

# SUMMARY OF THE NDIA'S SPECIALIST DISABILITY ACCOMMODATION (SDA) PROVIDER AND INVESTOR BRIEF

MAY 2018

## Background

The National Disability Insurance Agency (NDIA) published a Specialist Disability Accommodation Provider and Investor Brief on 24 April 2018. The purpose of this Brief is to clarify the SDA Pricing and Payments framework for market providers.

The NDIA says that this document is the "first in a series of planned communications about SDA".

The NDIA's Brief is quite long, so we've made this summary of key points. For each point, we've included the related page number from the Brief. We also provide our early view on what we think the Brief is saying about how SDA will operate.

## PART 1: KEY POINTS FROM THE SDA BRIEF

### 1. "SDA is here to stay" and will have predictable price reviews

The Brief responds to concerns about the uncertainty of SDA payments beyond five-yearly price reviews.

The Brief states that SDA is a legislated commitment under the NDIS and the legislation provides the foundation for "long term and firm commitment to SDA funding" (page 6).

Another concern in the market has been whether price reviews for the SDA price table would lead to significant changes in prices.

The Brief gives an assurance that major changes to the way SDA prices are calculated will not occur. The NDIA does not anticipate making wholesale changes to the methodology (of price limits); instead it will use statistics from sources like the Australian Bureau of Statistics and the Reserve Bank of Australia to ensure that inputs to the pricing model (such as the cost of finance) remain current (pages 7-8).

### 2. Participants are likely to have ongoing funding and will not be forced into 'in kind' accommodation

The Brief states that once SDA is in an NDIS participant's plan "it is highly unlikely it will not be required in subsequent plans" (page 10). This clearly suggests that SDA funding in an individual's plan is expected to be ongoing funding.

'In kind' refers to government-owned SDA that participants can be referred to as an option. This housing has been pre-purchased under transitional arrangements between the NDIA and state governments. The Brief states that a participant is not required to accept 'in kind' accommodation if they do not want to (page 9).

### **3. Shift in purpose of SDA – to lower support costs**

The purpose of SDA has been given a new emphasis – SDA funding is for NDIS participants who require a specialised dwelling “that reduces their need for person to person supports” (page 5).

### **4. Price limits and ceilings**

The Brief introduces new language about prices. The Brief refers to price “limits” and “ceilings” – “price limits provide a ceiling up to which providers can negotiate with participants for the provision of SDA” (page 7).

The Brief also refers to NDIS participants negotiating with providers within their “determined SDA budget” and the published price lists to occupy a higher cost dwelling with lower payments (page 9).

### **5. Setting expectations that participants will rarely be funded to live alone**

There are several statements in the Brief that indicate the NDIA will favour SDA funding for shared accommodation and support arrangements:

- “In most cases a participant will receive an SDA budget that is sufficient for a shared arrangement (for example with 1-4 others)” (page 9).
- “...an SDA budget to support a single resident dwelling is only likely to be provided to a very small number of SDA eligible participants” (page 9).
- Participants receiving SDA funding are advised to “carefully consider their likely compatibility with existing residents (of shared accommodation)” (page 12).

The Brief also suggests that NDIS participants with SDA funding “consider pooling their SDA budgets and approaching a developer” to purpose build (page 12).

### **6. Encouraging providers to wait for the NDIA’s SDA assessment before making offers**

The Brief warns SDA providers to “not anticipate the outcome of a NDIS plan decision” and to only offer SDA to a participant with SDA funding in their plan (page 10).

### **7. Clarifying some technical details**

The Brief says that SDA design criteria will be further developed, along with a process for establishing third party assessors who can certify SDA properties for compliance (page 11).

The Brief reaffirms that:

- NDIS participants can provide SDA to themselves, as long as the participant becomes a registered SDA provider and ensures their housing is compliant for enrolment as SDA (page 13).
- an NDIS participant can live with anyone else in an SDA property, but does not provide any information on whether this will affect the amount of SDA or Supported Independent Living (SIL) funding the person may receive (pages 10-11).

## **PART 2: SUMMER FOUNDATION'S VIEW ON THE SDA BRIEF**

The Summer Foundation supports the vision for SDA, agreed by all governments, where people with disability have choice and control over where they live, who they live with and have a broad range of opportunities to live in high quality housing.

We are passionate supporters of the SDA framework signed off by all disability ministers in 2015, which would provide improved housing choices for people with high and complex needs, especially young people living in nursing homes who are a priority group for SDA.

Since the SDA framework was agreed, the Summer Foundation has produced numerous resources to help providers and NDIS participants engage with and grow the SDA market. Through this work we have assisted many providers and investors develop SDA. We have received extensive feedback on the Brief from these stakeholders.

### **Helpful clarifications in the NDIA SDA Brief**

The NDIA's Brief contains some helpful clarification for NDIS participants and SDA providers:

- There is a legislated commitment to maintain funding for SDA under the NDIS.
- SDA funding may be expected to remain in an NDIS participant's plan over time and is unlikely to be removed at plan review points.
- NDIA's five-yearly SDA Price Reviews will update data inputs, but not change the methodology of setting prices.

This information will provide comfort to organisations who are keen to meet the housing needs of people with disability, but were concerned about the longevity of SDA.

### **Concerning comments and ideas in the SDA Brief**

The SDA Brief has created significant concern and uncertainties for NDIS participants and for the emerging SDA market:

- Stating that the purpose of SDA funding is *to reduce support costs or improve efficiency of supports* – this has never been articulated as the sole purpose of SDA funding.
- Stating that few participants will get sufficient SDA funding to live alone – the NDIS is always a balance between choice and control for NDIS participants and what is reasonable and necessary. We think the NDIA has got the balance wrong here by telling people they will be forced to live in shared accommodation to save costs.
- Introducing the concepts of a price "ceiling" and negotiation of payments between participants and SDA providers – implying that participants and providers should expect SDA funding to be sometimes less than the published price of what it costs providers to supply SDA to participants. This is also new information for participants and the market. It is not consistent with the SDA rule which requires the NDIA to fund the difference in SDA levels if participants cannot find the right SDA in the market.

Introducing new concepts about how SDA will operate has moved the goalposts for the developing SDA market, by limiting the housing options the NDIA expects to fund for people with disability. Most significantly, there is a clear signal to providers to limit the supply of housing for participants living alone.

## **On balance, has the SDA Brief achieved its goal of increasing investor confidence?**

No.

The Brief is leading to many investors and providers immediately reviewing their planned projects, either walking away from SDA altogether, or putting investments on hold. The Summer Foundation is already aware of many upcoming SDA projects that will probably not proceed because of the messages in NDIA's Brief. This is especially the case for those building housing that would enable participants to live by themselves.

The Summer Foundation is very disappointed that the NDIA's attempt to increase market confidence has backfired and reduced market confidence, especially for many of the most innovative and high quality SDA projects that may get built.

## **What will be the impact on SDA participants?**

The messages in the SDA Provider and Investor Brief undermine the premise that the NDIS will give choice and control to NDIS participants. The messages in the Brief will be distressing for people with disability who saw SDA as a path away from segregated disability housing and towards an ordinary life, with the option to live alone or with family or friends for the first time.

For SDA providers and investors looking to develop quality housing to maximise the independence of their tenants, the messages in this Brief have significantly undermined confidence and therefore the ability to develop high quality housing options for participants with high and complex needs.

It takes a long time to plan and deliver new housing projects and the new SDA market was planning to deliver increasing numbers of new accommodation.

We are very concerned that the messages in the NDIA's Brief will put the development of the SDA market on hold for some time, until it is clearer who will receive SDA funding from the NDIA and at what level.

## **What happens next?**

The Australian Government is expected to undertake a review of the SDA Pricing and Payments Framework during 2018.

This will be an important opportunity for everyone who wants SDA funding to let the government know how important choice and control about housing is to NDIS participants and to express the need for NDIS funding to support the creation of high quality SDA options.