

POSITION STATEMENT

OCTOBER 2016

DEVELOPING NDIS HOUSING FOR PEOPLE WITH COMPLEX SUPPORT NEEDS



**SUMMER
FOUNDATION**

KEY MESSAGES

- Providing high quality, accessible and affordable housing is essential to assist the 6,200 young people aged under 65 years who are living in residential aged care (RAC).
- Housing options for young people in RAC to leave a nursing home and return to the community remain very limited. The NDIS includes funding to increase these options. It is critical that this funding is well targeted to create the diversity of housing options that young people require.
- Housing and support models funded by the NDIS should meet the following criteria to effectively support young people with high and complex needs in RAC, or at risk or entering RAC:
 - Housing is accessible and its location helps to build community connections.
 - Housing choices are diverse, including enabling people with disability to live with their family.
 - Investors have faith in the structure and delivery of the NDIA's housing payment scheme.
 - The design and delivery of housing and support models is innovative and highly collaborative.
- There are four actions we recommend the NDIS undertake to ensure it lives up to its ambition of fully supporting young people in RAC:

Recommendation 1: The NDIA should prioritise including the Specialist Disability Accommodation payment in the packages of young people in nursing homes in existing NDIS sites.

Recommendation 2: The NDIA, housing providers and financiers should work closely to examine the level of confidence that investors have in developing housing through the NDIS payments framework. Where there is high investment risk (especially in regional and remote areas) governments should develop alternative strategies to reduce risk and encourage investment.

Recommendation 3: Governments should fund the market-enabling infrastructure needed to support an NDIS housing market. A priority for this work should be to overcome information barriers through a platform to identify housing needs and connect participants with housing providers.

Recommendation 4: Governments should make system-level investments in housing by creating a hub to share knowledge on disability housing design and lead innovation.

1. BACKGROUND

Currently over 6,200 people under 65 years live in residential aged care (RAC) nationally, most often with acquired or late onset neurological impairment (89%)^{1,2}. In addition, nearly 200 people under 50 are at risk of admission to aged care each year in Australia.³

RAC separates young people from their community, family, friends, partners and children. Young people with disability should have the ability to live in a home that meets their needs and allows them to continue to actively participate in the community, and to build and maintain relationships with family and friends.

The NDIS provides funding for specialist disability accommodation which will provide funding to build housing for all young people currently living in aged care. The NDIS has the potential to be the single largest improvement to the lives of young people in RAC and dramatically reduce the number of young people admitted to RAC each year in Australia.

2. THE HOUSING NEEDS OF PEOPLE WITH HIGH AND COMPLEX SUPPORT NEEDS

Young people with disability in RAC are a diverse group with different reasons for moving into RAC and different support needs. Most young people in RAC have moderately high support needs that have not been able to be met in the community which has led to entry into RAC.

This position paper is focused on young people living in RAC (or at risk of RAC entry) who have 'high and complex support needs'. This describes young people in RAC who require:

- services to be delivered frequently and at a high intensity;
- assistance from multiple service systems and/or service providers; and
- the level of service intensity to change regularly and usually unexpectedly.

Not all young people in RAC have high and complex support needs. Around 1 in 4 young people in RAC (26%) can be left alone overnight.⁴ While other young people may require high intensity attendant care services, but have no variation in their need for services and do not usually require services from other providers or systems.

One of the key reasons that young people are in RAC is due to a lack of housing and support models that support young people to stay in the community. Young people with high and complex needs would be very unlikely to enter RAC if they had timely access to the housing and support options they need in the community. Increasing the range and scale of housing and support option in the community will reduce the flow of young people into RAC, leading to better outcomes for young people and lower costs for governments.

3. HOUSING AND SUPPORT IN THE NDIS

Young people in RAC or at risk of RAC entry, require support from health, disability and housing systems to be effectively supported in the community. The introduction of the NDIS will change the dynamic of how young people's housing and support needs will be met.

The NDIS brings significant additional funding that has been lacking in order to support young people to live in the community and to create the housing options young people require. The NDIS is not responsible for all the needs of young people in RAC. However, it should continue to be a key player in the health system to ensure young people exit, or avoid, living inappropriately in RAC.

The Productivity Commission's design and costing of the NDIS enabled a housing option to be created for all young people currently living in RAC. The NDIS design explicitly considered the housing needs of young people in RAC as a priority area and it is critical that this focus remains as the NDIS is rolled out.

The NDIS is intended to provide funding for the cost of specialist housing for all young people in aged care. The 'Specialist Disability Accommodation' payment will provide ongoing payments to housing providers, rather than an upfront grant. This funding model requires housing providers to raise finance to purchase housing and use NDIS payments and participant rent to meet the costs of operating the property and debt service.

This model of funding is based on the Productivity Commission's report on the NDIS that included a 'user cost of capital' in its model to meet the demand for housing generated by participants in the NDIS.

4. EFFECTIVE SUPPORT MODELS FOR YOUNG PEOPLE WITH HIGH AND COMPLEX NEEDS

The NDIS presents a significant opportunity to improve the housing options available to young with high and complex support needs. However it is still too early in the life of the NDIS to definitively identify what the right models are to support young people in RAC.

The Summer Foundation has proposed four core characteristics that housing and support models should have to support young people with high and complex needs. These characteristics can be used as a scorecard to evaluate whether the NDIA or service providers are creating housing and support models for young people that live up to the vision of the NDIS.

► **Effective housing models characteristic #1: Housing is accessible and its location helps to build community connections**

Accessible design that is adaptable to the diverse needs of this group is essential to maximise independence and community inclusion. Effective housing design would reduce the need for funded supports (such as attendant care and domestic assistance) while enabling people with disability to be more independent in their daily lives.

Smart home and communications technology would be installed in housing to provide cost effective solutions that enhance independence, allow people with disability to alert others when they need assistance, and remotely monitor a person's safety and wellbeing, if required.

Housing would be located near the services people use and the people that are significant in the person's life. Proximity to shops, transport and other services is critical to enabling people with disability to easily get out of their home and have a meaningful life. Being located near family and friends and living in a familiar neighbourhood is also essential for maintaining relationships and community inclusion.

Housing would enable people with disability to be actively involved and included in their communities, not segregated. People with disability would live in housing and locations that are similar to the housing choices available to Australians without disability. The location of dwellings would also be salt and peppered throughout neighbourhoods, not congregated in particular locations.

These characteristics of effective housing would simultaneously maximise the goals that young people have and also reduce lifetime costs to the NDIS through lower payments for funded support. The NDIS funding framework prioritises some of these characteristics, such as through by requiring minimum Livable Housing Australia design requirements to register housing with the NDIS.

► **Effective housing models characteristic #2: Housing choices are diverse, including enabling people with disability to live with their family**

Young people in RAC are a diverse group; they need a range of options to meet their needs, preferences and family circumstances. This means that effective models would enable young people have access to housing that meets their family circumstance, including for the 46% who have a partner and the 27% who have school aged children.⁵

The vast majority of the 10,000 specialist disability accommodation places in Australia⁶ are a variation on the group home model with people expected to live with four or more others with limited privacy. While group homes may work for some people with disability, they do not work for everyone. People with disability will also need different housing options throughout their lives and this would be supported by a dynamic housing market. For example, people with disability may choose one housing setting immediately after a catastrophic injury and live with their partner and/or children after a period of recovery. The housing options available to people with disability need to enable people's choices and preferences to change over time, in the same way as the broader Australian population has different housing needs and preferences over their lifetime.

Rather than continuing to build segregated specialist housing, the housing needs of people with disability need to be incorporated into mainstream housing strategy. In an inclusive Australia, private housing would be designed so that people with disabilities could visit friends and family and all new social and public housing would be fully accessible inline with Livable Housing Australia design guidelines. Smart design of new housing will allow all of us to remain in our own homes for longer as we get older. Giving all people with disability greater access to mainstream housing will enable many people with severe disabilities to move to more independent living options and create vacancies in existing specialist disability housing.

► **Effective housing models characteristic #3: Investors have faith in the structure and delivery of the NDIA's housing payment scheme**

The effective management of the NDIS' housing budget would see housing options created through a huge community effort. The NDIA will have played a key role through its specialist housing funding. There is a significant opportunity to engage private and social investors in the building and management of housing for young people in RAC if the policy and implementation of NDIS housing funds is crafted to provide reasonable returns, and mitigate some of the risks for investors. The involvement of investors is essential because of the immensely challenging scale of housing options required. For illustration, the average capital cost of housing for young people to leave RAC in Victoria under the YPIRAC program was around \$300,000 per person.⁷ Based on these estimates, creating a housing option for all 6,200 young people in RAC, which the NDIS budget enables, has a capital requirement of \$1.8 billion across the next ten years. While not all young people in RAC will choose to leave, the NDIS funding envelope allows for these places to be created by making yearly housing payments to providers.

From an impact investor's perspective, new housing for people with disability should not be so specialised that it does not have an alternate use. Highly specialised housing that is segregated is often only worth the value of the land that it sits on because it could not readily be sold on the open market. The housing created for people with disability should be housing that private buyers and renters also find desirable. We should avoid creating specialist dwellings with institutional features, and instead use design that is adaptable and accommodates a wide range of individual preferences and abilities. Highly adaptable apartments or townhouses that are peppered throughout larger developments are a much more attractive to potential investors than traditional group homes.

Creating adaptable housing that is equally attractive to the private market does not always mean the private market will fully value the additional cost of creating accessible housing. For this reason investors require some certainty in NDIS housing payments because while these properties may be attractive to private buyers on the open market, there may be a gap between the cost of building housing that is highly adaptable and the market value of the dwelling.

An effective housing funding model would have streamlined investment processes where investors understand and have confidence in the NDIA's housing payment scheme. This is essential to making the NDIS model of 'user cost of capital' work.

Housing in the NDIS would be seen as more than corporate social responsibility at the margins: it would be a significant financial investment and financial risk for investors. Investors will require certainty in payment terms and have faith in the funding model. To build this level of confidence, and drive down the cost of capital, the NDIA will have eliminated as much of the risk as possible, including by minimising any changes in government policy on the terms of NDIS housing payments.

An NDIS housing payments scheme has the potential to create a diverse range of investors and financing models. The funding model encourages social investors and fosters Australia's social impact investment market. Housing payments would also be building the assets of people with disability wherever possible, including by providing opportunities for shared equity ownership models.

► Effective housing models characteristic #4: The design and delivery of housing and support models is innovative and highly collaborative

An effective housing system within the NDIS would be constantly innovating to create higher quality housing options. There would be investments in the design of housing to trial and evaluate the impact of different design options that reduce the cost of housing and improve the accessibility of the dwelling and quality of life for people with disability.

Housing and support providers would be sharing lessons about their experiences and working collaboratively as a sector to achieve the best outcomes for people with disability.

There would be sector-wide acknowledgement of what best practice in housing and support looks like. The NDIA would be informed by good practice in the types of housing it authorises NDIS funds to be used to build and operate.

5. THE CURRENT SYSTEM VS AN EFFECTIVE HOUSING AND SUPPORT SYSTEM

Australia has under-funded the development of housing for young people in RAC with high and complex needs. This is the primary reason that many young people end up in residential aged care – the disability system has been unable to meet their needs.

The NDIS presents an opportunity to improve the quality of the supports available to young people in RAC. Yet there are also risks in moving to the NDIS that need to be carefully monitored:

- NDIS risks further service fragmentation and a loss of knowledge about how to effectively support young people in RAC. This is particularly important because the NDIS moved towards a demand-driven system where government will not have a leadership role in designing services or requiring collaboration between service systems.
- A lack of coordination and leadership in the area of housing has the potential to undermine efforts to deliver the best possible support to young people in RAC.
- No track record in NDIS trial sites showing how housing will operate in the NDIS. This lack of progress makes it challenging to provide a complete stocktake of how the NDIS rollout is comparing with our scorecard of an effective NDIS.

The Summer Foundation has highlighted four issues of concern that we believe governments and the broader community should focus on to ensure young people in RAC get the support they need.

1. **Slow pace of progress in using NDIS funds to create new housing**

The NDIS trial sites did not allocate any funding to create new housing options for people with disability. The lack in spending NDIS housing funds had created two problems. First, housing is a significant barrier to many young people in RAC moving into the community and so efforts to move young people in aged care to the community have stalled. Second, the NDIA's slow progress in releasing housing funds has delayed the community's ability to learn lessons about how the NDIS funding model will operate and the types of housing that will be effective in the NDIS. This slows the community's ability to create the best possible housing and support models for young people in RAC. This has now been overcome by the release of the Specialist Disability Accommodation pricing framework. It is critical that the young people in aged care in the existing NDIS sites have the SDA payment included in their package as soon as possible.

Recommendation 1: The NDIA should prioritise including the Specialist Disability Accommodation payment in the packages of young people in nursing homes in existing NDIS sites.

2. **Need for investor certainty in investing in housing models**

The success of the NDIS' approach to housing depends on engaging private and social investors in disability housing. The Summer Foundation remains concerned that without sufficient certainty and risk-minimisation, the cost of capital in the NDIS could be prohibitively high.

Investors will base their interest and investment terms on the level of certainty and risk involved in NDIS housing payments. The less certainty investors have, the higher the cost of capital will be in the NDIS. The experience of the National Rental Affordability Scheme (NRAS) demonstrated that investors may require 3-4 years of experience with the scheme before they are willing to fully commit to investing. This will be critical to take into account given that the multi-billion dollar pipeline of housing the NDIS is charged with creating depends on finding private and social investors to make the upfront investment.

The NDIA housing payment rates provide certainty in the payment rate for just 5 years. While it is important to review the housing payments scheme, this needs to be carefully balanced to ensure investors have confidence to invest in the NDIS housing.

Recommendation 2: The NDIA, housing providers and financiers should work closely to examine the level of confidence that investors have in developing housing through the NDIS payments framework. Where there is high investment risk (especially in regional and remote areas) governments should develop alternative strategies to reduce risk and encourage investment.

3. Better understanding demand for specialist housing across Australia

Information about people with disability's needs and preferences for housing is extremely poor. There is very little market information about which areas and neighbourhoods NDIS participants with the SDA payment live, the level of accessibility their housing needs to meet and the person's preferences about dwelling type and size. These information barriers are reducing investment in specialist housing.

An effective NDIS housing market will require much better information about people's housing needs and preferences, as well as a platform to connect people with disability to the housing stock developed in the NDIS.

This market infrastructure will need to connect with both NDIS participants to document their needs and preferences and also with housing providers to understand what housing they are building.

Recommendation 3: Governments should fund the market-enabling infrastructure needed to support an NDIS housing market. A priority for this work should be to overcome information barriers through a platform to identify housing needs and connect participants with housing providers.

4. Promoting collaboration across the sector and investments in innovation

The current architecture for housing in the NDIS does not appear to include a focused and strategic approach to funding innovation and sharing knowledge across the housing sector to create better quality housing options for people with disability.

The housing payments approach proposed by the NDIA is focused on individual subsidies for housing developments. This funding model encourages housing organisations to work on their own projects with limited incentives for collaboration and sharing of knowledge across the sector. While this approach may have been suitable for NRAS given the relatively common design of housing stock, there remains much to be learnt about how to design the best possible housing for young people with disability.

Investing in high quality design that is shared across the sector is a wise investment for governments, given the enormous amount of government funds that will be dedicated towards building new housing for people with disability.

The Summer Foundation's action-research approach has begun to demonstrate innovative design options for housing and we have been sharing this information across the sector. To enable this work to occur at a larger scale, funding needs to support investments that are best made at a sector-wide level, not by individual housing providers.

Recommendation 4: Governments should make system-level investments in housing by creating a hub to share knowledge on disability housing design and lead innovation.

REFERENCES

- ¹ Commonwealth of Australia. *The Senate Community Affairs Reference Committee: adequacy of existing residential care arrangements available for young people with severe physical, mental or intellectual disabilities in Australia, final report*. Canberra, Australia: Author; 2015.
- ² Winkler D, Holgate N, Sloan S, Callaway L. *The Victorian Younger People in Residential Aged Care Initiative: evaluation of quality of life outcomes for participants*. Melbourne, Australia: Summer Foundation Ltd;2012.
- ³ Commonwealth of Australia. Australian Institute for Health and Welfare (AIHW). *National Aged Care Data Clearinghouse*. AIHW National Aged Care Data Clearinghouse Data Request: Younger people in RAC 2012-2013. Canberra, Australia: Author; 2014.
- ⁴ Winkler D, Sloan S, Callaway L. *Younger people in residential aged care: Support needs, preferences and future directions*. Melbourne, VIC: Summer Foundation Limited 2007
- ⁵ Winkler D, Sloan S, Callaway L. *Younger people in residential aged care: Support needs, preferences and future directions*. Melbourne, VIC: Summer Foundation Limited 2007
- ⁶ Commonwealth of Australia. Australian Institute for Health and Welfare (AIHW). *Disability Support Services Appendix 2012-13*. Canberra, Australia: Author; 2014.
- ⁷ Winkler D, Holgate N, Sloan S, Callaway L. *The Victorian Younger People in Residential Aged Care Initiative: evaluation of quality of life outcomes for participants*. Melbourne, Australia: Summer Foundation Ltd;2012.



SUMMER
FOUNDATION