

FAQs

What is SDA?

Specialist Disability Accommodation 'SDA' is for people with a disability who requires special housing needs to ensure they are able live independently and also receive support they require whilst at home in specially designed or adapted homes to help deliver their support needs.

What is NDIS Funding?

The funding for Specialist Disability Accommodation is to provide an investor with an above average rental income for putting their hand up to provide SDA accommodation. If a disabled person is assessed as requiring Specialist Disability Accommodation, funding will be included in their NDIS plan to cover any disability related housing costs that are above the ordinary costs of housing for them and their support coordinator. Funding is used to source the most appropriate accommodation in the market place for themselves.

Is the SDA Funding Here to Stay?

Yes. The SDA funding under the NDIS is a legislated commitment of Australia's Commonwealth, State and Territory governments, set out in the NDIS SDA Rules (2-18) under the NDIS Act 2013. This legislation provides the foundation for government's long-term and firm commitment to SDA funding under the NDIS. Beyond the legislative commitment, SDA funding enables eligible participants to achieve better outcomes while representing value for money for the NDIS saving the government and tax payers a lot of money otherwise spent on accommodating the applicants themselves.

What are the estimated returns?

The returns, which are different for all investors, are based on the location factor, the dwelling type, the number of rooms per dwelling, and the number of participants in each dwelling. The gross rental yields range from 10-20% per annum. After costs, the net rental yields range from 8-14% per annum.

How does the NDIS help Property Investors

The NDIS introduces a funding scheme to build new accessible housing for at least 28,000 Australians with a disability. Housing is delivered through an ongoing subsidy for people with a disability to access housing. The SDA payments drive the market-driven model where providers create and maintain housing for people with a disability across Australia with a budget of \$700 million for the SDA.

You, the investor, for putting up your hand up to provide a NDIS dwelling will receive higher than market rate yields as your incentive. The market requires \$5Bn to build housing through a transformational policy totally evolving the previous government system which is failing our disabled population. Your investment opportunity lies in the 16,000 new or refurbished SDA places which are needed. Only a low 650-700 places were sadly created in the past 12 months (2019). There is an incredible need and a very short supply.

Who qualifies for SDA Funding and Accommodation

The NDIS (National Disability Insurance Scheme) provides the SDA funding for people whose disability or ongoing very high support needs require special accommodation which enables them to receive housing, care and onsite support by their carer.

There are 4 levels of NDIS SDA homes each designed for a different level of disability and care :

- Improved Liveability – built to LHA Silver Level
- Fully Accessible – built to LHA Platinum Level
- Robust – built to LHA Silver Level
- High Physical Support – built to LHA Platinum Level

Who finds suitable tenants for each property?

A SDA Provider, once engaged, will be the specialist property management firm that works with NDIS Service Providers in assisting their NDIS clients to apply for and be placed in suitable Specialist Disability Accommodation. This process starts as soon as the property has been registered with SDA and the commencement of the build, with the intention of having the property occupied as soon as possible after the property is completed.

What is the length of a typical rental lease?

Initial leases will be for 12 – 24 months where possible, but once locked in, they've been considered as 'forever homes'

What makes a forever home for NDIS tenants?

NDIS homes are built to a very high standard. They do not present as a hostel or over crowded old style disability housing. These homes are built and designed above a spec home, built to accommodate and last.

Can you guarantee 100% occupancy?

While there is a massive demand and shortage, there are no guarantees. However, based on research undertaken, many disabled SDA residents want to "stay for life", when they are in appropriate accommodation (mentioned above).

What happens if I lose a Tenant?

Like all ongoing investment property ownership, there is always the risk of losing a Tenant. Although research has shown that once someone with a disability finds a home they are happy with, they don't ever want to move. Once your property has been enrolled and tenanted initially, the NDIS has allowances for vacancy payments (NDIS SDA portion only). The amounts covered are for up to 60 days for properties with 2 or 3 participant rooms, and for up to 90 days for properties with 4 or 5 participant rooms.

How do I receive my payments from an NDIS SDA Investment Property

The SDA payment from the NDIS is a standardised annual amount calculated based on the dwellings location, size and level of accessibility. This is on a per tenant basis.

Payments for an NDIS SDA property are paid through differently to that of a non NDIS property. Your rental payments will be paid to you from SDAMA at the end of each calendar month. Each Tenant's payment is made up of 3 parts;

- Fair rent contribution: (25% of base disability supplement) Paid Fortnightly by the participant (tenant) (this is about \$9,700 per year)
- 100% Commonwealth Rent Assistance Paid Fortnightly by the participant (tenant)
- NDIS SDA Payment (Refer to the NDIS SDA Schedule: Paid Quarterly in arrears)

How is the build quality?

There are different builders building NDIS SDA Homes and there is no official building standard. A good builder will provide a quality home which is compliant with current NDIS SDA built to Livable Housing Australia (LHA) standards. It takes around 6 months to build a NDIS SDA approved home (depending on in which State and weather). There are Builder's warranties provided on structure for 6 years and other build warranties and guarantees as per any other property.

Where is the location of NDIS housing?

Proximity to transport, shops, entertainment and other essential services is critical to enabling people with disability to easily leave their homes and live a meaningful life. When investing in a NDIS home, ensure they are within close proximity to essential services and also within other 'normal' communities.

Why is there a Government initiative?

The SDA policy is an ambitious initiative requiring \$5Bn to build housing. Government cannot achieve this and thus launched the \$700M a year NDIS Scheme to create an investor and user driven market. Empowering people with disability to decide where they live and who they live with. The package of support includes annual funding to pay for the cost of their housing where the participant has a separate amount in their package to pay for their attendant care support needs to live independently in our communities. It is anticipated that the SDA pricing and framework will continue for 20 years, after which your property will revert to the general market.

Does my investment help?

You enjoy a combined revenue from SDA payments, Reasonable Rent Contributions and then the proceeds from the sale value of the property when you choose to sell. The housing market is developing for people with disability accommodation needs and is highly underfunded. The NDIS is radically transforming thousands of lives for the positive in an inflexible market where these consumers have limited choice. It is a planned shift from segregated and institutional disability housing and a major move towards genuine choice and community inclusion through NDIS SDA property. Transformational for a person with disability. And also its "a feel great" investment for you the investor, making it an ethical investment.

Is this sustainable at such high rental returns?

Research demonstrates that for the government to accommodate one person with a disability and provide them with services at the same time, it costs both government and tax payers around \$1M per annum. And for a person who lands up in a hospital disabled, whilst recovering and waiting on suitable accommodation, this person costs government and tax payers around \$1,500 per day to accommodate them in the hospital or nursing home. If this research is accurate or even half accurate, by you the investor receiving circa \$30,000 to \$50,000 per participant per year you are saving both government and tax payer an incredible amount of money they have to spend otherwise. So yes it is financially absolutely viable. If it costs \$1M to accommodate one applicant in the system, this means a savings of \$950,000 per annum per Participant, therefore this is a significant savings for the Government.

Why are SDA homes more expensive to build?

In order to meet stringent requirements under NDIS guidelines the homes include many features the house next door will not have and thus present as a higher cost to build. These homes need to have a larger floor plan for ease of mobility, depending on the category of SDA (Robust or High Physical support etc) the homes have to include materials sound enough to withstand damage from wheelchairs or movement etc and thus require stronger materials for floors and walls etc. Some of the categories require full home automation for lights, curtains, windows and doors. Each build is customised and not cookie cut like most new builds out there build by volume builders. Material is not purchased in bulk as done with volume builders and thus also costs more. Based on requirements, materials used, customisation, automation, floor plan size etc the cost per square meter in no way can be compared to the new home being built next door.

Capital Growth and Resale of the property

Often we are asked about capital growth; it is our logic that the property will attain land value and should achieve similar growth as per other homes around it. Aside from wider passage ways, and doorways and other features, it is very easy to turn the dwelling into one that any family could comfortably live it. Based on this logic, we are of the opinion (opinion only) that your SDA property will escalate in value and achieve capital growth during the life of the investment. If the location achieves say an average of 4.0% per annum, there is no logical reason why your SDA home should not achieve a similar growth or the same growth. Yes, upfront it cost more to build and taking this into consideration, especially if sold as a SDA dwelling, your investment should hold it's value. After 10 years it should have achieved capital growth, however investing in a SDA property one is investing for very high rental yields and secondary is the bonus of capital appreciation.