

# **SPECIALIST DISABILITY ACCOMMODATION**

## **Decision Paper on Pricing and Payments**

**1 June 2016**

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## Disclaimer

Implementation and decision making by the National Disability Insurance Agency or its delegates described by this SDA Decision Paper on Pricing and Payments (SDA Decision Paper) requires authorisation under new Rules made by the Commonwealth Minister for Social Services under the *National Disability Insurance Scheme Act 2013*. In the absence of these Rules the application of the SDA approach by the Agency may be limited. The Agency will be seeking written confirmation from States and Territories on the substance of new Rules before operationalising.

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## Executive summary

Specialist Disability Accommodation (SDA) refers to accommodation for participants who require specialist housing solutions to assist with the delivery of supports that cater for their significant functional impairment and/or very high support needs. SDA does not refer to the support services, but the homes in which these are delivered. SDA may include special designs for people with very high needs or may have a location or features that make it feasible to provide complex or costly supports for independent living.

SDA refers only to specialist solutions and is not intended to encompass the housing needs of all people with disability. The National Disability Insurance Agency (NDIA; Agency) will continue to work with other agencies and departments with housing responsibilities to stimulate accessible and affordable housing options for people with disability, including the promotion of universal housing designs and shared-living models.

Historically, SDA has been delivered or sponsored primarily by State and Territory governments (hereafter 'States'). From 1 July 2016 the responsibility for funding SDA is planned to transition to the National Disability Insurance Scheme (NDIS; Scheme).

Consistent with policy direction provided in the Specialist Disability Accommodation Pricing and Payments Framework (the Framework) endorsed by the Disability Reform Council (DRC) in November 2015, this paper sets out the benchmark pricing and payments approach and administrative arrangements for funding of the land and built elements of SDA under the Scheme.

Like all parts of the Scheme, the Agency's approach to SDA seeks to bring greater choice and control for people with disabilities in relation to their need for reasonable and necessary housing supports. SDA funding in a participant's plan will reflect a range of different SDA solutions.

The Agency's approach to SDA is designed to enable a smooth transition of existing SDA stock into the Scheme, while also encouraging new builds from a broad range of investors to improve the long term supply of SDA and to stimulate innovation in SDA housing solutions. By providing prices that cover the full cost of owning and operating a range of building types (rather than a single averaged amount) the Agency will be providing new incentives for SDA providers to develop smaller and innovative forms of accommodation, including one, two and three bedroom dwellings.

This SDA approach seeks to enable the development of a vibrant SDA supply market which meets the needs of individual participants with severe functional impairment and/or very high support needs. The Agency's approach to SDA will bring increased choice and control for participants and will encourage models of SDA that enable opportunities for participants to develop greater levels of independence, and social and economic participation. In addition to pricing traditional SDA configurations, the Agency is seeking to enable and incentivise innovation in SDA design and consideration of overall support combinations and choices.

As part of developing the pricing and payments approach for SDA, the Agency has held public consultations in all States and Territories, and with all governments. These consultations have provided valuable input which has been incorporated into the design.

On 1 April 2016, the Agency also released a SDA Position Paper on Draft Pricing and Payments (SDA Position Paper), with a short period for further feedback from anyone who wished to provide it. The responses to the paper have assisted the Agency to further refine the approach and details about its administration. We thank those who took the time to respond with their comments and suggestions.

The initial pricing and payment arrangements in this paper aim to provide the base pricing that is required to ensure SDA can be established in the Scheme in 2016-17, and to ensure that this covers the SDA that will transition in over the next few years, as the Scheme rolls out across Australia. The Agency will continue to encourage and foster a range of innovative solutions that result in better outcomes for participants and will develop new pricing categories and factors as the evidence base is established. The Agency recognises that innovation will be not only through design or technological improvements, but may also reflect better amenity or operating models that foster inclusion and independence.

Consistent with the Agency's role as market steward, housing will be developed and provided by the market in response to demand from participants. The Agency will not be a property developer or project sponsor, but will provide payments for the SDA that participants choose to live in, allowing the market to directly respond to their needs and preferences. As the market matures and supply grows, the Agency expects greater choice for participants and diversity in the options that are available to them. As more people enter the Scheme and a better understanding of demand is established, the Agency will monitor the supply of SDA to ensure the market is providing suitable housing and consider whether other forms of intervention are required.

The DRC will review the Framework in the Framework's third year of operation, or earlier if necessary, to assess whether it has been successful at stimulating housing supply that delivers on outcomes for participants. After this review, periodic pricing reviews are to be conducted every five years with a focus on continuing to drive market solutions that meet the needs and preferences of participants. The Agency will closely monitor the SDA pricing and payments approach and make adjustments as needed.

Note: This Decision Paper is focused on pricing and payments.

Decision making and operational processes for participants are subject to Rules being developed. The Agency proposes to publish supporting guidance material on this process in the coming weeks, once the Rules are agreed.

# 1. Introduction

## 1.1 What is Specialist Disability Accommodation?

Specialist Disability Accommodation (SDA) refers to accommodation for participants who require specialist housing solutions to assist with the delivery of supports that cater for their significant functional impairment and/or very high support needs. SDA does not refer to the support services, but the homes in which these are delivered. SDA may include special designs for people with very high needs or may have a location or features that make it feasible to provide complex or costly supports.

The Scheme will support the development of new SDA for participants, but also recognises the need for existing supported accommodation until and unless participants choose other forms of housing. Participants will transition in from existing accommodation including group homes, large residential centres, cluster or village based accommodation, and other smaller forms of SDA, in addition to participants who currently reside in a residential aged care facility.

In designing this pricing and payments approach the Agency is cognisant that the definition of SDA includes both the existing specialist accommodation where people are currently living, as well as new and innovative models that are not yet widely available. The Agency's approach is designed to ensure stability for those currently in SDA, while at the same time providing incentives to stimulate new supply, reflecting the choices and preferences of people with disability.

## 1.2 How SDA supports the NDIS principles and objectives

The provision of SDA as part of the NDIS reflects the following objectives that are a central part of the NDIS:

- (a) Supporting the independence and social and economic participation of people with disability;
- (b) Providing reasonable and necessary supports, including early intervention supports, for participants in the National Disability Insurance Scheme launch;
- (c) Enabling people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports;
- (d) Promoting the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the community.

The provision of SDA for those people who need it is also consistent with the following principles set out in the *National Disability Insurance Scheme Act 2013 (NDIS Act)*:

- i. People with disability have the same right as other members of Australian society to realise their potential for physical, social, emotional and intellectual development.

- ii. People with disability should be supported to participate in and contribute to social and economic life to the extent of their ability.
- iii. People with disability and their families and carers should have certainty that people with disability will receive the care and support they need over their lifetime.
- iv. People with disability should be supported to receive reasonable and necessary supports, including early intervention supports.

### 1.3 SDA legislative environment

In addition to setting out the objectives and principles of the Scheme, the NDIS Act also provides for participants of the Scheme to have individual plans under which reasonable and necessary supports are funded.

Support for SDA will be one of the supports provided under the Scheme. Each participant in the Scheme will have a plan that is prepared in conjunction with the participant and approved by the CEO. For some participants that plan will include funding for SDA.

The Commonwealth Minister for Social Services has power under the NDIS Act to make NDIS Rules for SDA. Before the Minister can make NDIS Rules for SDA the Minister must obtain the agreement of each State and Territory that is part of the Scheme to the making of the Rules.

Rules are proposed to be made to provide the clear legal authority for the Agency to implement the policy as outlined in this paper. The Rules will deal with the assessment of participants who need SDA, the types of dwellings to be used to provide SDA, the funding of SDA and the registration of SDA providers.

### 1.4 Process to date

In November 2015, the Disability Reform Council (DRC) endorsed the Specialist Disability Accommodation Pricing and Payments Framework (the Framework). The Framework outlined how benchmark prices for SDA would be developed by the Agency and provided guidance on for whom, and under what circumstances, SDA would be provided.

In the development of the SDA Benchmark Pricing and Payments policy, the Framework required the Agency to follow a process where it:

1. Sought the views of the Commonwealth and State governments on the pricing and payments arrangements for SDA;
2. Issued discussion papers on the arrangements it might adopt and consulted with current and future residents of SDA and government and non-government SDA providers;
3. Sought feedback from other stakeholders including: families, carers, disability interest groups, provider peak bodies and financiers;

4. Developed draft SDA Benchmark Prices on which it sought views of residents, providers and other stakeholders as necessary; and
5. Made any adjustments it deemed necessary before publishing its final SDA Benchmark Prices (and any associated weights and factors) and administrative arrangements.

Over the period January 2016 through to March 2016, in accordance with items one through to three above, the Agency sought the views of each State and Territory government on the SDA pricing and payment arrangements, issued discussion papers, and consulted widely with stakeholders through open consultations scheduled in every State and Territory. Public forums held as part of the open consultation process attracted more than 500 individuals representing a broad range of stakeholders including: families, carers, disability interest groups, disability service providers, provider peak bodies and financiers.

On 1 April 2016, the Agency published a SDA Position Paper on Draft Pricing and Payments and sought the view of all stakeholders through an open call for feedback. Feedback closed on 15 April 2016 and the Agency has subsequently considered all of the feedback provided through that process, made any necessary adjustments to the proposed approach and further clarified issues to arrive at this SDA Decision Paper.

This paper sets out the Agency's final decisions in relation to initial SDA Benchmark Pricing and Payments to apply from July 2016.

## **1.5 How does this paper differ from the SDA Position Paper?**

This SDA Decision Paper amends and updates pricing and payments described in the SDA Position Paper.

Several key changes from the SDA Position Paper have been incorporated, including:

1. SDA Benchmark Prices have been updated based on feedback on the SDA Position Paper and an independent review of the input design specifications;
2. Changes in the description of SDA design categories and the inclusion of minimum criteria (compared with the 'benchmark property' specifications in the SDA Position Paper which represented the features of a 'typical' property from each category for the purposes of pricing, but were not minimum requirements).
3. To avoid confusion, this paper does not repeat the 'benchmark property' specifications that were used for pricing. However, the 'benchmark property' details used for pricing in this Decision Paper have been updated to reflect feedback on the SDA Position Paper, including (but not limited to) increasing some room sizes for some property types, reducing doorway and corridor widths in some design categories to avoid an 'institutional' environment, requiring a minimum Liveable Housing Australia Silver or Platinum level design for all New Builds, and a number of other minor changes and features. Most other suggestions provided a very useful cross reference, but had largely been incorporated into the original specifications, even if they had not been explicitly detailed in the original documentation.



4. A position that was not explicitly discussed in the SDA Position Paper but is clarified in this paper is that the Agency will permit participants to provide discretionary rent contributions for SDA properties they prefer but where the property is priced higher than is considered reasonable and necessary by the Agency.
5. The SDA Position Paper suggested that dwellings would be 'approved' by the Agency. This paper clarifies that the Agency is not a regulator of properties and will not directly certify or otherwise approve dwelling designs or condition. Consistent with the approach for other supports and services, the Terms of Business and Rules for provider registration will require SDA providers to attest to the fact that the property has the requisite certifications and other required documentation. Importantly, pending the implementation of the national NDIS Quality and Safeguard arrangements, and while State and Territory regulations apply, the relevant quality and safeguards requirements may vary by jurisdiction. Further information about the arrangements in each jurisdiction will be advised.
6. Proposals to include additional allowances to the SDA Benchmark Price for participants that do not receive the Commonwealth Rent Assistance or receive a lower Disability Support Pension are no longer included.

This SDA Decision Paper also provides greater detail on important policy application issues, including:

- investment by families and participants;
- expectation around the separation of the provision of SDA and SIL (Supported Independent Living) providers;
- considerations for the service agreement between the participant and the SDA provider;
- the maximum number of residents that can reside in SDA where there are multiple properties on a single parcel of land;
- definitions for what constitutes a 'New Build', 'Existing Stock' and 'Legacy Stock'; and
- transitional arrangements for pricing of Legacy Stock (i.e. properties with six or more residents).

Advice on the detailed arrangements for a range of elements and participant processes will be provided by the Agency following finalisation of the Rules.

## 2. Pricing and Payments for SDA

### 2.1 SDA Benchmark Prices

#### 2.1.1 Principles

SDA Benchmark Prices have been developed in accordance with the Framework.

After consultation with States and Territories, the Agency also developed specific principles that would guide the implementation of SDA Benchmark Prices. These principles include:

- **Sustainability:** Best whole-of-life outcomes with efficient whole-of-package costs, consistent with the insurance principles underpinning the NDIS and to support the most people possible based on value for money.
- **Inclusion:** To assist participants to have the same housing opportunities, choices and responsibilities as the broader community through stimulating market supply.
- **Independence:** Maximise independence and social and economic participation, consistent with the vision of the NDIS.
- **Choice and control:** To allow participants their choice of providers of housing and of support services, and the way in which they will be provided.
- **Continuity:** Provide an orderly and managed transition of existing SDA into the NDIS. Over time, support a transition from historic accommodation options and service models to approaches that support independence and social and economic participation.
- **Innovation:** To encourage innovation and investment in new SDA.

#### 2.1.2 Two tiered pricing approach

As outlined in the SDA Position Paper, prices for SDA differ from prices set by government in monopoly industries such as electricity and water for two important reasons:

1. Unlike monopoly assets, SDA properties have an alternative use and can be either sold or rented to the broader residential market. An important objective of SDA pricing is to encourage property owners to continue to provide SDA to participants for as long as they choose to live at the property. Therefore prices must be at least equal to the next best use of the property, and must include an allowance for the additional maintenance and other costs that may be incurred by an SDA property.
2. Investors in monopoly infrastructure can accept a price that will recover their investment over the full life of the asset because the payment stream is highly certain (prices are revised upward if demand reduces and there are limited alternatives for customers), coupled with the fact that the investor could (in theory at least) sell the asset before the end of its life and would expect a buyer to pay the present value of the remaining payment stream. By contrast, SDA Benchmark Price payments are only guaranteed for

as long as participants remain in the property. If participants do not choose to reside at the property, the owner could revert the property to the broader residential market, but may not recoup their initial investment as the sale price would depend on the value of the property in the non-SDA market.

Recognising these differences, the Agency has adopted a two-tiered approach to SDA pricing:

1. **Existing Stock** - For existing properties, the SDA Benchmark Price payment provides an incentive for properties to remain in use as SDA for as long as participants choose to remain at the property. This payment must ensure that the property owner would not be financially better off reverting the property to the non-SDA market.

Therefore, the price for existing properties is set at a level that ensures the property owner receives income higher than the broader rental market for an equivalent property. This is achieved by providing a net rental yield (income net of expenses divided by the property value) that is higher than the broader market and allowing for the additional maintenance, outgoing and management costs associated with SDA.

2. **New Builds** - There is significant unmet demand for SDA and it is unlikely that private individuals and not-for-profit organisations will have the capacity to finance and build the required number of dwellings within a reasonable timeframe without assistance from third party ('institutional') investors.

Institutional investors could potentially include superannuation funds, trusts, high wealth individuals, developers (who may on-sell the properties) or companies with a desire to invest in socially beneficial projects. These investors typically require a higher rate of return than private individuals or not-for-profit organisations.

Therefore, to attract the broadest possible range of investors, the SDA Benchmark Price payments for New Builds have been set to provide these higher returns, assuming a reasonable level of both debt and equity financing.

In summary, the price for New Builds is set to provide an incentive to a broad range of potential investors to respond quickly in constructing new properties to provide for unmet SDA demand. The price for Existing Stock is lower and provides yields more in line with the established rental market to ensure owners have a financial incentive to retain participants for as long as they choose.

The timeframe for the pricing has also been aligned with the expected investment horizon of institutional investors (20 years). To recognise the uncertainty associated with retaining participants for more than 20 years, the pricing model conservatively assumes that at the end of 20 years the property would revert to the general market, providing a lump sum cash flow to the investor equal to the (non-SDA) market value of the property. When combined, the revenue from SDA payments, Reasonable Rent Contribution (RRC) and the sale value of the property will be sufficient to recover the initial investment, all maintenance, outgoing and management costs, and an 'institutional' return on debt and equity.

The New Build pricing will only apply for a period of 20 years. At the end of the 20-year period, if the property remains occupied, the pricing will revert to Existing Stock prices, which will provide a superior return to the general rental market and encourage property owners to retain the property as SDA.

### **2.1.3 SDA Benchmark Prices**

In accordance with the Framework, SDA will be included in a participant's plan, but will be paid directly to the SDA provider for as long as the participant chooses to reside in the enrolled SDA dwelling.

Providers will be paid for dwellings when occupied by SDA participants according to the highest design category with which the dwelling complies. For Existing Stock which does not comply with any standard, the Basic design category will apply (the Basic design category is not available for New Builds).

The Annual Base Price per Participant must be multiplied by the relevant Location Factor and where applicable a Fire Sprinkler Allowance to calculate the SDA Benchmark Price as shown in the formula below. The Annual Base Price Per Participant and Fire Sprinkler Allowance are shown in Table 1 and Table 2. The Location Factors are shown in Appendix 2

$$\begin{aligned} \text{SDA Benchmark Price} = & \text{Annual Base Price Per Participant} \\ & \times \text{Location Factor} \\ & \times (1 + \text{Fire Sprinkler Allowance}) \text{ (if applicable)} \end{aligned}$$

SDA providers will derive income from both SDA Benchmark Price payments and from RRCs from participants (as described in Section 2.2.1).

### **2.1.4 Location and amenity**

The Agency recognises that it is important for many people with disability to be close to transport options, services and other amenities. However initial SDA Benchmark Prices will not include an explicit adjustment for proximity to services or amenity in the initial roll out. Location is likely to be an increasingly important factor in the decisions of participants who are eligible for SDA, as supply, and hence choice about where to live, increases. Therefore, the proposed SDA Requirements in Section 2.3 are set to facilitate developers and investors selecting attractive locations.

The geographic groupings used for pricing are relatively large and incorporate properties and locations with a diverse range of features, services and benefits. Proximity to transport, services and amenities are a few among many features that drive property values and the value of a property to individual participants. As the market matures, participants will have the opportunity to choose properties and locations that best suit their needs, and the providers seeking sustainable long-term returns will need to be responsive to expressed preferences and choices. The Agency does not consider it appropriate to select on behalf of participants which of these features will be the most important, nor is there yet the evidence base to support a nationally consistent amenity loading.

As part of our ongoing review of market supply and demand, the Agency will monitor whether there is, or may be, any market failure in relation to features such as amenity. If feedback and evidence suggests that investors will not construct new properties in suitable locations, the Agency will consider whether an adjustment to prices would improve the supply and demand balance.

Prices are currently based on average costs across each geographic area and do not distinguish between individual locations within that geographic area. If prices are disaggregated in the future then any increase in prices for some locations would require a corresponding decrease in prices for other locations.

### **2.1.5 Innovation**

In addition to pricing the majority of known SDA configurations, the Agency also seeks to enable and incentivise innovation in SDA design, and has included an innovation category to clearly communicate this intent.

The innovation category will be utilised when the Agency has an evidence base and the market evolves.

The NDIS Independent Advisory Council (IAC) has formed a Housing Innovation Reference Group. This Group will assist in establishing this evidence base and with selecting innovative models including for:

- future housing showcases;
- further SDA Innovation Housing Pilots; and
- establishing new innovation categories which extend existing categories in the pricing matrix.

Where innovative options demonstrate benefits to participants and/or reduce whole of package costs, the Agency may consider adding new design categories to the SDA Benchmark Prices to accommodate the innovative features of the property type and the associated costs

Over time, an evidence base will determine the approach to pricing for the innovation category.

**TABLE 1: ANNUAL BASE PRICE PER PARTICIPANT FOR NEW BUILDS, EXCLUDING REASONABLE RENT CONTRIBUTION (\$2016/17)**

Building type / design category	Basic	Improved Livability		Fully Accessible		Robust			High Physical Support		Innovation
		No OOA	With OOA	No OOA	With OOA	No OOA	With OOA	+1 Room	No OOA	With OOA	
Apartment, 1 bedroom, 1 resident	na	\$33,784	\$39,415	\$47,884	\$55,865	na	na	na	\$72,353	\$84,412	Funded as trials and/or new design categories added over time.
Apartment, 2 bedrooms, 1 resident	na	\$40,222	\$46,926	\$58,139	\$67,829	na	na	na	\$90,026	\$105,030	
Apartment, 3 bedrooms, 2 residents	na	\$20,996	\$24,496	\$32,882	\$38,362	na	na	na	\$55,050	\$64,225	
Villa, 1 bedrooms, 1 resident	na	\$23,794	\$26,316	\$32,522	\$35,699	\$38,805	\$42,756	na	\$49,660	\$53,841	
Duplex / Townhouse, 2 residents	na	\$14,893	\$16,077	\$20,116	\$21,659	\$24,317	\$26,222	+\$1,602	\$31,847	\$33,858	
Duplex / Townhouse, 3 residents	na	\$12,164	\$12,970	\$16,968	\$18,000	\$20,931	\$22,200	+\$1,068	\$27,930	\$29,269	
House, 2 residents	na	\$21,749	\$22,934	\$26,992	\$28,535	\$31,727	\$33,632	+\$1,602	\$39,305	\$41,316	
House, 3 residents	na	\$17,094	\$17,997	\$22,445	\$23,601	\$26,656	\$28,059	+\$1,180	\$36,880	\$38,500	
Group home, 4 residents	na	\$15,064	\$15,742	\$19,926	\$20,808	\$23,900	\$24,963	+\$894	\$33,135	\$34,355	
Group home, 5 residents	na	\$12,730	\$13,285	\$17,424	\$18,123	\$20,974	\$21,814	+\$706	\$29,551	\$30,512	

OOA On-site overnight assistance

+1 Room Additional breakout room

**Location**

All prices must be multiplied by the location factor relevant to the property's location – see Appendix 2 for location factors.

**Allowance**

Fire Sprinkler Allowance (+1.2% for apartments and +1.9% for other building types)

**TABLE 2: ANNUAL BASE PRICE PER PARTICIPANT FOR EXISTING STOCK, EXCLUDING REASONABLE RENT CONTRIBUTION (\$2016/17)**

Building type / design category	Basic	Improved Livability		Fully Accessible		Robust			High Physical Support		Innovation
		No OOA	With OOA	No OOA	With OOA	No OOA	With OOA	+1 Room	No OOA	With OOA	
Apartment, 1 bedroom, 1 resident	\$18,837	\$19,255	\$22,464	\$32,688	\$38,136	na	na	na	\$50,893	\$59,375	Funded as trials and/or new design categories added over time.
Apartment, 2 bedrooms, 1 resident	\$24,878	\$25,389	\$29,620	\$42,459	\$49,536	na	na	na	\$66,182	\$77,213	
Apartment, 3 bedrooms, 2 residents	\$12,470	\$12,801	\$14,935	\$24,125	\$28,146	na	na	na	\$40,618	\$47,387	
Villa, 1 bedrooms, 1 resident	\$9,523	\$9,775	\$11,675	\$16,350	\$18,350	\$20,305	\$22,793	na	\$27,139	\$29,771	
Duplex / Townhouse, 2 residents	\$5,036	\$5,204	\$6,126	\$9,272	\$10,243	\$11,917	\$13,116	+\$1,009	\$16,657	\$17,923	
Duplex / Townhouse, 3 residents	\$4,076	\$4,222	\$4,839	\$7,902	\$8,551	\$10,396	\$11,195	+\$672	\$14,803	\$15,645	
House, 2 residents	\$5,800	\$5,922	\$6,845	\$10,005	\$10,977	\$12,986	\$14,185	+\$1,009	\$17,757	\$19,023	
House, 3 residents	\$4,452	\$5,310	\$6,002	\$9,408	\$10,136	\$12,060	\$12,943	+\$743	\$18,496	\$19,516	
Group home, 4 residents	\$5,492	\$5,667	\$6,194	\$9,453	\$10,009	\$11,955	\$12,624	+\$563	\$17,769	\$18,537	
Group home, 5 residents	\$4,410	\$4,552	\$4,970	\$8,088	\$8,528	\$10,323	\$10,852	+\$445	\$15,722	\$16,327	

OOA On-site overnight assistance

+1 Room Additional breakout room

**Location**

All prices must be multiplied by the location factor relevant to the property's location - see Appendix 2 for location factors.

**Allowance**

Fire Sprinkler Allowance (+1.2% for apartments and +1.9% for other building types)

Table 3 indicates the typical annual income for an SDA provider, including both the SDA Benchmark Price and RRC from participants. The RRC assumes that participants receive the maximum rate for DSP and CRA. The income is based on a median location and no allowances.

**TABLE 3: TYPICAL ANNUAL INCOME PER PROPERTY (MEDIAN LOCATION, NO ALLOWANCES, AVERAGE VACANCIES) INCLUDING MAXIMUM REASONABLE RENT CONTRIBUTION (\$2016/17)**

Building type / Design Category	Basic	Improved Livability		Fully Accessible		Robust			High Physical Support		Innovation
		No OOA	With OOA	No OOA	With OOA	No OOA	With OOA	+1 Room	No OOA	With OOA	
<b>NEW BUILDS</b>											
Apartment, 1 bedroom, 1 resident	na	\$41,093	\$46,555	\$54,770	\$62,512	na	na	na	\$78,505	\$90,202	Funded as trials and/or new design categories added over time.
Apartment, 2 bedrooms, 1 resident	na	\$47,338	\$53,841	\$64,717	\$74,117	na	na	na	\$95,648	\$110,202	
Apartment, 3 bedrooms, 2 residents	na	\$57,377	\$64,167	\$80,436	\$91,067	na	na	na	\$123,442	\$141,242	
Villa, 1 bedrooms, 1 resident	na	\$31,403	\$33,849	\$39,869	\$42,951	\$45,963	\$49,796	na	\$56,493	\$60,548	
Duplex / Townhouse, 2 residents	na	\$44,599	\$46,848	\$54,522	\$57,454	\$62,504	\$66,124	+\$3,044	\$76,811	\$80,632	
Duplex / Townhouse, 3 residents	na	\$57,565	\$59,801	\$70,896	\$73,760	\$81,893	\$85,415	+\$2,963	\$101,315	\$105,031	
House, 2 residents	na	\$57,625	\$59,877	\$67,587	\$70,519	\$76,583	\$80,203	+\$3,044	\$90,982	\$94,802	
House, 3 residents	na	\$71,245	\$73,751	\$86,094	\$89,302	\$97,780	\$101,673	+\$3,274	\$126,152	\$130,647	
Group home, 4 residents	na	\$86,537	\$89,019	\$104,332	\$107,560	\$118,877	\$122,767	+\$3,273	\$152,677	\$157,142	
Group home, 5 residents	na	\$95,895	\$98,393	\$117,018	\$120,164	\$132,993	\$136,773	+\$3,179	\$171,590	\$175,914	
<b>EXISTING STOCK</b>											
Apartment, 1 bedroom, 1 resident	\$26,594	\$27,000	\$30,113	\$40,030	\$45,315	na	na	na	\$57,689	\$65,916	Funded as trials and/or new design categories added over time.
Apartment, 2 bedrooms, 1 resident	\$32,454	\$32,950	\$37,054	\$49,508	\$56,373	na	na	na	\$72,519	\$83,219	
Apartment, 3 bedrooms, 2 residents	\$40,837	\$41,479	\$45,619	\$63,448	\$71,248	na	na	na	\$95,444	\$108,576	
Villa, 1 bedrooms, 1 resident	\$17,560	\$17,804	\$19,647	\$24,182	\$26,122	\$28,018	\$30,432	na	\$34,647	\$37,200	
Duplex / Townhouse, 2 residents	\$25,870	\$26,190	\$27,941	\$33,919	\$35,764	\$38,944	\$41,222	+\$1,916	\$47,950	\$50,356	
Duplex / Townhouse, 3 residents	\$35,120	\$35,526	\$37,238	\$45,738	\$47,539	\$52,658	\$54,876	+\$1,865	\$64,888	\$67,224	
House, 2 residents	\$27,322	\$27,554	\$29,308	\$35,312	\$37,158	\$40,975	\$43,254	+\$1,916	\$50,040	\$52,446	
House, 3 residents	\$36,164	\$38,545	\$40,465	\$49,917	\$51,937	\$57,276	\$59,726	+\$2,061	\$75,136	\$77,966	
Group home, 4 residents	\$51,504	\$52,144	\$54,073	\$66,001	\$68,036	\$75,158	\$77,607	+\$2,061	\$96,437	\$99,248	
Group home, 5 residents	\$58,455	\$59,094	\$60,975	\$75,006	\$76,986	\$85,064	\$87,444	+\$2,001	\$109,359	\$112,082	



### 2.1.6 Additional allowances

Additional factors which do not form part of the SDA Benchmark Price but may be paid separately include:

- *Higher reactive maintenance costs for residents with behaviours of concern.* The Agency will allow property owners to recover costs that are beyond standard maintenance costs for behaviours of concern through a separate payment. The payments will reflect the actual additional costs incurred by the SDA provider.
- *Assistive technology.* Assistive technology is funded separately to SDA under the Scheme. The design specifications for High Physical Support properties ensures that new SDA dwellings are built in a manner which is 'Assistive Technology ready'. Assistive technology can be included in a participants plan when it is a reasonable and necessary support. Assistive technology is expected to play an increasing role in support provision over time and the Agency will be monitoring the development of innovative new models and their integration into the housing form. For example, automated doors or ceiling hoists may be funded under assistive technology, whereas reinforced walls or other structural features would be SDA.
- *Additional features:* The Agency may consider including additional features (such as communal areas that are provided to support multiple dwellings or specialist furnishings) as new allowances in future price updates. The Agency would need to consider the potential benefits of the features in addition to collecting information on the design and costs of these features to support the development of specific price adjustments.

Further the Agency may consider existing home modifications funded under the Scheme, as SDA dwellings should not have previously received home modifications funding from the Scheme.

### 2.1.7 Pricing for Legacy Stock

Legacy Stock are existing properties that accommodate 6 or more residents. The Agency will not provide SDA Benchmark Price payments for any New Build with more than 5 residents, but recognises the importance of funding housing for participants that choose to stay in their current form of accommodation or for whom there is no supply of smaller form accommodation currently available.

The Agency understands that most of the larger residential centres will be phased out over the next few years.

Legacy Stock will receive payment according to an SDA Legacy Stock price list, which is based on the design category and number of residents in each legacy property. The SDA Legacy Stock price list will be provided to registered SDA providers with enrolled Legacy Stock on request.

The Agency's pricing approach supports the Agency's view that, in line with current industry practice, larger models which cater to more than five participants are not optimal for long-term participant outcomes and limit opportunities for inclusion. The Agency would prefer to

see these types of properties phased out, however the Agency does not support changes which undermine participant's continuity of support until suitable alternatives can be arranged.

Pricing for Legacy Stock consists of three distinct periods. During the immediate five year period after the property's location transitions into the Scheme, the Agency's pricing for legacy properties covers the costs of the property as identified under the Framework. After year 5, SDA Legacy Stock payments for properties with 11 or more residents will cease. For properties with 6 to 10 residents, the price will continue until 10 years after the property's location transitions into the NDIS, at which time it will also cease. These timeframes are intended to provide residents with adequate time to investigate, consider and choose suitable alternative arrangements.

### **2.1.8 Pricing review process and timeframes**

The Agency will consider adding additional categories, loadings (for example for amenity) or allowances as the evidence base develops. SDA prices will also be adjusted for inflation each year. Unless there are exceptional circumstances, the Agency does not propose to adjust the underlying approach to prices until the Framework is reviewed.

The DRC will review the Framework in the Framework's third year of operation, with the goal of completing the review by the conclusion of that third year. The DRC will set the terms of reference for this review. The outcome of the review will inform the DRC's development of any pricing and payments arrangements that replace the original Framework. The Agency may request DRC to consider bringing forward the review time frame, should it be necessary.

If the DRC considers that the Framework has been successful at stimulating outcomes, the Agency's ongoing reviews would be focussed on continuing to refine the design criteria and adjust prices to promote the best outcomes for participants and update cost and financing assumptions to maintain alignment with market conditions.

Following the review by DRC, the Agency proposes to only undertake a comprehensive pricing update (other than adjustments for Consumer Price Index (CPI)) every five years unless it is otherwise required.

The potential for future pricing reviews and adjustments implies a degree of regulatory risk. Investors will therefore need to obtain their own independent advice on this and all risks relating to investing in SDA.

## **2.2 Residents' rights and obligations**

### **2.2.1 Rent and other contributions**

Residents of SDA will be required to make a Reasonable Rent Contribution to their SDA provider, which will be in addition to any SDA Benchmark Price payments the provider is paid by the Agency. Currently the arrangement in most SDA is for a rent payment to be included in a single 'board and lodgings' payment along with utilities, food, other

consumables and household expenses. Under the new arrangements for SDA, RRCs will now be a standalone payment for rent only.

Providers of SDA will be required to abide by the Agency's Terms of Business, which will include an obligation to limit any RRC to be paid by a participant to the following amounts:

- **Singles:** 25 per cent of the basic rate of the Disability Support Pension (DSP) plus any Commonwealth Rent Assistance (CRA) for which the participant is eligible, before any adjustments for income.
- **Under 21's and couples:** 25 per cent of the relevant rate of the DSP plus any CRA for which the participant is eligible, before any adjustments for income.

These rates will apply whether or not the participant is receiving the DSP, for example if the participant is employed.

### **2.2.2 Intent of the rent setting model**

The SDA provider will receive the RRC from the participant in addition to the applicable SDA Benchmark Price from the Agency.

The rent setting model for SDA provides an affordability safeguard for participants while also giving them the flexibility needed to make informed decisions about the type of accommodation they choose to live in, the SDA provider they choose and the amount of money they choose to spend on housing. In this respect a person with disability will have the same entitlement to make decisions about their housing and their financial situation as everyone else.

### **2.2.3 What will the Reasonable Rent Contribution cover?**

The RRC relates only to the accommodation for the participant. It does not cover or contribute to board, furniture, utilities paid by residents, or support costs. SDA providers will not be able to impose additional administrative fees in relation to the accommodation such as fees associated with preparation of the service agreement. The costs of administering SDA have been included in the modelling of the SDA Benchmark Price.

Where board is also provided by the SDA provider, no more than 50 per cent of the relevant DSP maximum rate plus the energy supplement can be received as a 'board' payment (in addition to the RRC). The board payments may be collected by the SDA provider, SIL provider or a third party. In some cases board may not be required at all, with the household deciding to manage their own utilities, food and expenses for other consumables.

Any agreed board payments between participants and SDA providers will need to be reflected in the service agreement between the participant and the SDA provider.

Aligned with the principles of improved choice and control for participants, the Agency recognises that participants may prefer to access particular SDA which is priced higher than the RRC and the SDA Benchmark Price that is funded in their plan. If so, the participant has the choice to make discretionary contributions.

## 2.2.4 Discretionary contributions

There are only two circumstances in which a participant might choose to pay a discretionary contribution:

- 1) Where the participant wishes to access a higher cost category of SDA than is funded as a reasonable and necessary support, such as a different location or a particular property with preferred features.
- 2) If the market rental value for a particular property is higher than the SDA Benchmark Price plus RRC. This could occur, for example, due to the particular location or the non-SDA features of the property.

If either of these cases occur the SDA provider must lodge a declaration (at the time of enrolment of the SDA dwelling) setting out the amount of the discretionary contribution and the total of the amount being charged.

Where the **participant wishes to access a higher cost category of SDA** than is funded as a reasonable and necessary support, the participant will be able to provide a discretionary contribution representing the difference between the SDA Benchmark Price for the category approved as a reasonable and necessary support and the SDA Benchmark Price for the category they wish to access. The SDA payment from the Agency will remain at the level that is funded as a reasonable and necessary support in the participant's plan.

In some cases, **the market rental value for a particular property may be higher than the SDA Benchmark Price plus RRC**. This may arise due to the specific location or (non-disability related) features of the property. As SDA Benchmark Prices are generally significantly above market rental values, this situation is expected to be extremely rare. Where the SDA provider considers that an additional rent contribution is necessary, the provider will be required to obtain a written certification from an appropriately qualified property valuer that the rent is fair and reasonable given the prevailing prices for dwellings of similar quality in the area.

The Agency will only contribute the SDA Benchmark Price amount as a reasonable and necessary support under the Scheme regardless of the market rental value.

Importantly, the participant's housing choice also impacts on how others supports might be provided and whether shared support arrangements are feasible. Before choosing a home, the participant and planner must also consider the support that will be funded in the new home as a reasonable and necessary support for the participant.

## 2.2.5 Service agreement

SDA residents will continue to have the rights and obligations that apply to them under State or Territory laws.

In addition, SDA providers will be bound by the Agency's Terms of Business. The Terms of Business requires that each SDA provider is to have a written agreement (service agreement) with each participant that resides at their property.

The Agency is investigating the extent to which details of the written agreement can or should be prescribed in the Terms of Business and how these interact with existing tenancy and disability legislation in each state.

The type of issues that participants and SDA providers should consider in an agreement may include but is not limited to:

- (a) the rent that will be paid by the participant and the method and timing of the rental payments;
- (b) the participants entitlement to be provided with a receipt for any payments they make;
- (c) the commencement date and the term (duration) of the agreement and the manner in which the agreement can be extended;
- (d) if applicable, any board payments that must be paid by the participant to the provider, what the board payments will cover, and the method and timing of the board payments;
- (e) the obligation of the provider to ensure that the premises are kept reasonably secure;
- (f) the obligation of the provider to undertake maintenance as appropriate to ensure the property is maintained in a reasonable state of repair;
- (g) the information that will be provided to the participant before moving in about:
  - a. the rules of the premises;
  - b. the processes for complaints and dispute resolution;
  - c. the process for requesting repairs or maintenance;
  - d. the circumstances in which the provider is reasonably entitled to access the participant's bedroom and the premises more generally, and the notice that must be provided before access;
- (h) the circumstances in which the agreement can be terminated (by either party), and the notice period, which would ideally be no less than three months;
- (i) any reasonable responsibilities or obligations of the participant.

In some States and Territories, the current legislation may already require that there be a written agreement that addresses some or all of these rights and obligations.

Consistent with the Agency position on Quality and Safeguards working arrangements with the States and Territories, SDA will continue to operate under the existing State, Territory and Commonwealth arrangements. This includes the arrangements for complaints handling and dispute resolution mechanisms.

## 2.3 SDA requirements

### 2.3.1 Who can receive SDA Benchmark Price payments?

SDA Benchmark Price payments will be made available to any individual or organisation, including State or Territory governments, not-for-profit organisations, community housing organisations, market providers, families and self-providing participants, that:

1. has registered as a provider with the Agency and with the 'Specialist Disability Accommodation' registration category;
2. owns or leases a property that conforms with the minimum criteria for SDA (see Section 2.3.2) and has enrolled the dwelling with the Agency;
3. has met and maintained all of the minimum requirements, including all relevant certifications and attestations, required in relation to both the dwelling and the SDA provider (see Section 2.4.2); and
4. has one or more participants residing at the property who has SDA funded in their plan (SDA Benchmark Prices will be paid per participant residing at the property).

### 2.3.2 Which properties can be enrolled as SDA?

All SDA properties must meet a number of minimum criteria, including:

- a) the property must be a permanent dwelling (e.g. not a mobile home); and
- b) the property must provide permanent accommodation (e.g. not be solely used for respite, emergency or temporary accommodation); and
- c) the property must not be a family home (that is, not primarily used as the residence of the participant's family members, other than a partner or dependents, unless the family members also have an NDIS plan that includes SDA); and
- d) the State or Commonwealth do not provide accommodation funding for the property for a scheme unrelated to disability (e.g. aged care funding); and
- e) the property must not have previously received home modifications funding from the Scheme.

The Agency may also establish minimum requirements with regard to the safety and suitability of the property for occupation. This will be advised as part of the work to finalise quality and safeguards arrangements, which initially will be jurisdiction-specific.

In addition to meeting these minimum criteria, a property may only be enrolled as SDA if it falls into one of the following three categories:

- 1) **Existing Stock:** Existing Stock are dwellings that:
  - a) obtained an occupancy certificate prior to 1 April 2016; and
  - b) house 5 or fewer permanent residents (excluding support staff); and

- c) have primarily been used as accommodation for people with disability with a significant functional impairment and/or very high support needs since 1 July 2016; and
- d) housed at least one resident that received disability related supported accommodation (or equivalent) payments from a State, Territory or Commonwealth government in the 12 months to 1 July 2016.

2) **New Builds:** New Builds are dwellings that:

- a) obtained their first occupancy certificate (prior to renovation or rebuilds) on or after 1 April 2016,

OR

have been refurbished such that the property meets one or more of the design criteria described in c) AND the cost of the refurbishment (excluding the cost of land or the original building) is greater than the cost shown in Table 4 (below); and

- b) will house 5 or fewer permanent residents (excluding support staff); and
- c) conforms to one or more of the design categories 'Improved Livability', 'Fully Accessible', 'Robust' or 'High Physical Support' (see Section 2.3.3).

3) **Legacy Stock:** The Agency defines Legacy Stock as dwellings that provide accommodation for 6 or more residents in the same dwelling. The Agency does not consider these larger form properties to be appropriate into the future and therefore from 31 December 2016 (to recognise buildings currently under construction) will not fund any new dwellings that house 6 or more residents.

Legacy Stock will only be able to be enrolled if the dwelling:

- a) obtained (or will obtain) an occupancy certificate prior to 31 December 2016; and
- b) houses 6 or more permanent residents (excluding support staff); and
- c) has been (if constructed before 1 July 2016) or will be (if constructed between 1 July and 31 December 2016) primarily used as accommodation for people with disability with a significant functional impairment and/or very high support needs.

Legacy Stock does not include aged care, health care, or any other facility that is not primarily used as disability accommodation or is funded under a government program that is not specifically related to disability.

**TABLE 4: MINIMUM REFURBISHMENT COSTS FOR NEW BUILD CATEGORY**

Building type / design category	Basic	Improved Livability		Fully Accessible		Robust			High Physical Support	
		No OOA	With OOA	No OOA	With OOA	No OOA	With OOA	+1 Room	No OOA	With OOA
Apartment, 1 bedroom, 1 resident	na	\$190,000	na	\$290,000	na	na	na	na	\$420,000	na
Apartment, 2 bedrooms, 1 resident	na	\$230,000	na	\$360,000	na	na	na	na	\$530,000	na
Apartment, 3 bedrooms, 2 residents	na	\$300,000	na	\$460,000	na	na	na	na	\$700,000	na
Villa, 1 bedrooms, 1 resident	na	\$110,000	\$130,000	\$170,000	\$180,000	\$200,000	\$220,000	\$240,000	\$260,000	\$280,000
Duplex / Townhouse, 2 residents	na	\$140,000	\$160,000	\$210,000	\$230,000	\$250,000	\$270,000	\$290,000	\$330,000	\$360,000
Duplex / Townhouse, 3 residents	na	\$190,000	\$200,000	\$280,000	\$290,000	\$340,000	\$360,000	\$370,000	\$450,000	\$470,000
House, 2 residents	na	\$150,000	\$170,000	\$220,000	\$240,000	\$270,000	\$290,000	\$310,000	\$350,000	\$370,000
House, 3 residents	na	\$210,000	\$230,000	\$310,000	\$330,000	\$380,000	\$400,000	\$420,000	\$540,000	\$560,000
Group home, 4 residents	na	\$290,000	\$310,000	\$420,000	\$430,000	\$500,000	\$520,000	\$540,000	\$680,000	\$710,000
Group home, 5 residents	na	\$320,000	\$330,000	\$460,000	\$480,000	\$550,000	\$570,000	\$590,000	\$760,000	\$790,000



### 2.3.3 Accommodation design categories

Benchmark pricing caters for a number of building purposes which incorporate different standards and characteristics of SDA to meet participants' needs and the nature of their disability.

The SDA Benchmark Pricing model is based on five broad categories of SDA design, shown in Table 5. These categories received support through consultation and feedback.

Table 5 specifies the '*Minimum Requirements for New Builds*' for each design category. For New Builds, the minimum specifications must be met for all shared areas and the majority of bedrooms before a property will be considered eligible for the corresponding design category.

The Agency recognises that some existing properties would have been constructed prior to the development of current standards and therefore Existing Stock that substantially meets the '*Minimum Requirements for New Builds*' will also be considered eligible for the corresponding design category. Substantial compliance will mean compliance in all but a few non-critical respects.

The SDA design category will need to be confirmed in writing by an assessment against the relevant Livable Housing Australia design standards that must explicitly reference each of the '*Minimum Requirements for New Builds*' relevant to that category.<sup>1</sup> For properties owned or operated by a State or Territory Government, a government department with responsibility for disability or housing may, at its discretion, attest to the SDA design category instead.

In the SDA Position Paper, the Agency outlined a suite of features, materials and specifications that were used in the pricing for each design category. These features and specifications were applied in calculating the prices associated with each design category and are therefore considered 'benchmark property' specifications, but are not minimum requirements with regard to assessing the SDA design category.

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<sup>1</sup> A design assessment will generally be sufficient unless there has been a significant deviation from the design.

TABLE 5: DESCRIPTION OF SDA DESIGN CATEGORIES

SDA design category	Definition	Minimum Requirements for New Builds
<b>Basic</b>	Housing without specialised design features but with other important SDA characteristics (e.g. location, privacy, shared supports).	Available for Existing Stock only.
<b>Improved Livability</b>	Housing that has been designed to improve 'Livability' by incorporating a reasonable level of physical access and enhanced provision for people with sensory, intellectual or cognitive impairment	<ul style="list-style-type: none"> <li>• Livable Housing Australia 'Silver' level</li> <li>• One or more 'improved Livability' design features such as luminance contrasts, improved wayfinding or lines of sight</li> </ul>
<b>Fully Accessible</b>	Housing that has been designed to incorporate a high level of physical access provision for people with significant physical impairment	<ul style="list-style-type: none"> <li>• Livable Housing Australia 'Platinum' level</li> <li>• External doors and external outdoor private areas to be accessible by wheelchair</li> <li>• Bathroom vanity/hand basin to be accessible in seated or standing position</li> <li>• Power supply to doors and windows (blinds), for retrofit of automation as necessary</li> <li>• Consideration must be given to whether it is appropriate for the kitchen sink, cooktop, meal preparation bench area and key appliances (dishwasher, oven, microwave oven, laundry appliances) to be accessible in seated or standing position</li> </ul>
<b>Robust</b>	Housing that has been designed to incorporate a high level of physical access provision and be very resilient, reducing the likelihood of reactive maintenance and reducing the risk to the participant and the community.	<ul style="list-style-type: none"> <li>• Livable Housing Australia 'Silver' level</li> <li>• Resilient but inconspicuous materials that can withstand heavy use and minimises the risk of injury and neighbourhood disturbance including: <ul style="list-style-type: none"> <li>- high impact wall lining, fittings and fixtures (e.g. blinds, door handles)</li> <li>- secure windows, doors and external areas</li> </ul> </li> </ul>

SDA design category	Definition	Minimum Requirements for New Builds
		<ul style="list-style-type: none"> <li>- appropriate sound proofing if residents are likely to cause significant noise disturbances (if required must retrofit in new builds if not previously installed at building stage)</li> <li>- laminated glass</li> <li>• Layout with areas of egress and retreat for staff and other residents to avoid harm if required</li> <li>• Consideration must be given to providing adequate space and safeguards throughout the property to accommodate the needs of residents with complex behaviours</li> </ul>
<b>High Physical Support</b>	Housing that has been designed to incorporate a high level of physical access provision for people with significant physical impairment and requiring very high levels of support.	<ul style="list-style-type: none"> <li>• All requirements listed in the 'Fully Accessible' design category, plus: <ul style="list-style-type: none"> <li>- Structural provision for ceiling hoists</li> <li>- Assistive technology ready</li> <li>- Heating/cooling and household communication technology (e.g. video or intercom systems) appropriate for the needs of residents</li> <li>- Emergency power solutions to cater for a minimum two hour outage where the welfare of participants is at risk</li> <li>- 950mm minimum clear opening width doors to all habitable rooms</li> </ul> </li> </ul>
<b>All</b>	Applicable to all categories	<p>In all cases, SDA should:</p> <ul style="list-style-type: none"> <li>- ensure the property is designed and maintained in a manner that is consistent with other properties in the neighbourhood</li> <li>- recognise the importance of outdoor areas and allow for adequate land area commensurate with the number of residents in the household</li> </ul>

### 2.3.4 Building types

The nature of the accommodation, the size, and the total number of bedrooms and residents has a material impact on build costs. In developing the SDA Benchmark Prices the Agency has used the building types set out in Table 6 below.

In addition to conforming with the building types in Table 6, each individually enrolled dwelling must, as a minimum, contain a kitchen, bathroom, living/dining area, entrance/exit and at least one bedroom. Dwelling areas that do not contain each of these elements either cannot enrol as SDA or must be enrolled as part of a larger dwelling type. Dwellings may contain more than one of each element.

Building types will typically conform with the Building Code of Australia (BCA) classifications set out in the far right column in Table 6 below.

**TABLE 6: DESCRIPTION OF SDA BUILDING TYPES**

Building type	Description	Typical Building Code of Australia classification
Apartment	Apartments are self-contained units occupying only part of a larger residential real estate building.	Class 2
Villa / Duplex / Townhouse	Villas, duplexes and townhouses are separate but semi-attached properties within a single land title or strata titled area. The dwelling will be separated from one or more adjoining dwellings by a fire-resisting wall (fire resistance not required for Existing Stock).  May also include ancillary dwellings that are located on the same parcel of land as another dwelling (e.g. standalone villas, 'granny flats'.)	Class 1(a)(ii), or Class 3  Class 1(a)(i)
House	Houses are detached low-rise dwellings with garden or courtyard areas.	Class 1(a)(i), Class 1(b)(i), or Class 3
Group home	Group accommodation is distinguished from other forms of accommodation by the larger number of residents (4 or 5).	Class 1(b)(i), or Class 3

### **2.3.5 Location**

SDA Benchmark Prices will be adjusted for location based on Australian Bureau of Statistics (ABS) statistical divisions.

Locational factors are calculated with reference to benchmark pricing results, after adjusting for differences in construction cost in each location and differences in median land values for each location.<sup>2</sup>

The complete list of location factors are provided in Appendix 2. The SDA Benchmark Price for a property will be determined by multiplying the locational factor by the Base Price relevant to that property.

For remote areas that would face significantly higher construction costs (an area specific construction cost index more than 25 per cent higher than the average for the region), the Agency may consider including additional, more granular location factors for specific areas if the area is likely to have a significant need for new SDA. Additional location factors are only likely to be required in very remote locations.

In some cases, the occupancy risks in remote areas may also be a significant deterrent to investment in SDA. In these circumstances, the Agency would consider the options available to address the market failure. These options are not the subject of this SDA Decision Paper and will be further considered by the Commonwealth and the Agency in the near future.

### **2.3.6 Number of residents and bedrooms**

The SDA Benchmark Price will be paid for each participant with SDA in their plan that resides at a dwelling that is enrolled for SDA by a registered provider. A provider of SDA must make at least one private room available to each permanent resident (a bedroom or, if part of a couple, a bedroom and a second room that may be a bedroom or another similar sized room).

In addition to design category and building type, SDA Benchmark Price categories also reference the number of residents for which the property is enrolled (rather than the number of bedrooms). The SDA provider must not allow more people to reside at the property than the number for which the property is enrolled (excluding support staff).

For New Builds and Existing Stock, no more than five people are to reside in any one dwelling at the property at any time. Only Legacy Stock may house more than five people and pricing for properties that have more than five residents will be phased out over time.

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<sup>2</sup> Location factors were calculated by first determining the costs for a base location, using the median Australian capital city land value and costs in a single reference city. The base costs were then adjusted to reflect the median land value in each location (based on information supplied by State and Territory governments) and the construction cost index relevant to that location (based on "Rawlinsons Construction Handbook" 2016). These adjusted costs were included in the SDA pricing model to individually determine SDA Benchmark Prices for each location.

### **2.3.7 Restrictions**

In addition to meeting the SDA design standards, there are also restrictions on how many residents can reside in SDA properties and which properties can be enrolled when there is more than one property on a single parcel of land.

The restrictions, which apply only to New Builds, include:

- a) no more than 5 people can reside in a single SDA dwelling;
- b) if there are multiple properties on a single parcel of land, then the number of dwellings which may be enrolled as SDA can house no more than 10 residents unless all SDA dwellings house two or fewer residents per dwelling in which case there may be up to 15 residents or 15 per cent of the total number of expected residents, whichever is greater.

An exception to the restrictions is explained in 'Intentional Communities' below.

The restrictions apply to New Builds only and the restriction will not apply to Existing Stock and Legacy Stock.

#### **Intentional communities**

Intentional communities are typically estate based developments in which residents make a conscious and often collective decision to live based on shared values, including mutual community support.

In several examples of these intentional communities across Australia, a certain percentage of the available housing is made available to people with disability. Often the other members of the intentional community make a commitment to provide support and assistance to all other members of the community, including those with disability.

The Agency believes that within intentional communities, a higher ratio of SDA to standard housing can be acceptable and even beneficial, due in part to the deliberate choice of other residents to include and provide support to people with disabilities living there.

For intentional communities, individual SDA dwellings must still house no more than 5 residents, but the dwellings that can be enrolled for use as SDA must house no more than 15 residents or 25 per cent of the total number of expected residents in the community, whichever is greater.

## **2.4 SDA providers**

The NDIS Act requires SDA providers to be suitable to provide SDA supports and requires them to meet the obligations imposed by the NDIS Rules. The obligations imposed by the NDIS Rules include that a provider agrees to be bound by the Agency's Terms of Business, which should include the Quality and Safeguard Working Arrangements for SDA. Providers are also required to comply with all of their obligations in State, Territory and Commonwealth legislation. The NDIS Rules impose a number of obligations on providers and it is proposed

to include additional requirements specific to SDA which are consistent with this Decision Paper.

State, Territory and other Commonwealth legislation relating to non-disability specific requirements (such as requirements to comply with building standards, for example) will continue to apply to SDA providers.

#### **2.4.1 Quality and Safeguarding Framework**

The national NDIS Quality and Safeguarding Framework is currently being developed by the Commonwealth and is expected to commence from 2018.

A national Quality and Safeguarding Framework will mean consistent standards and safeguards for Scheme participants wherever they live.

Until the Scheme is fully implemented and the Quality and Safeguarding Framework is in place, the Agency will use existing State and Commonwealth quality and safeguarding arrangements.

The Agency expects that SDA dwellings will be safe for participants, and maintained appropriately, in line with existing State arrangements. Details on the application of quality and safeguards in respect of SDA will be released separately.

#### **2.4.2 Relationship with disability support providers**

The Agency expects SDA and SIL to be separable and ultimately separately provided. The Agency and States are currently examining the legislative and other requirements to enable the separation of SDA and SIL supports across all States and Territories. The objective is that SDA providers will need to demonstrate meaningful separation of the functions delivering the two types of support in the same residence.

Subject to a review of jurisdictional legislative and other processes, the Agency expects that there will be a transition period in which:

- 1) in cases where the SDA provider (or a related party) also provides SIL services to residents of the property they will need to provide participants with separated contracts for each service at no cost to the participant;
- 2) Conflict of Interest (COI) provisions will be introduced to manage any real or perceived conflict of interest between SDA and SIL services. The active management of conflicts of interest are required to give clear effect to the participant's rights as a resident of the house separately from the support services they receive.

#### **2.4.3 Registration process**

To receive funding for SDA, all providers are required to be registered providers under the NDIS Act. Registration and requirements apply to all States and Territories, not-for-profit organisations, community housing organisations, market providers, parents of participants and self-providing participants. Details are expected to be reflected in the new Rules outlining the process for SDA provider registration.

SDA will broadly follow the same registration process used for other NDIS supports. All providers are required to sign a Declaration of Suitability, which includes agreement to comply with the Agency's Terms of Business.

The Agency's Terms of Business (as updated from time to time) will include a number of requirements specific to SDA. There will also be a newly formed 'Specialist Disability Accommodation' Registration Category with corresponding suitability requirements that must be met.

In addition, a separate dwelling enrolment is required to ensure data on the individual dwellings through which SDA supports will be provided are collected and that the SDA provider makes declarations on a dwelling by dwelling basis.

In summary, to receive SDA Benchmark Price payments, SDA providers will be required to:

1. Register as a provider with the Agency and sign a Declaration of Suitability, which will include the provider's agreement to comply with the Terms of Business, including Quality and Safeguard Working Arrangements as applied under the relevant existing State or Territory legislation.
2. Add an SDA registration category through the provider portal.
3. Provide a dwelling enrolment for each SDA dwelling.

SDA providers may also be required to provide evidence and attestations at different points throughout the process.

For details about the provider registration process and updates on the dwelling enrolment process for SDA will be made available on the NDIA website.

#### **2.4.4 Investment by participants and families**

Participants and their families can register as SDA providers under the same terms and conditions as any other SDA provider. In order to enrol a property as an SDA dwelling, the dwelling must comply with SDA requirements. Family homes will typically not be considered eligible for SDA payments. Participants can work with the Agency to identify home modification funding to assist with modifications to family homes.

If participants or their families construct or purchase a property from which SDA is to be provided then, as long as the property meets all of the requirements to receive SDA funding, they will be able to receive SDA Benchmark Price payments for each participant with SDA funding in their plan who resides at the property.

Participants who self-manage their SDA funding may also be able to receive SDA funding for a property that they own and live in. As with all SDA payments, funding will only be available if the property meets all of the requirements to receive SDA funding, including that the dwelling is enrolled with the Agency. It is important to remember that the SDA funding a participant receives in their plan will be determined by what is considered reasonable and necessary based on their needs.



Unlike other SDA providers and participants, a participant who lives in their own SDA property will not be required to have a written agreement in place and will be able to decide how much of their own income and the SDA payments will be contributed to paying down loans or other financing costs.

In all cases, including self-managing participants, SDA Benchmark Pricing payments will only be available for dwellings that are enrolled with the Agency. SDA Benchmark Pricing payments cannot be 'cashed out' and used for accommodation which is available through the non-SDA housing market. SDA payments are intended for those who require a specialist housing solution, and allowing SDA payments to flow to the general market would not stimulate increased supply of specialist housing, or adequately meet the needs of participants for whom SDA is a reasonable and necessary support.

Family members who construct or purchase an SDA property will need to meet all of the obligations that apply to any other SDA provider, including that there be a written agreement with the participant, unless the SDA provider is also the participant's representative.

The development of SDA Benchmark Prices represents a significant step toward assisting potential investors, including participants and their families, to meet the cost of financing an SDA property. In most cases, the income generated by SDA Benchmark Prices plus RRC from participants is expected to be significantly higher than the market rent for properties of a similar value.

The SDA Benchmark Price payments may also be a consideration for financial institutions when approving financing for a property. However, as the payments will only continue as long as one or more participants reside at the property, potential investors should seek independent financial advice regarding how or if the SDA Benchmark Price payments will affect financing for the property.

#### **2.4.5 Terms of Business for SDA**

The Terms of Business will include provisions specific to the provision of SDA. Those SDA specific provisions will include:

1. A service agreement with participants in accordance with Section 2.2.5.
2. The provider must not charge participants more than the RRC outlined in Section 2.2.1.
3. Other matters as determined by the Agency.

The Terms of Business may be updated or modified by the Agency from time to time.

#### **2.4.6 Dwelling enrolment process**

The dwelling enrolment process is an SDA specific requirement that sits alongside the registration process for SDA providers.

The dwelling enrolment process allows for information on individual dwellings to be listed and subsequently updated or removed over time. As such, it is functionally designed to minimise administrative burden to both SDA providers and the Agency.

Information required by the Agency for this process serves two purposes:

- the data will enable identification of the relevant SDA Benchmark Price that should apply to the dwelling; and
- the information will enable plan co-ordinators to better assist participants to choose appropriate SDA supports.

#### **Information required for dwelling enrolment**

- Provider identifying information (Provider Number and authorised contact person details)
- Unique address of the dwelling
- SDA region
- New Build, Existing Stock or Legacy Stock
- SDA building type
- SDA design category
- Date of first occupancy certification or major renovation
- Maximum number of residents intended to be accommodated at the property
- Provision of OOA
- If OOA is available, and if so, whether any other SDA dwellings share this OOA
- If fire sprinklers are installed throughout the dwelling
- Provision of an additional breakout room (applies to Robust design category only)

Additional information will also be sought for New Builds to confirm they are not restricted (as outlined in Section 2.3.7).

#### **Declaration for enrolment**

The Terms of Business and Declaration of Suitability which providers sign as part of the initial registration process extend to the dwelling enrolment. By submitting information on properties to the Agency via a dwelling enrolment form, the SDA provider will be attesting to the accuracy of the information and that all relevant certifications and written confirmations have been obtained. SDA providers will be required to retain and produce the certifications and written confirmations if required by the Agency.

### **2.4.7 Maintaining dwelling enrolment**

To continue to receive SDA funding providers are required to meet the ongoing requirements in relation to SDA, including updates to the dwelling enrolment information if works are undertaken which alter the design category, building type or suitability of the dwelling to provide SDA.

Subject to further review of existing quality and safeguards arrangements, an annual attestation from providers may be required by the Agency regarding compliance with ongoing condition and property maintenance requirements. Providers may also be required to notify the Agency when certain changes are made to the service agreement between the participant and the provider.

### **2.4.8 Cost of registration**

The Agency will not charge providers any fees in relation becoming a registered provider or to enrol dwellings. However there may be costs (likely to vary by jurisdiction and property type) which will be borne by the SDA provider. These may include costs related to compliance with local quality and safeguards and proving certification of occupancy, for example.

### **2.4.9 Payments and administration**

Consistent with other supports, SDA providers will need to provide information on the legal tax status of their organisation, Australian Business Number (ABN) details and bank account details as part of becoming a registered provider of supports.

Payments systems will initially require SDA providers to submit a “quote” in relation to SDA services based on the applicable SDA Benchmark Price. The initial validation process may request that the SDA provider information regarding participants residing at the property.

The linking of participants to providers and the quotation process will be facilitated by the Agency during an initial transition period as the allocation of Provider Numbers, Participant Numbers and dwelling identifiers will be allocated simultaneously for existing properties entering the Scheme.

After transition, the payments and administration processes will be outlined in the SDA Provider Registration Guidelines.

Once registered (and after 1 July 2016), SDA providers will be able to access the same online payment claim system used for other Scheme supports. SDA supports will appear as a registration category and claims will be able to be made in relation to enrolled dwellings and in relation to individual participants on a monthly basis. In the short term at least, SDA providers are likely to be required to log in to the provider portal each month to submit claims for occupied SDA dwellings in order to process, validate and execute payments.

Where applicable, SDA Benchmark Price payments will be determined by the information included in the dwelling enrolment.

SDA providers should be aware that the payment made by the Agency does not include any RRC from the participant. SDA providers and participants must make independent

arrangements (through the written agreement between the SDA provider and the participant) for the payment of the RRC and any board charged in relation to non-SDA shared expenses.

## 2.5 Managing occupancy

Unless otherwise required by local legislation to be via the SIL provider, the written agreement in relation to the provision of SDA will always be between a participant (or their representative) and an SDA provider (see Section 2.2).

As agreements will always be between a participant and the SDA provider, the responsibility for occupancy (or 'vacancy') management will remain with the SDA provider. In some cases SDA providers may choose to engage a dedicated tenancy manager, or other market based provider who offers these services.

Under the SDA pricing and payments approach, SDA providers will wear the risk of vacancy. Particularly in the case of New Builds, SDA providers will need to consider future demand requirements and ensure properties are appropriate to meet future and not just current needs.

When a participant gives notice to vacate an SDA property the SDA provider will be required to notify the Agency. The provider may then advertise the vacancy and the Agency will also make the vacancy information available to participants.

Once vacancy information is made available, participants who have been assessed as requiring the corresponding SDA building type, design category and location may consider the vacancy and approach the SDA provider to explore the possibility of a placement. The SDA provider will then have an opportunity to consider the current household dynamics and to what extent the participant would be a suitable addition to the household. At this point, the participant will also have the opportunity to determine the household's dynamics and the condition and location of the SDA, and determine its suitability to their needs and preferences.

The Agency acknowledges that effective occupancy management and effective decision making by participants to enter a household will require planning and careful consideration by all parties. To this end, the SDA Benchmark Price has incorporated fees in the expense assumptions to allow SDA providers to recover the costs associated with resourcing this function. To assist participants, planners will consider what supports might be reasonable and necessary to assist a participant to implement their plan.

In order to allow time to properly assess residents' compatibility, the Agency will pay SDA providers for up to 60 additional days (after the expiration of the initial notice period), or less if the vacancy is filled, at the applicable SDA Benchmark Price for dwellings with four or more residents. This 60 day period will assist SDA providers and new participants as well as enabling a reasonable period of readjustment for the remaining residents of the household following a participant's departure.

The Agency also recognises that the vacancy rates for larger forms of SDA may increase as there is an increase in supply of smaller form SDA, which the Agency anticipates will

increasingly be preferred by participants. The SDA Benchmark Prices for group homes allow for vacancy rates of between 8 and 10 per cent (significantly above current averages) to assist with sustaining supply as providers make changes in line with the demand signals of the market.

### **2.5.1 Plan implementation**

The process of finding a suitable home, deciding whether the other residents will be suitable housemates, reaching an agreement with the SDA provider and moving in can be challenging. In some cases participants may require assistance with this process, and the planner will consider whether additional funded supports are reasonable and necessary.

For participants with SDA in their plan the Agency will maintain a register of known SDA vacancies by type based on registered SDA providers and properties to assist with locating a suitable placement.

The agreement for an SDA placement will always be between the participant (or their representative) and the provider of SDA. This will be in the form of a written service agreement between the participant and the SDA provider (please see Section 2.4.3 for more information), except where the participant is the provider of the SDA. Where jurisdiction-specific rules dictate, it may also be incorporated within an existing service agreement with the provider of SDA or SIL.

As with all SDA, participants who choose to self-manage their funding, SDA payments will only be able to be made towards a dwelling that is enrolled as SDA by a registered provider.

## **2.6 SDA supply and demand**

The Agency expects the supply profile of SDA to change over time as demand influences development and design in the marketplace. For example, the observed experience in NDIS Trial Sites indicates that there is likely to be a growing preference for smaller forms of SDA by participants such as duplex and villa forms of SDA that afford ready access to supports but also tend to provide greater opportunities for independence and skill development.

As SDA Benchmark Price payments will only be made where there are eligible participants residing in SDA, the supply market will benefit from the Agency regularly providing SDA demand data. These data will inform development decisions by communicating important information such as which SDA types are popular and needed, and in which locations they are most required.

This information will become increasingly available to the Agency as participants phase into the Scheme and are assessed as requiring SDA.

As it becomes available, this information will be provided to the market in a format consistent with the Agency's existing Market Position Statements (MPS) and will likely include information such as demand (expressed preferences and need) for SDA by type and location, as well as, where possible, information on patterns of choice by participants. These MPS SDA modules will also benefit from including information such as numbers of known

vacancies, including the average length of vacancy by design category, build type and location.

The Agency expects that, as the supply market evolves, providers will be motivated to build SDA in the form and location that best responds to participant's preferences and need. The Agency will closely monitor how the market responds to the initial approach to SDA pricing.

In areas where there is particularly under developed supply, or in established thin markets, the Agency will also consider how it can bundle and target this information to send very clear signals to the market.

In some cases such as in regional, remote or very remote locations, or in instances where very specialised design is required, these efforts to encourage the development of supply may not be enough to adequately stimulate the market. In these circumstances, the Agency will consider the best approach to addressing this lack of supply. These efforts will be aligned with the Agency's broader approach to market intervention, and aligned with its Remote and Indigenous Supply Strategy where this is relevant.

# List of Abbreviations

Abbreviation	Meaning
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
BCA	Building Code of Australia
COI	Conflict of Interest
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
DRC	Disability Reform Council
DSP	Disability Support Pension
Framework	Specialist Disability Accommodation Pricing and Payments Framework
HIRG	Housing Innovation Reference Group (formed by the NDIS Independent Advisory Council)
IAC	NDIS Independent Advisory Council
SDA	Specialist Disability Accommodation
SDA Position Paper	SDA Position Paper on Draft Pricing and Payments
SDA Decision Paper	SDA Decision Paper on Pricing and Payments (this paper)
SIL	Supported Independent Living
MPS	NDIS Market Position Statement(s)
NDIA / Agency	National Disability Insurance Agency
NDIS Act / Act	<i>National Disability Insurance Scheme Act 2013</i>
NDIS / Scheme	National Disability Insurance Scheme
OOA	On-site overnight assistance.
RRC	Reasonable Rent Contribution.

# Appendix 1: SDA Benchmark Pricing

The benchmark pricing model for SDA has been developed based on the formula and other factors outlined in the Specialist Disability Accommodation Pricing and Payments Framework (the Framework). To the extent possible, the model assumptions have been developed from industry benchmarks, but have referenced State and Territory government data to test and calibrate the results.

There are separate prices for new housing and for existing housing stock. The price for new builds is set to provide an incentive to a broad range of potential investors, including but not limited to institutional investors, to respond quickly in constructing new properties to provide for the significant estimated unmet SDA demand. The price for existing housing stock is lower and provides yields more in line with the established rental market to ensure owners have a financial incentive to retain participants for as long as they choose to live at the property.

The benchmark prices have additive and/or multiplicative factors or weights for classes of dwellings (determined by the Agency) that can be applied by the Agency as necessary.

Prices are differentiated by building type and design category. The building type and design categories were developed through consultation with stakeholders, with detailed specifications developed by architects, reflecting the range of different types of accommodation that the Agency may need to fund, including existing accommodation.

## SDA Benchmark Pricing formula

In accordance with the Framework, the Agency's benchmark pricing for SDA is based on an efficient representative provider, with representative configurations of dwelling stock. Prices are calculated based on the formula illustrated below and expressed as a price per participant. The numbers in brackets refer to elements described below.

**Dwelling price (1) =**

**Consumption costs (2)**

**+ Opportunity costs of capital (3)**

**+ Costs of ownership (4)**

**– Land price inflation (5)**

**– Reasonable rent contribution (from all participants in dwelling) (6)**

**SDA Benchmark Price (7) = Dwelling price (1) / anticipated number of residents (9)**



In addition, the benchmark pricing approach also allows for a location factor and an allowance for fire sprinklers (where applicable).

**SDA Benchmark Price (7) =**

**Annual Base Price per Participant (8)**

**x Location Factor (11)**

**x (1 + Fire Sprinkler Allowance) (if applicable) (12)**

Assuming an average occupancy rate, the total income to the SDA provider for a particular dwelling is described in the following equation. As with the previous formulas, the numbers in brackets refer to elements described below.

**Total dwelling income (10) =**

**SDA Benchmark Price (7)**

**x Anticipated number of residents (9)**

**+ Reasonable Rent Contributions (6)**

The elements of the pricing formula are set out in Table 7.

**TABLE 7: DESCRIPTION OF SDA BENCHMARK PRICING FORMULA ELEMENTS**

Metric	Description
1) Dwelling price	<p>The annual cost of a dwelling, including land, buildings and recurring annual costs, net of land price inflation and reasonable rent contributions. The dwelling price is the total paid for a dwelling by the Agency, before other allowances.</p> <p>The dwelling price is divided by the anticipated number of residents to provide an SDA Benchmark Price per participant.</p> <p>Note: the total income for the dwelling owner will be the total dwelling income (9), described below.</p>
2) Consumption costs	The depreciation in the value of the building and other assets over time.
3) Opportunity cost of capital	The efficient financing costs associated with the typical sources of capital (debt or equity), across all aspects of the capital investment (land, buildings, plant and equipment). The weighted average cost of capital has been determined by the Agency with reference to similar industries.

Metric	Description
4) Cost of ownership	<p>Recurring costs including those that are legally required, that extend the operating life of the accommodation, or that are otherwise necessary. An efficient accommodation-related operational cost of SDA could include: facilities management, rates, insurance, utilities not met by the tenants, repairs and maintenance, and tenancy management.</p>
5) Land price inflation	<p>The gain or loss the accommodation owner incurs over time due to changes in the value of land. To minimise short-run volatility in pricing arrangements, the Agency has adopted a long-run (20 year+) approach to establishing this component of the benchmark prices. This factor will not vary from year to year but (like other assumptions such as efficient financing costs) may be varied at the nominated review periods if expectations for long term inflation have materially changed since the last review.</p> <p>The Framework notes that land that is procured through a leasing arrangement by the SDA provider will also be funded consistent with the formula outlined above. That is, the benchmark price will not be adjusted for land ownership arrangements (own versus lease). This recognises that while the SDA provider is leasing the land, if they are paying a market price, then the owner of the land will be incurring costs and inflation consistent with the formula above, and this will, in theory, be reflected in the market rental price for the land.</p>
6) Reasonable Rent Contribution (RRC)	<p>In formulating a resident contribution in the benchmark prices, consistent with the Framework the Agency has assumed residents will contribute 25 per cent of the Disability Support Pension (DSP) plus any Commonwealth Rent Assistance (CRA) for which they are eligible. The RRC excludes board.</p> <p>Rent charged to residents that do not have SDA in their plan or are not participants is a matter for the SDA provider and will not affect SDA Benchmark Price payments associated with participants that do have SDA in their plan.</p>
7) SDA Benchmark Price	<p>The SDA Benchmark Price is the annual payment for SDA that would be provided per eligible participant that resides at a property. The SDA Benchmark Price is net of RRC and therefore does not represent the entire income to the SDA provider.</p>
8) Annual Base Price Per Participant	<p>The Annual Base Price Per Participant, excluding RRC as shown in Table 1 for New Builds and Table 2 for Existing Stock.</p>
9) Anticipated number of residents	<p>The number of residents within the accommodation, adjusted for the average level of vacancies for each dwelling type. Note that the Agency includes all residents of the property, including those who are not participants and participants who do not have SDA in their plan.</p>

Metric	Description
10) Total dwelling income	The total dwelling income is the total income the SDA provider would expect to receive and includes the SDA Benchmark Price for each eligible participant residing at the property, plus RRC from the participants, plus any additional allowances (see number 11 below).
11) Location Factor	The Annual Base Price Per Participant provided in the SDA Benchmark Price schedules reflects a property constructed in a location with land values equal to the median capital city value. A location factor will be applied to the Base Price based on the location of the property to reflect differences in building costs and land values in each geographic area.
12) Fire Sprinkler Allowance	An additional allowance will be paid for SDA properties with fire sprinklers.

## Appendix 2: Location factors

To derive an SDA Benchmark Price for a particular dwelling, the Base Price (before additional allowances) must be multiplied by the Location Factor relevant to the property's location and building type, as shown in the table below. The Location Factor geographic areas are based on Australian Bureau of Statistics, Statistical Areas Level 4 regions.<sup>3</sup>

TABLE 8: LOCATION FACTORS

Location	Apartment			Villa / Duplex / Townhouse			House		Group home	
	1 bedroom 1 resident	2 bedrooms 1 resident	3 bedrooms 2 residents	1 resident	2 residents	3 residents	2 residents	3 residents	4 residents	5 residents
Median capital city	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ACT - Australian Capital Territory	1.02	1.02	1.02	0.99	0.96	0.95	0.97	0.97	0.96	0.95
NSW - Capital Region	1.07	1.08	1.09	1.01	0.96	0.95	0.98	0.97	0.96	0.95
NSW - Central Coast	1.04	1.04	1.05	1.01	0.99	0.99	1.00	0.99	0.99	0.99
NSW - Central West	1.07	1.08	1.09	0.99	0.94	0.92	0.96	0.94	0.94	0.92
NSW - Coffs Harbour - Grafton	1.07	1.08	1.09	1.01	0.97	0.95	0.98	0.97	0.96	0.95
NSW - Far West and Orana	1.16	1.16	1.19	1.07	1.01	0.99	1.01	1.01	1.01	0.99
NSW - Hunter Valley exc Newcastle	1.07	1.08	1.09	1.01	0.97	0.95	0.98	0.97	0.97	0.95
NSW - Illawarra	1.08	1.09	1.10	1.06	1.04	1.04	1.04	1.04	1.04	1.04
NSW - Mid North Coast	1.07	1.08	1.09	1.02	0.97	0.96	0.98	0.98	0.97	0.96
NSW - Murray	1.07	1.08	1.09	0.99	0.94	0.91	0.96	0.94	0.93	0.91
NSW - New England and North West	1.07	1.08	1.09	0.99	0.94	0.91	0.96	0.94	0.93	0.91
NSW - Newcastle and Lake Macquarie	1.08	1.09	1.10	1.06	1.05	1.05	1.04	1.04	1.05	1.05
NSW - Richmond - Tweed	1.08	1.08	1.10	1.03	1.00	0.99	1.00	1.00	1.00	0.99
NSW - Riverina	1.07	1.08	1.09	0.99	0.94	0.91	0.96	0.94	0.93	0.92
NSW - Southern Highlands and Shoalhaven	1.07	1.08	1.09	1.02	0.97	0.96	0.98	0.98	0.97	0.96
NSW - Sydney - Baulkham Hills and Hawkesbury	1.05	1.05	1.06	1.08	1.11	1.13	1.08	1.10	1.12	1.13
NSW - Sydney - Blacktown	1.00	1.00	1.00	1.02	1.03	1.03	1.02	1.03	1.03	1.03
NSW - Sydney - City and Inner South	1.14	1.12	1.10	1.76	2.25	2.53	1.93	2.15	2.31	2.53
NSW - Sydney - Eastern Suburbs	1.12	1.10	1.09	1.63	2.04	2.27	1.78	1.96	2.09	2.27
NSW - Sydney - Inner South West	1.03	1.02	1.02	1.15	1.24	1.29	1.18	1.22	1.25	1.29

<sup>3</sup> For more detail on these regions see ABS catalogue number 1270.0.55.001, or [ABS hyperlink](#)

Location	Apartment			Villa / Duplex / Townhouse			House		Group home	
	1 bedroom 1 resident	2 bedrooms 1 resident	3 bedrooms 2 residents	1 resident	2 residents	3 residents	2 residents	3 residents	4 residents	5 residents
NSW - Sydney - Inner West	1.07	1.06	1.05	1.36	1.59	1.71	1.44	1.54	1.61	1.72
NSW - Sydney - North Sydney and Hornsby	1.08	1.08	1.08	1.25	1.39	1.47	1.29	1.36	1.41	1.47
NSW - Sydney - Northern Beaches	1.03	1.03	1.02	1.18	1.30	1.36	1.22	1.27	1.31	1.36
NSW - Sydney - Outer South West	1.04	1.04	1.05	1.01	1.00	0.99	1.00	1.00	1.00	0.99
NSW - Sydney - Outer West and Blue Mountains	1.04	1.04	1.05	1.01	0.99	0.99	1.00	0.99	0.99	0.99
NSW - Sydney - Parramatta	1.02	1.01	1.01	1.08	1.13	1.16	1.10	1.12	1.14	1.16
NSW - Sydney - Ryde	1.03	1.03	1.02	1.17	1.29	1.35	1.21	1.26	1.30	1.35
NSW - Sydney - South West	1.00	1.00	1.00	1.03	1.04	1.05	1.03	1.04	1.04	1.05
NSW - Sydney - Sutherland	1.02	1.02	1.02	1.13	1.22	1.26	1.16	1.20	1.23	1.26
NT - Darwin	1.35	1.36	1.41	1.29	1.26	1.28	1.21	1.24	1.27	1.28
NT - Northern Territory - Outback	1.39	1.40	1.47	1.29	1.24	1.24	1.19	1.22	1.24	1.24
QLD - Brisbane - East	0.95	0.95	0.94	0.93	0.92	0.91	0.94	0.93	0.92	0.91
QLD - Brisbane - North	0.95	0.95	0.94	0.95	0.95	0.94	0.96	0.95	0.95	0.94
QLD - Brisbane - South	0.95	0.95	0.94	0.97	0.98	0.98	0.98	0.98	0.98	0.98
QLD - Brisbane - West	0.95	0.95	0.94	0.98	0.99	0.99	0.99	0.99	0.99	0.99
QLD - Brisbane Inner City	0.96	0.96	0.95	1.02	1.06	1.08	1.04	1.06	1.07	1.08
QLD - Cairns	1.15	1.16	1.19	1.08	1.03	1.02	1.03	1.03	1.03	1.02
QLD - Darling Downs - Maranoa	1.01	1.02	1.02	0.94	0.88	0.85	0.91	0.89	0.87	0.85
QLD - Fitzroy	1.15	1.16	1.19	1.08	1.03	1.01	1.03	1.03	1.03	1.02
QLD - Gold Coast	0.98	0.98	0.98	0.95	0.93	0.92	0.95	0.94	0.93	0.92
QLD - Ipswich	0.98	0.98	0.98	0.91	0.86	0.84	0.90	0.87	0.86	0.83
QLD - Logan - Beaudesert	0.98	0.98	0.98	0.93	0.89	0.87	0.92	0.90	0.89	0.87
QLD - Mackay	1.15	1.16	1.19	1.08	1.04	1.02	1.03	1.03	1.04	1.03
QLD - Moreton Bay - North	0.98	0.98	0.98	0.94	0.91	0.89	0.93	0.91	0.90	0.89
QLD - Moreton Bay - South	0.98	0.98	0.98	0.94	0.91	0.89	0.93	0.91	0.90	0.89
QLD - Queensland - Outback	1.10	1.10	1.12	1.02	0.96	0.94	0.97	0.96	0.96	0.94
QLD - Sunshine Coast	0.98	0.98	0.98	0.94	0.91	0.89	0.93	0.91	0.90	0.89
QLD - Toowoomba	1.02	1.02	1.03	0.96	0.91	0.89	0.93	0.92	0.91	0.89
QLD - Townsville	1.15	1.16	1.19	1.08	1.04	1.02	1.03	1.04	1.04	1.03
QLD - Wide Bay	1.01	1.02	1.02	0.94	0.89	0.86	0.92	0.89	0.88	0.86

Location	Apartment			Villa / Duplex / Townhouse			House		Group home	
	1 bedroom 1 resident	2 bedrooms 1 resident	3 bedrooms 2 residents	1 resident	2 residents	3 residents	2 residents	3 residents	4 residents	5 residents
SA - Adelaide - Central and Hills	1.00	0.99	0.99	1.01	1.02	1.03	1.02	1.02	1.03	1.03
SA - Adelaide - North	1.03	1.03	1.03	0.99	0.96	0.94	0.97	0.96	0.96	0.94
SA - Adelaide - South	0.99	0.99	0.99	0.96	0.94	0.93	0.95	0.94	0.94	0.93
SA - Adelaide - West	0.99	0.99	0.99	0.99	0.99	0.99	1.00	0.99	0.99	0.99
SA - Barossa - Yorke - Mid North	1.02	1.02	1.03	0.94	0.89	0.86	0.92	0.90	0.88	0.86
SA - South Australia - Outback	1.15	1.15	1.18	1.06	1.01	0.99	1.01	1.01	1.01	0.99
SA - South Australia - South East	1.02	1.02	1.03	0.94	0.89	0.86	0.92	0.90	0.88	0.86
TAS - Hobart	1.00	1.00	1.00	0.94	0.90	0.88	0.93	0.91	0.90	0.88
TAS - Launceston and North East	1.08	1.09	1.10	1.01	0.95	0.93	0.97	0.96	0.95	0.93
TAS - South East	1.08	1.08	1.10	1.00	0.94	0.91	0.96	0.94	0.94	0.92
TAS - West and North West	1.08	1.09	1.10	1.00	0.95	0.92	0.96	0.95	0.94	0.93
VIC - Ballarat	1.04	1.05	1.06	0.98	0.93	0.91	0.95	0.94	0.93	0.91
VIC - Bendigo	1.05	1.05	1.06	0.98	0.93	0.91	0.95	0.94	0.93	0.91
VIC - Geelong	1.01	1.01	1.01	0.97	0.93	0.92	0.95	0.94	0.93	0.92
VIC - Hume	1.04	1.05	1.06	0.97	0.92	0.89	0.94	0.93	0.91	0.89
VIC - Latrobe - Gippsland	1.00	1.01	1.01	0.94	0.89	0.86	0.92	0.89	0.88	0.86
VIC - Melbourne - Inner	1.00	1.00	0.99	1.13	1.22	1.27	1.16	1.20	1.23	1.27
VIC - Melbourne - Inner East	0.99	0.99	0.98	1.06	1.11	1.14	1.08	1.10	1.12	1.14
VIC - Melbourne - Inner South	0.99	0.99	0.98	1.07	1.13	1.16	1.09	1.12	1.14	1.16
VIC - Melbourne - North East	0.97	0.97	0.97	0.96	0.94	0.94	0.96	0.95	0.94	0.94
VIC - Melbourne - North West	1.01	1.01	1.01	0.96	0.92	0.91	0.94	0.93	0.92	0.91
VIC - Melbourne - Outer East	0.97	0.97	0.96	0.94	0.91	0.90	0.93	0.92	0.91	0.90
VIC - Melbourne - South East	1.01	1.01	1.02	1.00	0.98	0.98	0.99	0.98	0.98	0.98
VIC - Melbourne - West	0.97	0.97	0.97	0.95	0.93	0.91	0.94	0.93	0.92	0.91
VIC - Mornington Peninsula	0.97	0.97	0.96	0.93	0.91	0.89	0.93	0.91	0.90	0.89
VIC - North West	1.04	1.05	1.06	0.96	0.90	0.88	0.93	0.91	0.90	0.88
VIC - Shepparton	1.04	1.05	1.06	0.97	0.92	0.89	0.94	0.92	0.91	0.89
VIC - Warrnambool and South West	1.04	1.05	1.06	0.97	0.92	0.89	0.94	0.93	0.92	0.90
WA - Bunbury	1.11	1.12	1.14	1.05	1.00	0.99	1.01	1.01	1.00	0.99
WA - Mandurah	1.07	1.07	1.08	1.01	0.97	0.96	0.98	0.98	0.97	0.96
WA - Perth - Inner	1.07	1.06	1.07	1.22	1.34	1.42	1.26	1.32	1.36	1.42
WA - Perth - North East	1.03	1.03	1.04	1.01	1.00	0.99	1.00	1.00	1.00	0.99
WA - Perth - North West	1.04	1.04	1.04	1.04	1.04	1.05	1.03	1.04	1.04	1.05

Location	Apartment			Villa / Duplex / Townhouse			House		Group home	
	1 bedroom 1 resident	2 bedrooms 1 resident	3 bedrooms 2 residents	1 resident	2 residents	3 residents	2 residents	3 residents	4 residents	5 residents
WA - Perth - South East	1.08	1.08	1.09	1.06	1.06	1.06	1.05	1.05	1.06	1.06
WA - Perth - South West	1.03	1.03	1.04	1.03	1.02	1.02	1.02	1.02	1.02	1.02
WA - Western Australia - Outback	1.20	1.21	1.24	1.12	1.07	1.05	1.06	1.06	1.07	1.06
WA - Western Australia - Wheat Belt	1.11	1.11	1.13	1.03	0.97	0.95	0.98	0.97	0.97	0.95