would encourage existing and new providers to ensure they are able to meet participants' needs and operate consistently with the principles the NDIA adopts?
2. How does the NDIA best use participant user cost of capital to most efficiently increase housing options for participants who have a specialised housing need?
  - a. What funding models for housing providers leverage investment from other sectors and areas of community to increasing housing options for NDIS participants who have a specialised housing need?
  - b. How should the NDIA target the user cost of capital towards those most in need? And what is an appropriate contribution from individuals towards the cost of their accommodation?
  - c. How should family members and carers be encouraged to contribute, where they have the financial capacity? How could vehicles such as trusts, for example Special Disability Trusts be used to further encourage and support family members and carers to contribute?
  - d. What opportunities exist to build on existing programs?
3. What non-financial assistance can the NDIA provide to enable housing providers to expand their housing stock for participants whose disability limits their ability to find accommodation in the private market?

- a. What role could the NDIA have in improving access to affordable finance for the development of new housing options for participants whose housing choices are currently limited due to their disability?
- b. What role could the NDIA play in facilitating, partnering with or guaranteeing tenancies to provide more certainty to housing providers, including where significant accessibility modifications are required?

The NDIA encourages written comments and submission on this document. Please email your feedback to [housing@ndis.gov.au](mailto:housing@ndis.gov.au) or post to GPO Box 700, Canberra ACT 2601 by 27 March 2014.

We look forward to working with stakeholders in setting a framework so that the user cost of capital for housing within the NDIS is applied optimally and as part of delivering the NDIS sustainably and efficiently.

