



Business Council of Co-operatives and Mutuels

**Submission to the Joint Standing
Committee on the National Disability
Insurance Scheme**

*Accommodation for people with disability
in the NDIS*

Cover letter

Dear Chair and Committee Members,

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the Joint Standing Committee on the National Disability Insurance Scheme regarding housing for people with disability in the NDIS.

The BCCM has previously made a submission to the committee on the role of co-operative and mutual organisations generally in the NDIS. We are pleased to have the opportunity to provide further details on the potential for co-operative and mutual models to contribute to improved housing outcomes for people with disability.

The BCCM works closely with co-operative and mutual organisations that assist people living with disability and those that provide disability support services. The BCCM would welcome the opportunity to discuss any matters raised in this submission should the Committee require.

Yours faithfully,

Melina Morrison
Chief Executive Officer
4 March 2016

About the BCCM

The BCCM is the peak cross-sector body for co-operatives, mutuals and member-owned businesses. Its purpose is to promote recognition of the important role of co-operative and mutual businesses in the economy and community development of Australia.

The sector represented by the BCCM is significant to the Australian economy. Including member owned superannuation funds; the contribution of the sector to GDP in 2012/2013 was 7 per cent. Eight in 10 Australians are members of at least one co-operative or mutually owned organisation.

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1. Summary and recommendations

This submission is made by the BCCM and BCCM member, Common Equity Housing Limited (CEHL) on behalf of Australia's co-operative and mutual businesses¹ and is focused on promoting the role of co-operatives and mutuals for enhancing participant outcomes from the NDIS.

The opportunities for Australians with disability to choose a high quality home that includes them in their community is currently extremely poor. Co-operatives and mutuals can both increase choice and control and improve outcomes for people with disability by:

1. **Creating an alternative path for choice and control.** Co-operatives have participatory governance structures that are critical in housing if NDIS participants cannot have full choice and control over their housing options.
2. **Achieving scale within an NDIS housing market.** Co-operatives can achieve scale without sacrificing choice and control for people with disability because co-operatives are being run by people with disability for people with disability.
3. **Leveraging contributions from family and philanthropy.** Co-operatives can create structures to support joint equity ownership and provide long term housing commitments that enable families to confidently gift housing and assets.
4. **Retaining operational surpluses to be reinvested in people with disability.** Co-operatives ensure that accumulated resources (operational surpluses on the services delivered and ownership of housing) continue to benefit people with disability.

Co-operatives and mutuals provide a unique opportunity to engage NDIS participants in decision-making build their capabilities and increase community inclusion. Yet, the historic isolation and exclusion of people with disability from community life in Australia means that a catalyst is needed to develop co-operatives in the NDIS.

Recommendation #1: Add an additional objective to the NDIS housing framework that NDIS funded housing builds the individual and collective wealth of people with disability.

Recommendation #2: Add an additional objective to the NDIS housing framework that requires NDIS housing projects to involve people with disability in the design and approval process.

Recommendation #3: Empower and support existing group home residents and staff to create in home care co-operatives.

Recommendation #4: Create a co-operative incubator to provide capacity building, technical assistance and mentoring to new co-operatives.

Recommendation #5: Support the establishment of a co-operative Disability Land Trust where land and housing is owned collectively by people with disability into perpetuity.

Recommendation #6: Provide certainty in user cost of capital funding and aggregate payments to allow for housing bonds to be issued.

Recommendation #7: Allocate funding to create a smarter housing market that uses technology based solutions to reduce market failures in disability housing, including a platform to connect tenants to properties.

Recommendation #8: Add a category of *Co-operative Accommodation Providers* as eligible for Specialist Disability Accommodation (SDA) funding. The BCCM supports this recommendation in the submission made by the Para Co-operative to this inquiry.

2. About this submission and co-operatives and mutuals

The purpose of this submission is to provide information on the role of co-operatives and mutuals in the NDIS with particular reference to their role in disability housing. In September 2014, the Federal Minister for Community Services launched the BCCM White Paper *Public Service Mutuals, a third way for delivering public services in Australia*. The White Paper highlights the compelling experience in the UK and elsewhere where co-operatives and mutuals have grown to deliver services in health, social care, disability services, aged care, childcare, emergency services and education.²

The UK Government has actively fostered the development of over 100 new mutual organisations (known as Public Service Mutuals) since 2009, now delivering over \$1.5 billion of public services.³ PSM's have generated so much momentum that Francis Maude of the UK Cabinet Office stated in July 2014 that: 'mutuals are the future of public services'.⁴

Recent UK evaluations highlight that mutuals have led to lower production costs and higher productivity. PSMs were also demonstrated to be innovative, profitable and more resilient to changes in the economic climate. They show higher consumer satisfaction, lower absenteeism and sickness rates, less staff turnover, and increased levels of staff commitment to, and enthusiasm for, their work.⁵

In Australia, there are an estimated 1,700 co-operatives and mutual businesses with more than 14 million members. Examples range from large agricultural co-operatives, credit unions and motorists' mutuals to small disability service co-operatives. The unique ownership structure and ethos of serving members first, enables mutuals to deliver services around the needs of people using those services.

The common benefits of mutuals are that they:

- are member owned for member benefit, utilising democratic governance
- promote autonomy and independence of operation
- engage member economic contributions and re-invest operational surpluses
- promote cooperation in the community
- engage in long-term value creation.⁶

Support for co-operative and mutual enterprise (CME) provision of services in Government reviews

Competition Policy Review (Harper Review)

In respect of the role of co-operatives and mutuals in the delivery of human services, the Review Panel endorsed the BCCM's White Paper on Public Service Mutuals noting, amongst other matters, their potential to increase diversity in public sector markets, increase consumer choice and control and stimulate public service innovation. It was recognised that developments in other jurisdictions in this sector were the result of public policy and capacity building activities.

McClure Review of Australia's Welfare System

This review recommended that government "work with the Business Council of Co-operatives and Mutuals, to ensure an enabling regulatory, economic and social environment to support mutuals and co-operatives..." It recognised the significant role CMEs can play in reducing welfare dependency and generating positive social outcomes for people and communities. This ability of CMEs to reduce welfare dependency and generate positive social outcomes is in large part due to the fact that they do not operate with a purely profit motive, and are therefore able to reinvest a proportion of business surpluses to address social issues affecting their local community, especially where these are of concern to their member owners.

3. The current state of disability housing

Creating the right housing options for people with disability has been a difficult goal for governments to achieve, and one that governments have failed to fully realise to date. This is demonstrated by the attention given to the unmet housing needs of people with disability that have been an issue of local, state and national concern for decades.

The BCCM recently hosted a roundtable with the ACT Government and Bank Australia in October 2015 to discuss how co-operative housing models can assist people with disability. Discussions with ACT Ministers Berry and Burch demonstrated the high priority that state and territory governments place on creating new and innovative housing options for people with disability.⁷

The NDIS will undoubtedly improve the housing outcomes for thousands of people with disability across Australia. The focus of the Joint Standing Committee and the sector is on how we can ensure that the NDIS achieves the best possible outcome for people with disability in the short, medium and long term, in a way that is fiscally sustainable.

The BCCM's submission to this inquiry takes a long term perspective on the structures that will create the best outcomes for people with disability. This is appropriate for two reasons. First, housing investments are fixed and have a life of 25-40 years. It's critical we make the right decisions before building more housing stock that will still be serving people with disability in 2040. Second, the NDIS is both about improving the lives of individual Australians with disability and also about removing systemic barriers and improving life outcomes for people with disability across Australia today and into the future. Housing should be considered in this broader view of how it contributes to people with disability achieving their goals and aspirations and being more included in communities today and into the future.

The Specialist Disability Accommodation Pricing Framework agreed by governments is explicit about the unique nature of housing in the NDIS:

The NDIS will support a sustainable specialist disability accommodation market that fosters choice and control, encourages innovation, provides options for participants, continuity of supply and financial sustainability for governments, participants and providers.

The framework is designed to give effect to the objects of the NDIS Act 2013, in particular, to promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the community.⁸

The BCCM supports these objectives for housing in the NDIS. We believe there are two further objectives that should be explicit goals in the NDIS' approach to housing.

1. Housing investments should build the individual and collective asset base of people with disability.

People with disability in Australia have poor outcomes compared with comparable developed countries. Almost 1 in 2 people with a disability in Australia live in or near poverty (45%), which is more than double the OECD average of 1 in 5 people (20%) with disability living in poverty.⁹

Any investments by government that create the opportunity to build the wealth and long term financial security of people with disability should be explored in the NDIS. Individual wealth building can occur through joint equity initiatives in housing and

collective wealth building can occur through using co-operatives and mutuals owned by people with disability to own and manage housing.¹⁰

Parent Assisted Residential Accommodation (PaRA) is a Sydney based co-operative that is demonstrating how co-operatives can assist people with disability build their homeownership over time. PaRA's joint ownership model would use NDIS funding, combined with resident contributions to gradually increase resident's equity in property by around 5% per year. This model enables NDIS participants to build their equity over time. In PaRA's model, NDIS funding for housing provides a lifetime contribution towards people with disability.¹¹ PaRA is supporting other co-operatives to replicate its model and the BCCM supports the expansion of co-operatives that increase the assets of people with disability. PaRA has made an independent submission to this inquiry.

2. NDIS participants should exercise choice and control in the process of developing and selecting housing projects funded by the NDIS

The NDIS is predicated on choice and control for people with disability. It is critical that housing built for NDIS participants is designed in active and genuine consultation with people with disability. All housing that is registered to receive NDIS funding should have to demonstrate how people with disability—or their families and carers—were involved in decision making about the design and location of the dwelling. This requirement is not needed in the general NDIS market because participants have full choice and control over providers and there are few barriers to entry for new providers. In housing, however, the NDIA and housing providers will be developing the housing options and making decisions about what housing to build. It is critical that the voices of people with disability are front and centre in these conversations about the type of housing that they will be living in. If participants do not have a say in what housing is built, their scope of choice and control will be undermined because it will only allow a choice from the limited options that governments and providers have defined for them.

4. Co-operatives and mutuals: Vehicles for choice and control

Australia's current performance against the objectives governments have set down for disability housing—and BCCM has built on above—is currently extremely poor. Co-operatives and mutuals can both increase choice and control and improve outcomes for people with disability.

Currently, people with disability requiring specialist housing rarely have choice and control over their living arrangements, there is limited innovation and creativity in the housing options for people with disability and housing options continue to segregate and isolate people with disability rather than including them in communities.

With these issues in mind, there are four areas where co-operatives and mutuals will make a significant contribution towards improved housing options for NDIS participants.

Contribution #1: An alternative path for choice and control

The overall NDIS framework assumes that market competition and consumer choice will achieve higher quality and more innovative services that better meet the needs of NDIS participants. Governments have acknowledged that this approach will not be effective in housing and a supply-side solution will be developed for housing with payments directly to housing providers. This is because of the high entry costs for providers to create housing for people with disability and the need for providers to have some degree of certainty over NDIS income prior to investing in housing. Only a relatively small number of NDIS funded dwellings will be built in each suburb, which means that participants will have constrained choices in housing compared with other types of NDIS funded supports.

It is critical that in moving away from direct choice and control for participants that an alternative approach to achieving choice and control is put in place. People with disability must continue to be involved in the design and selection of NDIS housing to ensure that housing meets participant's needs.

Co-operatives and mutuals can provide a different way for participants to exercise choice and control by giving participants the opportunity to play an active role in the decision-making of a housing provider. Participants involved in a co-operative or mutual that provides housing in the NDIS can participate in decisions about what type of housing is built, the structure and design of that housing, where it is built and how it fits within and connects to the broader community.

The BCCM's White Paper on co-operatives and mutuals highlights the role that they play in creating choice and control for members of the community. The White Paper notes that "consumer co-operatives recognise the importance of personal identity in public services. People want to identify with the support they receive and they want it to be culturally relevant". And importantly for the NDIS, co-operatives and mutuals improve people lives through the final service they deliver, but also through the process involved in delivering services. As the white paper says, co-operatives and mutuals "are an outstanding method of developing the capacity of their members to participate in the broader community".¹²

Contribution #2: Creating scale within an NDIS housing market

An efficient NDIS housing market would operate at a scale large enough to lower the cost of finance (the cost of borrowing to buy or build housing) and to reduce the transaction costs involved in designing and building specialist accommodation. While scale has many benefits, operating at scale in housing can be a trade off against having a diversity of housing

providers in the market place and having providers that are large enough to operate efficiently.

Co-operatives and mutuals can help to mitigate the concern that the choice for NDIS will be between a diverse housing market that operates below scale and a market dominated by few big players further reducing choice and control for participants.

Co-operatives and mutuals would be established by people with disability, their families and carers. The democratic foundations of co-operatives means that the market place can be made up of a smaller number of providers without sacrificing choice and control for people with disability. This is because the co-operatives in the marketplace are being run by people with disability for people with disability.

Co-operatives and mutuals therefore provide a way for the NDIS to achieve scale in NDIS housing while maximising the choice and control for people with disability.

Contribution #3: Leverage contributions from family and philanthropy

Co-operative housing organisations can provide a guarantee that contributions made to the co-operative will benefit people with disability into the long term. This commitment to long term housing security, and a mission that is exclusively focused on people with disability, can encourage contributions from family and philanthropy to assist people with disability to access housing.

Co-operatives can structure attractive options for families that can unlock capital to contribute towards their children's housing needs. Many families with the capacity to contribute to their child's housing have been frustrated by the lack of structures to engage in joint equity ownership or the lack of security once assets are gifted to a housing provider. A co-operative structure can overcome these problems by creating structures to support joint equity ownership and providing long term housing commitments that enable families to confidently gift housing and assets.

Contribution #4: Retaining operational surpluses to be reinvested in people with disability

Housing funding provided in the NDIS will ultimately enable providers to accumulate excess resources – both through operational surpluses made on the services they deliver and through the ownership of housing purchased with NDIS funding.

Co-operatives and mutuals ensure that these operational surpluses are reinvested in people with disability, and any assets accumulated through NDIS housing funding are retained by people with disability for the long term. Non-government organisations with a broader social purpose may choose to reallocate these resources to other groups in need, which is their prerogative given they have a broader mission that extends beyond people with disability.

Yet co-operatives and mutuals established by people with disability will ensure that these resources continue to benefit people with disability into the long term.

5. Roles of co-operatives and mutuals in NDIS housing

Co-operatives and mutuals are generally divided into three main types and each one of these types can play a role in improving accommodation options in the NDIS. In this section we have highlighted the type of services that each of the three types of co-operatives can most usefully provide in the NDIS.

<i>Co-operative type</i>	<i>NDIS services</i>
<i>Consumer Co-operatives</i>	<ul style="list-style-type: none"> • <i>Owning, building and managing housing</i> • <i>Delivering accommodation support services</i> • <i>Developing aspirations, finding accommodation and maintaining tenancies:</i>
<i>Staff Co-operatives</i>	<ul style="list-style-type: none"> • <i>Delivering accommodation support services</i>
<i>Enterprise Co-operatives</i>	<ul style="list-style-type: none"> • <i>Supporting smaller organisations to deliver in-home care</i> • <i>Owning, building and managing housing</i>

Consumer co-operatives

Consumer co-operatives are operated by the service recipients to provide services that their community require. Service users are involved in the organisation's governance and decision making, enabling a high level of input into the design and delivery of services.

Owning, building and managing housing: Consumer co-operatives would provide people with disability a high degree of choice and control over the types of accommodation build and ensure that any property acquired using NDIS funds benefits people with disability into the long term.

Delivering accommodation support services: Consumer co-operatives are a natural development from the current huge range of peer led disability support groups and organisations that have developed throughout Australia.

Developing aspirations, finding accommodation and maintaining tenancies: Empowering people with disability to live independently will require assistance for people to fully develop their goals and aspirations, and then get the support they need to search for housing, obtain the right housing and then maintain their tenancy. A consumer co-operative could provide a

true empowerment model, where people with disability own and operate a co-operative that helps them to develop their aspirations and successfully navigate the rental market.

Staff co-operatives

Staff co-operatives are owned by their employees who have a high degree of autonomy and control over their work. Staff are involved as both employees within the organisation as well as making decisions about the strategic direction and governance of the organisation.

Delivering accommodation support services: Within NDIS housing, staff co-operatives are ideally suited to provide assistance with daily living activities to people with disability within their homes. Staff co-operatives could prove particularly effective in rural, CALD and Indigenous communities where local and culturally appropriate responses are essential and staff attraction and retention has proven problematic.

Enterprise co-operatives

An Enterprise Co-operative is a grouping of organisations that voluntarily come together for mutual business related support, such as sharing corporate functions including bulk purchasing, accounting, HR, marketing, client software and OH&S services.

Owning, building and managing housing: Enterprise co-operatives are very well suited for smaller accommodation providers who face higher costs in managing their properties because they lack economies of scale. Further, current accommodation providers may wish to focus on delivering support services but do not want to fully relinquish their housing assets. Accommodation providers could come together to establish an enterprise co-operative to manage property contributed by the co-operative's members.

5a. NDIS Area 1: Owning, building and managing housing

Co-operative housing in the NDIS offers a pathway to independence built on co-design and collaboration. The co-operative approach to housing creates a unique relationship where members have a stake in the shared human, social and financial capital created by the co-operative.

Co-operative housing is an ideal fit with the NDIS, the sector can deliver scalable models that can leverage family and other contributions through equity co-operatives (see Attachment 2). It offers a pathway to independence built on co-design and collaboration. Co-operative housing is inclusive, supports accessibility and diversity and enhances participant choice and control.

What is co-operative housing?

The co-operative approach to housing creates a unique relationship where members have a stake in the shared value created by the co-operative. In a housing co-operative, members play a key role in its management, governance and strategic direction, and can choose the

level of involvement they wish to have in delivering the day-to-day activities of the organisation.

Housing co-operatives are underpinned by the international principles of co-operation. These are described by the International Co-operative Alliance as: voluntary and open membership, democratic member control, member economic participation, autonomy, education and training, co-operation among co-operatives and concern for community.¹³ Within this framework, housing co-operatives establish their own rules and by-laws. Co-operative housing providers operate within the same compliance and probity frameworks as other community housing providers.

Co-operative housing can either be rental housing or based on a wide range of co-operative ownership models (see Attachment 2). Research on Australian housing co-operatives has identified around 4,800 co-operative dwellings, comprising around 10% of the community housing sector.¹⁴

Co-operatives are not-for-profit enterprises with all revenue going directly to meet operating expenses, the development of additional housing and providing for asset renewal. Where there is the capacity to raise finance against its property asset base, co-operatives have been able to significantly expand housing stock.

Benefits of Co-operative Housing

Housing co-operatives are a leading example of the ability of public service mutuals to create and retain shared value in the NDIS by developing human, social and financial capital.

- **Co-operatives assist participants to learn skills, gain self esteem and dignity**, participate in local communities and achieve successes in other facets of their lives. Co-operatives provide long term housing security for people with disability and this security, combined with active participation in the housing co-operative, builds people skills and capabilities.
- **Empowering local communities to manage their own housing solutions** is a key concept underlying co-operative housing. Co-operatives empower groups of people with disability to decide what housing they need and control the design and selection of housing that best meets their needs.
- **Stable and affordable housing** also makes it easier for participants to focus on education and job training opportunities, with 59% of co-operative housing tenants reporting the commencement or continuation of training and 50% demonstrating an improvement in their job situation.¹⁵
- **Successful track record managing housing**. Co-operative housing has low arrears and high tenant satisfaction. It has been estimated that low vacancy rates and reduced tenant turnover in the co-operative sector yields a cost benefit per 1000

properties over ten years of \$170,000 in administrative and maintenance savings.¹⁶

- **Leveraging non-NDIS contributions.** Parental contributions can be leveraged through co-operatives in ways that are difficult to achieve through other types of housing ownership and management. Parents can work together to establish a co-operative where their contributions to a child's housing directly benefit their child. Housing co-operatives that can encourage parental contributions can help to reduce requirements of the NDIS and assist in providing long term housing security for people with disability.

Case Study: Common Equity Housing Limited

Not for profit co-operative housing developers have consistently demonstrated they offer positive mixed communities with mixed tenure. They have the ability to attract private finance to develop housing stock and can return operational surpluses to offset the cost of the social (co-operative) housing stock retained.

Common Equity Housing Limited (CEHL) is Australia's leading provider of co-operative managed community housing, providing affordable housing to around 2,200 Victorian households.

An enterprise co-operative that provides housing services to member co-operatives

CEHL is a unique model that can incorporate social housing in a wider housing programme - effectively a "co-operative of co-operatives". The 112 separate rental-housing co-operatives that form its members are supported by CEHL with asset management, finance and co-operative development.

CEHL has a large and diverse housing portfolio - it includes single dwelling housing for people of low incomes to include mixed housing tenure and multi-level developments. Tenants come from all walks of life - including families, single parents, retirees, cultural and linguistically diverse groups and people with a disability.

CEHL is owned by its member co-operatives for their benefit. This means that operational surpluses are re-invested into the business to improve housing stock, build new developments or to save for future expenses

Enabling expertise to be developed while empowering local communities

CEHL has developed expertise in assisting member co-operatives to operate effectively and to design appropriate housing for a diverse range of consumer groups. CEHL has won numerous awards for its development of sustainable housing that also incorporates disability appropriate housing.

CEHL is more than just housing – at the heart of its success lies its ability to actively engage with and harness the energy and skills of tenants themselves. It aims not just to build and maintain homes and sustain successful tenancies but also to empower individuals and create stronger communities.

This means that CEHL combines the best of both worlds – being responsive and accountable to the needs of individuals and local communities while providing the collective support and financial backing of a substantial and professional public service mutual. It also enables CEHL to respect the independence of individual co-operatives to make decisions which affect their communities and actively engage them in decision making at both the strategy and operations level.

Case Study: CEHL & the Summer Foundation

Common Equity Housing (CEHL), the Summer Foundation and the Transport Accident Commission (TAC) created a new benchmark in innovative affordable and accessible housing for people with disability. The development at Gipps Street, Abbotsford, an inner Melbourne suburb, provides housing for a broad range of community members. This development includes six apartments specifically designed for tenants with disability, which are owned by TAC (4 apartments) and the Summer Foundation (2 apartments).

The apartments include smart home technologies that residents can use to control the systems in the house through a smart phone or tablet, including turning lights on and off, controlling air conditioning, and opening doors and windows. There is also a support worker on site 24 hours every day who the residents can call on for assistance. The accessible design and support model in these apartments has enabled young people who formerly lived in residential aged care facilities to now live independently.

A mixed social/private development of 59 apartments, 33 owned for community housing and 26 owned by private owners and investors. The bulk of the community housing apartments are owned and managed by CEHL under a co-operative housing structure for lower income tenants. While private ownership has underpinned the financial viability of the project, the overall delivery has been a resounding success and establishes a clear model for providing affordable housing in mixed tenure developments into the future.

Bree has been living in her apartment for nearly two years and is immensely proud of living independently. “Words cannot explain how thrilled I am to have a place to call my own home. The best thing has been to prove to myself and my family that I can live independently. I have done more than I could have ever imaged. I have lived by my motto ‘You’re not going to know until you try.’”

CEHL is currently developing a new affordable housing and commercial project at St Mary’s Terrace in central Geelong comprising heritage restoration works, a Community Hub and a

total of 59 six star rated housing units (including 13 affordable units), scheduled for completion in mid-2016. The project has been funded from a variety of sources (including The Victorian Property Fund and the sale of 46 apartments to Barwon Health). The project has been endorsed by the City of Greater Geelong as a highly valued urban renewal initiative.





Disability Land Trust: A co-operative model for the NDIS

CEHL's success in bringing together property ownership and management for many smaller co-operatives has demonstrated that a co-operative model can achieve scale while maintaining the independence and empowerment of local communities.

A similar model could be established in the NDIS to both create scale in housing and give people with disability a much stronger role in designing the housing that they need. This model would create a Disability Land Trust—structured as a co-operative—that held land in perpetuity for the benefit of people with disability. The funding it received from NDIS specialist housing payments would be reinvested to grow the housing assets held by the co-operative and therefore able to support more people with disability over time.

A Disability Land Trust would own the land that disability housing is built on. The co-operative would build housing on the land and head lease these properties to local, community-run disability housing co-operatives for fixed periods. The Disability Land Trust could be a community housing organisation or a new co-operative run by people with disability and their families.

It is important to note that the trust can be structured in such a way that enables a range of products to be developed to create mixed communities, promoting integrated communities and mixed tenure.

The Disability Land Trust would be structured as a co-operative. The members of the co-operative would be people with disability and their families. The Trust's Board would be comprised of people with disability and their families, technical experts in finance and property management along with representatives of housing providers who head lease the Trusts' properties. People with disability and their families would therefore have an active role within the co-operative in deciding where properties are built and selecting the housing providers that would be head leasing the properties.¹⁷

This model would create four benefits that we are unlikely to see in the current system.

- 1. Preserves housing options for people with disability into perpetuity.** The co-operative would ensure that every property effectively developed by NDIS funding continues to benefit people with disability into the long term and is not reallocated to other purposes.
- 2. Scale for investment.** Aggregating together the land and housing for disability housing will generate greater interest from investors (Superannuation funds for example) and lower the cost of finance. If land was to be separately contributed to the Trust from other areas of Government (Local Council or State Government), so that the NDIS stream only effectively funded construction costs, greater leverage

would be achieved for the NDIS dollar, but this would require land valued at some \$3 billion across Australia

3. **Enable contributions from families, governments and philanthropy.** A Land Trust will be able to tap into the huge community goodwill towards improving housing options for people with disability. The Trust can provide a guarantee that a family member with disability will continue to be supported by the Trust for their lifetime.
4. **Contribute towards housing for all people with disability.** The co-operative can better leverage the limited NDIS funds to generate housing for more than just the 28,000 people identified by the NDIS. This is achieved by surpluses from operating at a more efficient scale and drawing on contributions from families, governments and philanthropy.

Community Land Trusts are a large part of the affordable housing sector in the United States and the United Kingdom. Momentum has been building for Community Land Trusts in Australia. Dr Louise Crabtree at the University of Western Sydney has been leading work on the role that land trusts can play in building long term community assets. *The Australian Community Land Trust Manual* published by Dr Crabtree and others¹⁸ is a significant step forward in building the knowledge base for land trusts to be expended in Australia. The research published by the Australian Housing and Urban Research Institute (AHURI) into the principles underpinning land trusts in 2015¹⁹ is also contributing to this growing movement to establish a community land trust co-operative in Australia.

Further detail on a co-operative to own land in the NDIS is provided at Attachment 3.

5b. NDIS Area #2: Delivering accommodation support services

There is widespread fear emerging that many smaller yet highly effective disability support organisations may not survive in the NDIS if they are competing against larger organisations with economies of scale. Co-operatives and mutuals can help to foster a more vibrant service sector with options that meet the needs of people with disability.

The JSC has heard concern throughout its hearings that larger organisations are likely to replace smaller local groups with long held relationships, local knowledge and specialist expertise. Many local people and organisations are becoming increasingly concerned over what may be lost to civil society as a result of the NDIS reforms and industry restructuring.²⁰

Consumer co-operatives delivering in-home care

Individualised funding and consumer direction is well-suited to consumer owned co-operatives where people with disabilities and their families can have more choice and control about how they are supported to live independently.

Consumer co-operatives would bring together people with disability to commission support services delivered to members of the co-operative. Co-operatives can achieve this by employing workers directly, or by contracting with support service providers.

This model would increase the choice and control that people with disability have over their support services. Instead of individual NDIS participants negotiating with workers or support service organisations, the co-operative would empower people with disability to set the policies, procedures and culture if employing staff directly or increase the ability to negotiate with providers if it was contracting services.

Consumer co-operatives can result in a higher proportion of personalised budgets going directly to the budget for support care, by removing the need for an intermediary organisation to organise the care, which takes an administrative fee for this service.

Staff co-operatives delivering in-home care

In an industry known for its low pay, ad hoc service delivery, poor working conditions and high staff turnover; staff owned co-operatives are also able to provide unique working environments where members can be directly involved in running the business.

It is this worker/member engagement and autonomy and re-investment of operational surpluses which sets co-operatives apart from existing publicly and privately run disability service providers. By creating an empowering and autonomous work environment; innovation, job satisfaction and staff retention increases. As a result, the quality and consistency of services provided to participants will improve along with staff health, wellbeing and loyalty.

These models can work well in two scenarios in the NDIS. The first is during service transitions where governments or organisations choose to no longer deliver in home care services. The organisation's staff can come together and form a co-operative to continue to provide support to participants who they have already built a strong relationship with. The second scenario is in home care workers coming together to form co-operatives with fewer overheads that can then provide higher quality services or lower cost services. These co-operatives enable staff to use their initiative and entrepreneurialism to tailor services to the needs of participants without the restrictions and innovation stifling that can come with larger providers.

Enterprise co-operatives supporting smaller organisations to deliver in-home care

Enterprise co-operatives can support smaller disability providers to compete and thrive through co-operation and mutual benefit. Enterprise co-operatives assist smaller and specialist organisations to develop back of house economies of scale, retain local networks and keep jobs local.

5c. NDIS Area #3: Developing aspirations, finding accommodation and maintaining tenancies

Co-operatives have shown that finding the right home is about more than just creating bricks and mortar solutions. This is especially true for people with disability. The empowerment model embedded within co-operatives makes them very well suited to developing the capability and skills of members, including through peer-to-peer services.²¹

Finding the right home means that people with disability have the time and support to think carefully about their housing goals and aspirations. The lack of diversity of housing options in Australia has restricted the aspirations of many people with disability and families to group home models. The NDIS will give people with disability an incredible opportunity to exercise choice about where they live, who they live with and how they are supported. Making the most of this choice—after decades of almost no choice—requires assistance to think about the possibilities and decide what the right options are for them.

The NDIS' funding for accommodation is expected to be limited to a very small pool of just 28,000 people (6% of NDIS participants). Thousands of other NDIS participants will require assistance to find the right housing for them in the private market and in community and public housing. Discrimination against people with disability in the rental market has prevented many people with disability from rental opportunities.²² Even once people with disability have secured accommodation, some tenancies are not sustained due to a lack of support to comply with tenancy requirements and solve issues that arise. This is especially the case for people with disability who have a cognitive impairment or mental illness.

The Independent Youth Housing Group (IYHG) is a member based organisation run on co-operative principles operating in Queensland that has been demonstrating how a member-owned organisation can improve housing security and stability for tenants. IYHG rents properties to tenants with disability and mental illness who pay 25% of their income in rent. IYHG selects properties that are well suited to the needs of their members and then provides active tenancy management services to assist people to maintain their tenancy and ensure that people have secure accommodation. Members are engaged in the power structure of the organisation and feel “in control” of their lives and the organisation that supports them. Any operational surpluses are reinvested in increased housing options and better support services.²³

Co-operatives will bring a capacity building and empowerment approach to providing assistance to develop housing goals and aspirations, and then help NDIS participants to find and maintain their tenancies. Co-operatives are well suited to this work because they can provide a service that people with disability identify with, that is highly tailored to the needs of participants and the context of local communities. Co-operatives are also able to develop strong communities amongst participants and can use peer-support models to provide this

service. This will be hugely beneficial to participants without NDIS housing payments in their NDIS plan to access housing.

6. Encouraging growth and summary of recommendations

A catalyst is needed to develop co-operatives in the NDIS.

Co-operatives and mutuals provide a unique opportunity to engage NDIS participants in decision making, build their capabilities and increase community inclusion. Yet, the historic isolation and exclusion of people with disability from community life in Australia means that co-operatives and mutuals led by people with disability require support to become an established part of the NDIS.

Support is needed for disability-led co-operatives and mutuals to access funding streams and improved understanding of the various models and the associated legal and financial instruments.²⁴ Seed funding needs to be provided to develop and refine documentation for the various models, to promote models to potential consumers and provide advice services to developing co-operatives.

In addition to supporting co-operatives to develop through seeding funding, the NDIS user cost of capital for accommodation must be structured to enable housing providers to maximise the housing built for people with disability.

The BCCM supports governments efforts to maximise the housing options for people with disability by focusing on a 'supply side' response to create housing for people with disability. BCCM also supports the recommendations from the Disability Housing Futures Working Group and community housing providers that the NDIS' user cost of capital funding is used to provide a predictable stream of funding.²⁵

NDIS user cost of capital funding can maximise the housing options for people with disability by adopting either of the following strategies:

- Pooling user cost of capital funds to directly fund a housing bond. In this model, the NDIA would pool together the user cost of capital funding and enter into an agreement with a financial intermediary to create a bond. The guaranteed stream of income from the NDIA should enable this bond to have lower interest rate given the low risk nature of the investment. These lower finance costs would therefore effectively be passed through to housing providers accessing the capital created through the bond. This model is outlined in further detail in the Disability Housing Futures Working Group.²⁶ Funding could be recognised in participant packages by adding a standardised amount of notional funding into the packages of participants who are living in housing funded by the bond.

- Directly contracting with housing providers that secure their own financing through an aggregator. In an alternative model the NDIA would enter into an agreement with the housing provider providing certainty of NDIS housing payments over a period specified number of years. The housing provider can then use this stream of income to access debt finance from financial markets, which the housing provider can use to purchase or build NDIS housing. Given the scale of housing being built, it is possible that a housing finance aggregator could be used to combine together the housing sector's debt needs achieving the scale needed for the intermediary to issue a housing bond to investors. This model would be similar to the approach outlined in AHURI's paper on housing supply bonds.²⁷ This would ultimately achieve the same objective as the NDIA pooling funds together and entering into an agreement with the intermediary (see model above). The benefit of this approach is that there is a clearer link between NDIS funding and the housing that this is creating for individual NDIS participants.

The critical feature of these models is that user cost of capital funding is provided to the market with certainty and that it occurs on a scale that is large enough to engage institutional investment. These are the two key features required to lower the cost of finance for NDIS housing. Importantly, these options would not require government to take on debt, rather the stream of income from NDIA user cost of capital payments would be used to raise debt by non-government providers.

Recommendation #1: Add an additional objective to the NDIS housing framework that NDIS funded housing builds the individual and collective wealth of people with disability.

People with disability are severely economically disadvantaged given many people's exclusion from the labour market. Any investments by government that create the opportunity to build the wealth and long term financial security of people with disability should be explored in the NDIS. Individual wealth building can occur through joint equity initiatives in housing and collective wealth building can occur through using co-operatives and mutuals owned by people with disability to own and manage housing.

Recommendation #2: Add an additional objective to the NDIS housing framework that requires NDIS housing projects to involve people with disability in the design and approval process.

The NDIS is predicated on choice and control for people with disability. It is critical that housing build for NDIS participants is designed in active and genuine consultation with people with disability. All housing that is registered to receive NDIS funding should be required to demonstrate how people with disability—or their families and carers—were involved in decision making about the design and location of the dwelling.

Recommendation #3: Empower and support existing group home residents and staff to create in home care co-operatives.

State Governments that have decided to cease providing direct group home services to people with disability should provide existing group home residents with the option of creating (or joining) a consumer led co-operative to deliver in home care services.

If group home residents choose not to create or join a co-operative, State Governments should offer staff who work in the group home with the option of creating or joining a staff co-operative. People with disability would still retain choice and control over whether the staff co-operative continues to provide their support.

Recommendation #4: Create a co-operative incubator to provide capacity building, technical assistance and mentoring to new co-operatives

The Federal Government should use NDIS Sector Development Funding to create a co-operative incubator that would assist people with disability, workers and organisations to establish new co-operatives. The incubator would build the capacity of people with disability to work together to create new ways of delivering services, dramatically increasing the opportunities for people with disability to shape service delivery in the NDIS. The incubator would also assist workers to create staff co-operatives that reduce casualization and increase investments in worker's skills. The incubator's third focus would be on small organisations, including in the housing sector, that are not profitable in the NDIS model and would benefit from establishing or joining an enterprise co-operative to improve viability thereby maintaining a diverse range of providers in the sector.

Without specific funding to support co-operative development there is a risk of service fragmentation, loss of choice through the collapse of small services and lower levels of empowerment of people with disability who are forced to rely on organisations rather than creating their own delivery organisations.

Recommendation #5: Support the establishment of a co-operative Disability Land Trust where land is owned collectively by people with disability into perpetuity

The Federal Government should support the establishment of a Disability Land Trust that is run as a co-operative and governed by people with disability and their families. The Disability Land Trust would own land and build housing which is then accessed by local providers and community-run (and parent-run) disability housing co-operatives for fixed periods. The trust can create mixed tenure communities to meet integration ambitions of the NDIS. The Land Trust would build the collective wealth of Australians with disability, unlock family and philanthropic contributions and empower people with disability to shape NDIS housing design and services. The co-operative would operate nationally and could build up a substantial land holding and asset base if it is supported to be a key part of the NDIS. This would enable the co-operative to access low cost finance, securitised against a high value land portfolio with the certainty of the NDIS revenue stream.

The Federal Government, along with State Governments, could support the establishment of a Disability Land Trust in three ways. First, become part of a group of influential leaders to build awareness and community confidence in the co-operative. Second, seed the co-operative by providing funding for the operating costs for the Trust's establishment. Third, encourage States and disability housing providers to contribute foundation capital to the Trust to build its asset base.

Recommendation #6: Provide certainty in user cost of capital funding and aggregate payments to allow for housing bonds to be issued

Governments should establish the payment mechanism for the user cost of capital in a way that encourages institutional investors, which will lower the cost of finance. We propose two models that could achieve this – NDIA directly providing user cost of capital funding to an intermediary to issue a bond to housing providers; and the NDIA providing certainty of funding to housing providers who work together to form an aggregator to issue a bond. This will be the most cost-effective approach to building NDIS housing.

Recommendation #7: Allocate funding to create a smarter housing market that uses technology based solutions to reduce market failures in disability housing, including a platform to connect tenants to properties

Disability housing often experiences market failures because of the lack of information about what properties are available for people with disability and the accessibility features of this housing. People with disability find it hard to find the vacancies that are the right fit for them. Technology solutions that connect people with services (uber, Airbnb etc) have shown that market failures and a lack of information can be overcome through new and creative platforms that allow people to connect with the services they want to purchase.

In recognition that smart housing markets do successfully exist, Governments should co-invest with the co-operative sector, researchers and stakeholders in a smarter housing market for people with disability through a platform that connects people with disability with the housing funded by the NDIS. This could then easily be expanded to include the private rental market and community housing.

Recommendation #8: Add an additional category of “Co-operative Accommodation Providers” as eligible for SDA funding.

The BCCM makes this recommendation in support of the recommendation in the separate submission to this inquiry by PaRA Co-operative Ltd.

Attachment 1: Types of co-operatives that could provider housing services in the NDIS

Co-operatives and mutuals are generally divided into three main types and each one of these types can play in role in improving accommodation options in the NDIS.

Co-operatives and mutuals have proven particularly useful when:

- Services are too expensive for government or market forces to provide
- Diversity in approaches is required
- There are low or variable profits
- Specialised service is needed
- User input is required in service design and delivery.²⁸

Consumer Co-operatives

Overview: Consumer co-operatives are operated by the service recipients to provide services that their community require. Service users are involved in the organisation's governance and decision making, enabling a high level of input into the design and delivery of services.

Where they work best: Consumer co-operatives work best where there is the commitment within a community to tackle the problems they face. Commitment is demonstrated every day by people with disability and their families and is exemplified in the broader community by the huge support for the Every Australian Counts movement. Commitment was the foundation for the creation of many of our current advocacy and disability services, founded and driven by people with disability and their families. They are an outstanding method of developing the capacity of their members to participate in the NDIS and the broader community.

Fit with NDIS accommodation:

Delivering accommodation support services: Consumer co-operatives are a natural development from the current huge range of peer led disability support groups and organisations that have developed throughout Australia.

Owning, building and managing housing: Consumer co-operatives would provide people with disability a high degree of choice and control over the types of accommodation build and ensure that any property acquired using NDIS funds benefits people with disability into the long term.

Developing aspirations, finding accommodation and maintaining tenancies: Empowering people with disability to live independently will require assistance for people to fully develop their goals and aspirations, and then get the support they need to search for housing, obtain the right housing and then maintain a tenancy. A consumer co-operative could provide a true

empowerment people with disability owning and operating a co-operative that helps them to develop their aspirations and successfully navigate the rental market.

Staff Co-operatives

Overview: Staff co-operatives are owned by their employees who have a high degree of autonomy and control over their work and are involved as both employees within the organisation as well as making decisions about the strategic direction and governance of the organisation.

Where they work best: Staff co-operatives work best with employees who share a common goal and have the skills and enthusiasm to operate co-operatively. Staff co-operatives provide freedom of action; the ability to make judgements as to how to provide a good service; they support staff to act entrepreneurially and innovate independently.²⁹

Staff co-operatives foster these characteristics and have proven highly effective working with people with complex needs where there is a need for consistency of personnel and where services need to be empowering, both individually and collectively. This enables an empowerment approach modelled by staff and delivered to NDIS participants.

Fit with NDIS accommodation:

Delivering accommodation support services: Staff co-operatives could prove particularly effective in rural, CALD and Indigenous communities where local and culturally appropriate responses are essential and staff attraction and retention has proven problematic.

Within NDIS housing, consumer co-operatives are ideally suited to provide assistance with daily living activities to people with disability within their homes.

Enterprise Co-operatives

Overview: An Enterprise Co-operatives is a grouping of organisations that voluntarily come together for mutual business related support, such as sharing corporate functions including bulk purchasing, accounting, HR, marketing, client software and OH&S services.

Where they work best: Enterprise co-operatives reduce the overhead costs of operating services and are well suited to areas where there are many small providers facing pressure from larger, lower cost providers. These co-operatives are appropriate where activities benefit from larger scale and can be easily outsourced by the organisation to another provider. They are also beneficial for situations when governments or consumers want a single point of entry but localised and personalised services.

Fit with NDIS accommodation:

Supporting smaller organisations to deliver in-home care

Enterprise co-operatives can support smaller disability providers to compete and thrive through co-operation and mutual benefit. Enterprise co-operatives assist smaller and specialist organisations to develop back of house economies of scale, retain local networks and keep jobs local.

Owning, building and managing housing: Enterprise co-operatives are very well suited for smaller accommodation providers who face higher costs in managing their properties because they lack economies of scale. Further, accommodation providers may wish to focus on delivering support services but do not want to fully relinquish their housing assets. Accommodation providers could come together to establish an enterprise co-operative to manage property contributed by the co-operative's members.

Attachment 2: Types of Housing Co-operative

The main types of housing co-operatives are described below, differentiated by the extent of capital contribution and profit share by members.

Rental Housing Co-operatives

Rental Housing Co-operative properties are acquired and owned by a social housing provider with portfolios of properties headleased to tenant co-operatives. The tenant co-operative then leases individual dwellings to member tenants. The co-operative is responsible for managing all tenancy agreements and maintaining the properties in good condition.

The tenant co-operative derives income from rent and meets all costs of delivering and maintaining the dwellings including whatever commercial arrangements are proscribed under the terms of the headlease with the owning entity.

The social housing provider is usually a State Housing Authority or a registered Housing Association but could also be any not for profit entity such as a charitable organisation, local government or a land trust.

Funds are usually provided by state governments through specific housing programs but are often then supplemented by the Housing Association borrowing further capital against the value of existing properties to a level that can be supported by the rental income stream.

The property portfolio can be dispersed housing, cluster developments, purpose built dwellings or any combination of these. The size of the portfolio can vary from as small as five properties to portfolios of hundreds or even thousands of properties.

Headleases can be varied significantly for co-operatives of different scale or targeted for different tenant cohorts and can determine eligibility for membership, rent setting mechanisms and conditions related to maintenance and other expenditure by the co-operative.

Tenants do not have any equity or ownership of the properties or individual claims on any surplus funds held by the tenant co-operative.

Common Equity Co-operatives

These are very similar to rental housing co-operatives but all the property assets of the tenant co-operatives are held by a single entity that is not a government department but a registered housing organisation of which the co-operatives with headleases are members (shareholders).

Individual tenant members are not shareholders of the owning entity. The advantages of this model is that the tenant co-operatives effectively pool their resources to achieve economies of scale to enable the use of their larger asset base to reduce costs, raise capital and purchase more professional services.

Some state governments have preferred this model by providing capital or transferring property assets from State Housing Authorities to Housing Associations to raise independent capital. The highly successful operation of CEHL in Victoria and CENSW demonstrate the efficiencies and potential of this model.

Individuals are members of housing co-operatives which head lease the property portfolio from the owning entity as per the rental housing model and do not have any equity or share of assets of their co-operative.

Shared Equity Co-operatives

A further variation on the theme is for the owning entity to generate further capital for the acquisition of stock by requiring incoming members to purchase a share in the co-operative in order to access the housing.

The share cost is only a proportion of the cost of the housing and the members weekly housing cost (rent) is set dependent on the cost of the housing and the contribution through the value of the purchased share. Typically, the share value is not linked to the value of the property though it may be annually indexed based on an agreed CPI factor.

The advantage of shared equity co-operatives is that rental housing can provided at reduced rates to private rental and with more security than is available in typical private rental scenarios. On exit from the co-operative the individual sells their share back to the co-operative which can then be marketed to the next member.

The owning entity can define its eligible purchasers based on the purpose of the organisation or conditions of any other capital it has raised to acquire the housing.

Equity Co-operatives

Under the equity co-operative model the cost of a share is established by the owning entity based on the full cost of the development. Individuals members are the shareholders of the co-operative and the co-operative establishes its own rules for operation and also conditions for the sale or buy back of shares.

Purchasing a share guarantees the member a long term lease of the property but the title remains with owning entity which is either the operating co-operative or a not for profit Housing Association who has leased the portfolio to the tenant co-operative for management.

This model is suited to groups of individuals wishing to live in a particular location who agree to pool their resources to achieve better housing outcomes.

Alternatively the equity model can also be operated by a not for profit housing provider where the portfolio is leased to an operating co-operative whose members are required to provide the full capital cost of the dwellings.

In exchange for lower entry cost to the housing with shares based on cost rather than market value, the purchaser agrees to forgo all or part of any capital gains due to appreciation. This enables the Housing Association to sell shares below the market rate for individual titles.

Individuals borrowing funds to purchase a share may have their loans secured by the owning entity which would reserve the right to buy back shares at original value if the co-operative member defaults on their loan or breaches other conditions of their lease.

Attachment 3: A Disability Land Trust

The current thinking on the NDIS will see community housing providers become the biggest providers of housing – borrowing from banks to buy land and build housing.

The current trajectory is one where (mostly) generalist community housing providers will develop housing using NDIS funds. Four issues are concerning about the current situation:

- there is no guarantee that this housing will be provided for people with disability once the NDIS payments finish;
- people with disability have limited decision-making power in the current housing system;
- NDIS funds are sufficient for only 28,000 of the 410,000 NDIS participants (and 2 million people with disability in Australia); and
- there is no coordinated approach to generating philanthropic, government and family contributions towards disability housing.

One option that could address many of the current concerns is to create a Disability Land Trust -structured as a co-operative—that held land in perpetuity for the benefit of people with disability. The funding it received from NDIS specialist housing payments would be reinvested to grow the housing assets held by the co-operative and therefore able to support more people with disability over time.

A Disability Land Trust would own the land that disability housing is built on. The co-operative would build housing on the land and head lease these properties to local, community-run disability housing co-operatives for fixed periods. The Disability Land Trust could be a community housing organisation or a new co-operative run by people with disability and their families.

It is important to note that the trust can be structured in such a way that enables a range of products to be developed to create mixed communities, promoting integrated communities and mixed tenure.

The Disability Land Trust would be structured as a co-operative. The members of the co-operative would be people with disability and their families, so that their relationship is one of tenant-owner, an empowered role. The Trust's Board would be comprised of people with disability and their families, technical experts in finance and property management along with representatives of housing providers who head lease the Trusts' properties. People with disability and their families would therefore have an active role within the co-operative in deciding where properties are built and selecting the housing providers that would be head leasing the properties.³⁰

This model would create four benefits that we are unlikely to see in the current system.

- 1. Preserves housing options for people with disability into perpetuity.** The co-operative would ensure that every property effectively developed by NDIS funding continues to benefit people with disability into the long term and is not reallocated to other purposes.
- 2. Scale for investment.** Aggregating together the land and housing for disability housing will generate greater interest from investors (Superannuation funds for example) and lower the cost of finance. If land was to be separately contributed to the Trust from other areas of Government (Local Council or State Government), so that the NDIS stream only effectively funded construction costs, greater leverage would be achieved for the NDIS dollar, but this would require land valued at some \$3 billion across Australia
- 3. Enable contributions from families, governments and philanthropy.** A Land Trust will be able to tap into the huge community goodwill and willingness of families to contribute towards improving housing options for people with disability. The Trust can provide a guarantee that a family member with disability will continue to be supported by the Trust for their lifetime, alleviating much family stress.
- 4. Contribute towards housing for all people with disability.** The co-operative can better leverage the limited NDIS funds to generate housing for more than just the 28,000 people identified by the NDIS. This is achieved by surpluses from operating at a more efficient scale and drawing on contributions from families, governments and philanthropy.

What would need to happen to make a Disability Housing Trust possible?

Creating a Disability Land Trust is in the community's hands. Governments and the NDIA do not need to change the design of the NDIS housing payments system. Housing providers would continue to apply to the NDIS to get a housing payment and then pay the Land Trust rent as an expense. Further discussions with financial institutions can assist to understand the trade offs of this model compared with an arrangement where the NDIA made part or full payments directly to the Land Trust or to a financial intermediary to increase the security of the income stream and lower borrowing costs.

A Disability Land Trust could begin operating if it has the land and the housing providers it needs to get off the ground. This is especially important as a co-operative – getting people to become part of a co-operative is much easier when the co-operative has already been shown to be viable. To justify establishing a Land Trust, the following four pillars would need to be in place:

1. **A dedicated group of leaders to provide vision and profile to the Land Trust.** A core group of supports are needed to build community awareness of the Trust, generating goodwill, engage people with disability and build relationships with land donors (governments and philanthropy) and lenders (banks and superannuation funds).
2. **Foundation capital to build the assets of the Trust.** The Trust needs to begin with a large pool of housing assets that it can use to either: headlease out to housing providers and begin generating income, or leverage to purchase more land. There are four potential sources for this start up capital.
 - *NDIS UCC capital injection.* The NDIS does not provide capital grants – it provides a user cost of capital payment. Delays in finalizing the user cost of capital payment framework has meant that the NDIS spent none of the funding that would ordinarily have been spent on housing in the first three years of the Scheme’s operation. This has left the NDIA with around \$45m in unspent housing funds. If no action is taken, this funding essentially goes back to the Commonwealth as a saving. Governments could instead agree to allocate this funding to a Disability Land Trust to provide an initial capital injection.
 - *State Governments stock transfer.* State Governments currently operate supported accommodation services for thousands of people with disability. Many state governments will stop providing supported accommodation once the NDIS is implemented. State Governments can transfer the title for land that is currently used for some supported accommodation to the Disability Land Trust.
 - *Philanthropic stock transfer.* Many non-profit disability providers have housing assets that is poorly leveraged and under utilized. Transferring this stock to a Disability Land Trust could provide them with the security of a long term lease while enabling the land to be leveraged to purchase more land for people with disability.
 - *Local Government stock transfer.* Many local governments have land that they would be willing to contribute to creating housing for people with disability, but have not found the right opportunity to transfer stock. Establishing a Disability Land Trust would create a new opportunity for local government contributions.
3. **A commitment by a sufficiently large number of housing providers to rent from the Disability Land Trust.** The viability of the Disability Land Trust depends on housing providers being willing to headlease properties from the Trust. The Trust will need a commitment from enough housing providers to demonstrate that there is a market from housing providers to head lease properties to ensure there is sufficient scale.

- 4. A commitment from lenders to loan funds to the Trust.** The momentum of a Disability Land Trust would significantly increase if a large lender committed in principle to providing finance for land purchases by the Trust. This is an unusual approach, given that financing usually follows establishment. However, this would significantly build the case for establishing a Trust.

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