

NDIS Property FAQs

PURCHASING AN NDIS SDA PROPERTY

1. Can I purchase an NDIS property through a SMSF?

Yes you can, but only as a single contract. This would normally mean you would need to purchase the property in cash from your SMSF. Only single contract purchases can be purchased in a SMSF, not two-part contract purchases.

2. Is there anything special I need to do/setup when purchasing an NDIS SDA investment property?

A Family Trust is worth considering for holding this type of investment, especially due to its tax and distribution benefits, but we suggest you speak to your Accountant or Financial Advisor for advice to suit your needs. If you don't have an Accountant or Advisor that specializes in Trusts, then we have a Trust specialist that can assist you.

3. How long will it take to build an SDA home?

We allow around 6 months to build an NDIS SDA approved home. This would start from once plans are approved by Council. Your house will be financed as a construction loan with 5 drawdown stages under a fixed price building contract.

4. Are there any issues with getting finance for an NDIS SDA property?

Generally no, however there certainly are some challenges. Most of the lenders don't understand the NDIS SDA product and this can result in making the approval process a little longer and harder. We have seen valuations come back on the contract price and some come back over 20% below the purchase price. We believe this is because the valuers think we are building a house that looks like a hospital, and because they haven't seen our finished product. They are generally taking a super-conservative and somewhat naive approach. We believe this will change as they start to understand the product.

BUILDING WARRANTY

5. Is there a Builder's warranty for the property, if so, how long?

Yes, each home is offered a 6 year structural builder's warranty dated from practical completion. This warranty covers structural items and any faults of the original workmanship.

6. Is there a warranty for fixtures and fittings?

There is a 12 month maintenance period on the build so any maintenance issues or defects that come to light within this period are the responsibility of the builder to fix and repair, at no additional cost to you. Fixtures and fittings are covered by the manufacturer's warranty applicable to each item. Our homes are fitted with the Inalto care range products which carry a 5 year warranty on all applicable white good products fitted to the home such as the Oven, Cooktop, Dishwasher and Rangehood.

7. Once my home is completed, who looks after my property enrollment, sourcing a suitable Tenant and the ongoing Property Management?

SDA Management Australia (SDAMA) is a specialized property management firm and is an authorized NDIS Service Provider that works with Care Providers in assisting their NDIS clients to apply for and be placed in suitable SDA (Specialist Disability Accommodation).

There are 3 parts to SDAMA's service.

1. Enrollment – Once your home is completed, SDAMA work with the NDIS qualified Certifier to gather all required information to arrange for enrollment of your property with the NDIS. Once enrolled your property is certified as a SDA home.
2. Sourcing Tenants – Once your property purchase has gone unconditional, we then arrange for you to sign your Head Lease

Agreement with SDAMA. Once signed we can then start marketing your property. We work right through your build program with the intention of having the property occupied as soon as possible after the property is completed.

3. Property Management – Once a suitable Tenant is found, we then look after your ongoing Property Management This process starts as soon as the property has been registered with SDA and the commencement of the build,

8. Can I as an investor Lease out my property through a local, non-specialised Real Estate Agent? An NDIS SDA home must be managed by a property manager that is an authorized NDIS Service Provider. There are very strict practices that have to be adhered to when working with people in the disability sector and only an authorized service provider like SDA Management Australia (SDAMA), can manage your property.

9. How does the lease agreement work if I am leasing to people through SDA Management Australia?

With a non NDIS Home, you work with a Local Real Estate Agent to help find you a suitable tenant. You sign a lease management agreement with the Agent so they can then find a tenant and then sign a lease agreement with the Tenant on your behalf. With an NDIS property it is slightly different. SDAMA hold a Head Lease, which you sign with us. This then enables us to sublet the property to suitable SDA approved tenants.

10. Is there a Bond payable by the Tenant for an NDIS SDA Property?

Currently in QLD there is a bond payable when letting an NDIS SDA property, although Queensland has yet to incorporate specific legislation surrounding SDA with the RTA. With multiple tenants, at present, all are handled under a rooming accommodations agreement where all are charged separately per room and not as

part of a general tenancy arrangement. The bond fee is equivalent to four weeks rent for each participant per room (which is the participant contribution amount only, the NDIS payment is not factored for bond calculation).

11. At what stage is my property eligible for enrollment?

Under current NDIS SDA policy the enrollment application commences as soon as you have received the certificate of practical completion from your builder, and we are in receipt of required documentation.

As of 1st July 2021 an SDA dwelling is required to be certified by an Accredited Assessor at 2 stages:

- Design (provisional) certification, and
- Final-as-built certification (Mandatory for SDA enrolment)

Only authorized NDIS Service Providers can enrol a dwelling, as provider details must be recorded at the time of enrolment. All SDA dwellings must be enrolled with the NDIA before any SDA supports can be provided.

12. Who arranges which Tenants will be living in my home and how do I know they will be compatible?

SDAMA will deal with all of the Supported Independent Living providers (SIL's) direct, any opportunities will be presented to you for your consideration, so you don't need to deal with other organisations or companies directly at any time. The SIL's will be the ones to match together the tenants, which is the best way to handle the process as they will already know the clients they have on their books and their personalities and requirements to match them with an appropriate house, and appropriate co-tenant/s (e.g. younger people tend to want to live in larger groups, older participants would prefer to share with one other occupant).

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

Payments for an NDIS SDA property are paid through differently to that of a non NDIS property.

Your rental payments will be paid to you from SDAMA at the end of each calendar month. Each Tenant's payment is made up of **3 parts;**

- Fair rent contribution: (**25% of base disability supplement**) paid weekly/fortnightly by the participant (tenant)
- **100% Commonwealth Rent Assistance** paid fortnightly by the participant (tenant)
- **NDIS SDA Payment** (Refer to the NDIS SDA Schedule) paid in arrears (by Government) upon invoice by SDAMA.

14. What fees do I get charged by SDAMA?

There are 3 separate fees that are charged by SDAMA

1. Enrollment Fee – \$3,000 + GST

Paid at signing of the Head Lease Agreement, the enrollment fee covers administration costs and enrollment of your property with the NDIS. We work with a qualified Certifier to gather all required information and submit all required documentation for the enrollment of your property with the NDIS. Once enrolled your property is certified as an SDA home.

2. Tenant Sourcing Fee - \$5,000 + GST per Participant

An extensive amount of work is done by our Property Management Team, spending over 6 months working with local Service/SIL Providers and Carers to source you a suitable Tenant. SDAMA will then work with the Provider to register each Tenant with the NDIS as required for you to receive your NDIS payment. Payment for the Tenant sourcing fee is payable on successful placement of each tenant once their lease is signed.

3. Property Management – 10% + GST of the Annual Rental Income

Once a suitable Tenant is found, SDAMA will look after your ongoing Property Management. As an authorized NDIS Service Provider, SDAMA are the only authorized to claim your monthly rental income from the NDIS

Other Fees

Other advertising costs, photo's and marketing costs will also be charged if applicable.

15. Is the landlord responsible for furnishing the property?

It would be unlikely that a complete furniture package would be required, as most Tenants would have their own furniture for their bedrooms, but we would suggest there might be some furniture required for the shared spaces. Each home would have different requirements, but we believe an allowance of \$5,000 - \$10,000 for items like a fridge, washing machine, table and chairs and lounge, would be wise.

16. Who is responsible for maintenance and the associated costs?

It is generally considered that Tenant's will look after their own maintenance of the home, but it is suggested that a Landlord look after lawn mowing and basic garden maintenance. The Landlord is responsible for all other normal maintenance as per any other investment property. The Tenants would be responsible for damage caused to the property. As a authorized NDIS Service Provider we are required to effect repairs and maintenance immediately as required, and do so without owner approval. Due to the strict registration requirements NDIA service provider rates can be typically higher than non-NDIA services.

17. Who is responsible for utilities?

Under the Residential Tenancies & Rooming Accommodation Act, a tenant is not obliged to pay an amount for a utility service if the resident's room is not separately metered. It is therefore the owners responsibility to connect and maintain all utilities.

17. What's the estimated time to get tenants into my Property?

Unlike a non NDIS SDA style home, there are many factors at play when looking for and securing an NDIS SDA approved Tenant. Location of the Property, suitability of the style of property in that area, demand for that style of home with a suitable tenant and current Government "red tape" are just some of the factors that come into play.

SDAMA is committed to finding a suitable Tenant as soon as we possibly can. The process of looking for a Tenant starts before the build has even started. We work closely with Service Providers, most of which have Participants on file, but there can be many factors that can delay this process also, as they may not yet have SDA funding approval on their Care Plans, or they may need to move out of current accommodation which may take time to transition across.

There are still some challenges with the current NDIS structure and speed of delivery, but we are doing our best to push as hard as we can to get a tenant in every one of our homes.

Remember, if we don't get you a Tenant, we don't get paid either, so we all want to get a Tenant as soon as we can.

18. What is the length of a typical rental lease?

Accommodation Agreements will initially be for 12 months. However, according to NDIS Guidelines an NDIS tenant may end this Agreement at any time by giving 90 days' notice, but by all reports, most NDIS tenant's will stay in their SDA homes for many years, if not life.

19. What happens if I lose a Tenant?

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

20. Can you guarantee 100% occupancy?

Like any investment property, rentals are certainly not guaranteed, and neither is 100% occupancy. However, we have found that based on research undertaken, many disabled SDA residents want to "stay for life" when they are in appropriate accommodation, that is why we refer to these homes as their "Forever Home".

21. Whereabouts are your NDIS SDA Home located?

Currently we have NDIS SDA homes available throughout QLD. Our properties are spread between regional and more central areas due to the demand for disability housing in all areas of QLD.

We are taking a cautious approach to housing placement, fully aware that we don't want to see an oversupply of property in any area. Once we have placed tenants in our current supply of properties, we will then continue to work with Service and Care Providers, to hopefully create an ongoing balance between supply and demand.

22. Are these NDIS SDA Homes built to a Specific Standard and are there Different Levels of Build?

There are currently 4 Levels of NDIS SDA homes.

- Improved Livability
- Fully Accessible
- Robust
- High Physical Support

As at 1st July 2021 the NDIS will have it's own building standard of which we are now building our homes to comply with to keep way ahead of NDIS requirements. We are focused on providing a quality "Forever Home" that is compliant with all current NDIS SDA standards.

SDA Categories

Specialist Disability Accommodation has been broken up into four separate categories as follows as detailed within the requirements of the National Disability Insurance Scheme (NDIS)

Improved Livability

Dwellings under the SDA design category “Improved Livability” have been built or updated to incorporate a reasonable level of physical access and enhanced provision for people with sensory, intellectual or cognitive impairment.

The design must meet the minimum requirements of Livable Housing Australia Silver Level. Improved Livability SDA dwellings must also include one or more improved livability design features suitable for the resident’s needs which may include elements such as luminance contrasts, improved wayfinding or lines of sight.

Fully Accessible

Under the SDA design categories, “Fully Accessible” housing incorporates a high level of physical access provisions for people with significant functional impairment.

They must meet a minimum standard of Livable Housing Australia Platinum Level and include features for improved accessibility both inside and out. The external doors and outdoor private areas must be accessible by wheelchair and the bathroom vanity and hand basin should be accessible in either a seated or standing position.

There should be a power supply to doors and windows (blinds) for retrofit of automation as necessary, plus, you must also consider if the

kitchen sink, bench, cooktop and key appliances (oven, microwave, dishwasher, washing machine and dryer) should be accessible from a seated or standing position in order to meet resident's needs.

Robust

Under SDA design category requirements, "Robust" housing must incorporate a high level of physical access provisions and be built to Livable Housing Australia Silver Level.

It must also be very resilient, to minimise risk to the participant and the community and reduce the likelihood of reactive maintenance.

To achieve this, Robust dwellings make use of resilient but inconspicuous materials that can reduce the risk of injury and disturbances and cope with heavy use.

This includes secure windows, doors and external areas, high impact wall lining, fittings and fixtures such as blinds and door handles, soundproofing, and laminated glass.

The design should also include adequate space and safeguards to support the needs of residents with complex behaviors and provide areas of retreat for other residents and staff to avoid harm.

High Physical Support

Dwellings in the High Physical Support SDA design category feature a high level of physical access provisions for people with significant physical impairment who require very high levels of support. High Physical Support housing includes all the requirements listed in the Fully Accessible design category, plus, structural provisions for ceiling hoists and 950mm clear opening width doors to all habitable rooms. They are also assistive technology ready, have heating, cooling and household

communications technology and include emergency power solutions to cater for a minimum two-hour power outage if the welfare of residents is at risk.

Funding for High Physical Support SDA is available on new builds and existing stock. For compliance, all SDA dwellings must be designed and maintained to a standard that is consistent with the surrounding properties and neighborhood, must recognize the importance of outdoor areas and must be built on land that is an adequate size for the number of residents.