

A modern, bright living and dining room. In the foreground, a light-colored sofa with patterned cushions sits on a large, circular, blue and white patterned rug. A low, round coffee table with dark legs holds a small potted plant and a vase. In the background, a dining area features a wooden table with chairs, a kitchen island with stools, and a large window with blinds. The room has light wood flooring and recessed ceiling lights.

Building or buying your own **SDA**

July 2022

Housing Hub

Find the home that's right for you

Introduction

This guide is for people who already have Specialist Disability Accommodation (SDA) funding in their plan and want to own their SDA home, or for family members looking to provide a home for a loved one.

To learn more about SDA or find out how to get SDA funding in your NDIS plan, see the [Resources section of the Housing Hub website](#).



Image courtesy of Tom Butler

Where to start

SDA can be a way for people with disability to own their home. But there are quite a few hurdles to overcome, meaning that home ownership will only be possible for a small number of NDIS participants.

Could you use SDA funding to buy a home? Here are some things to think about up front:

- **Is SDA funding right for you?**

If SDA funding is reasonable and necessary for you, it will be put in your NDIS plan. You can learn more about the [SDA process here](#). If you have any questions about applying for SDA funding or how it works call the Housing Hub's SDA Advice Line on **1300 61 64 63** or email: hello@housinghub.org.au

- **Is your SDA funding enough for the loan repayments on the home you want to build or buy?**

The amount of SDA funding in your NDIS plan depends on the category of SDA you are funded for, the type of building and a number of other factors – for more info see the section called 'What level of SDA funding do you have?' You will need to ask the bank if it will be enough for your home loan repayments.

- **Do you have enough money saved for a deposit?**

SDA funding can be used to repay a loan on your SDA home, but the amount of money needed for a home loan deposit is a big hurdle for many people. See the section called 'Costs' for more info.

- **Can the home you want to build or buy be registered as SDA?**

The NDIS has strict design rules for SDA. Even if your home is right for you, if it doesn't meet the [SDA Design Rules](#), you can't use your SDA funding for it. For more info, see the section called 'Build, renovate or buy?'

- **Will you be your own SDA provider or will you get someone else?**

There is a lot of paperwork involved with being a registered SDA provider. Some people choose to manage this themselves, while others pay another person or organisation to do it for them. See the section called 'Becoming an SDA provider' for more info.

The process



Documents to read

SDA is a complicated area of the NDIS. There are several documents that you should read to get a good understanding of what SDA is and how it works. These are:

[SDA Pricing Arrangements and Price Limits \(previously called the SDA Price Guide\)](#)

[SDA Design Standards](#)

[SDA Rules](#)

What level of SDA funding do you have?

When you are approved for SDA funding, details about the SDA you have been funded for will be included in your NDIS plan. These things affect how much SDA funding you will get:

- **Building type** – apartment, villa/townhouse/duplex or house
- **Design category** – Improved Livability, Robust, Fully Accessible or High Physical Support (HPS)
- **On-site Overnight Assistance** (OOA)
- **Breakout room** (Robust design category only)
- **Location factor** – because a home costs more in central Sydney than in Albury, different SDA funding levels are set for different local government areas (LGAs) – listed in the [SDA Pricing Arrangements](#) document
- **Fire sprinkler allowance** – this allowance affects the SDA payments by the amount listed at the bottom of the Base Price tables in the SDA Pricing Arrangements document
- **Number of bedrooms**
- **Number of residents** – this is the number of participants the NDIS expects you to share your SDA home with. If you plan to live on your own, or share your home with a partner and/or kids rather than housemates, this number should be ‘1’.

Build, renovate or buy?

Any SDA home built after 1 April 2016 attracts the New Build prices as listed in Appendix B in the [SDA Pricing Arrangements document](#). It is possible to buy an older home and renovate it to the [SDA Design Standards](#), but the ‘minimum refurbishment costs’ (in Appendix F) must be met before being eligible for New Build payments. The minimum refurbishment costs are quite high (for example, over \$400k for a 2-resident, HPS house with OOA), so in many cases it will be cheaper to build rather than renovate.

It may be possible to renovate an older home to the SDA Design Standards for less than the minimum refurbishment costs and enrol it as Existing Stock (see Appendix C of the SDA Pricing Arrangements), but it is important to check with the NDIS and your bank first. Note that the SDA payments for Existing Stock are much lower than for New Build.

Any builder can build SDA – no special qualifications are required for builders to build SDA. But be careful when you select a builder, because attention to detail is required to make sure the home is built **exactly** to the [SDA Design Standards](#). Even small variations from standards might mean you can’t enrol the home as SDA. Consider using a builder who has experience building to Australian Standards ‘Design for Access and Mobility’ requirements (known as AS1428.1).

SDA payments will only be made once the property is enrolled as SDA and you move in. So if you plan to buy a block of land first and build your SDA home on it later, you will need enough money to buy the block before you start receiving SDA payments.

It is also possible to buy an existing SDA property but you will have to make sure it meets the SDA Design Standards if it is not already enrolled. You should have the property checked by an SDA assessor to make sure it meets the standards before buying.

Costs

Self providers of SDA are able to borrow money and use their SDA payments to repay the loan.

Currently Bank Australia seems to be the only large financial institution offering this option. There may be other private finance options, but they do not have well publicised lending criteria.

Bank Australia is conservative in its lending. It will only lend up to 80% of the value of a property. A minimum 20% deposit is required. Generally its SDA loans are expected to be serviced by the SDA funding, however other sources of income in some situations may be considered.

Bank Australia calculates the amount it will lend based on a loan-to-value ratio of 80% of the **value** of your finished home on the open market, not the cost. Stand alone SDA homes typically cost more to build than they are valued at, so an additional deposit is likely to be required. Apartments may not have the same discrepancies.

Here is an example:

- Land and build – actual cost: \$800k
- Bank valuation of the completed home: \$700k
- 80% loan on a \$700k valuation = \$560k
- Amount of deposit required to pay for the \$800k cost = \$240k
- Effective deposit required: 30%

A family member, friend or other person can provide some or all of your deposit. A deposit can be cash, or a mortgage over another property may satisfy the bank's security requirements. You need to discuss with the bank whether this will affect how much it will lend you.

SDA payments from the NDIS can sometimes be delayed, so it is recommended you have extra savings or other income sources to make sure loan repayments are always up-to-date. If there are delays in NDIS funding that would cause a loan to fall into arrears, Bank Australia has said it will work with the lender to find the best way to overcome this.

Co-ownership

Co-ownership means that more than 1 person owns the property. Usually co-ownership is worked out as a share of the property. For example, you may own half the property, and someone else (or an organisation) owns the other half.

Some organisations may consider becoming a co-owner of your SDA home and lending you the money for your share in the property. This arrangement may make home ownership more achievable, but make sure you understand how it works in the long term and get independent advice before you sign anything.

Tax treatment

First, a warning: This is general information, please see a tax specialist for advice specific to your circumstances.

SDA payments made directly to you as a registered provider, or through a third-party provider, should be tax-free like other payments received from the NDIS, and not count as income for Centrelink purposes.

It is possible for a family member, friend or other person to become the 'self provider' of your SDA home, but the SDA payments they receive would probably be considered income and they would have to pay tax on them.

SDA is also listed as a GST-free supply (please see [GST – free Supply \(National Disability Insurance Scheme Supports\) Determination 2021](#)), so SDA providers registered for GST can potentially claim back the GST paid on the build cost. (Note: You must be the registered SDA provider to claim GST back.)

The Australian Tax Office (ATO) has said the SDA benefit the taxpayer receives (and is entitled to as a participant with an approved plan) is exempt from tax if the taxpayer is also the provider. But the ATO has said that an income tax return still needs to be lodged against the ABN number, even if the income received against it is tax free.

Ongoing costs

When working out if you can afford to build or buy your own SDA, you should factor in the ongoing costs of owning your home. These include:

- Council rates
- Utilities – water, power, gas, phone, internet
- Insurance

If the SDA payments you receive as the provider of your SDA are more than the repayments on your home loan, you can use the extra money as you choose. But the funding you get in your NDIS plan for supports cannot usually be used for day-to-day living costs such as utilities.



Image courtesy of Tom Butler

Becoming an NDIS provider

People who own their SDA home are known by the NDIS as 'self providers'. To be a self provider you need to register with the NDIS Quality and Safeguards Commission (NDIS Commission) and become a registered NDIS provider. This is a complicated process and there are no special allowances made for self providers – you have to go through the same process as large organisations.

You need to have a set of policies and procedures that address the SDA module in the [NDIS Practice Standards](#) (Module 5 – you don't need to address the other modules). You can buy a set of policies and procedures from businesses that specialise in provider registrations or you can create your own. Buying these documents may cost you between \$1,000 and \$3,000.

You can apply online to become an NDIS provider through the [NDIS Commission website](#). You have to complete 'self-assessment' questions, which outline how your policies and procedures address the 5 Practice Standards that apply to SDA registration:

- [Rights and responsibilities](#)
- [Conflict of interest](#)
- [Service agreements with participants](#)
- [Enrolment of SDA properties](#)
- [Tenancy management](#)

Audit

To be an NDIS provider, you will have to participate in a regular NDIS audit process. The NDIS Commission has developed a process to follow, but it can be complex and time consuming, particularly for self providers.

After submitting your NDIS provider application, you will receive a 'Scope of Audit' from the NDIS Commission. This is a document you need to pass on to auditors so they can give you a quote for your NDIS audit.

You can only use an auditor that is on the [approved list by the NDIS Commission](#). Once engaged, the auditor will conduct a 'certification' audit (the more involved of the 2 audit types, the other being a 'verification' audit). Audits cost around \$5,000 and SDA providers need to do 1 every 3 years. All other NDIS providers have to do an 18-month 'mid-term audit', but this is not required if you are only registered for SDA.

If you pass the audit, your auditor will send their paperwork to the NDIS Commission recommending registration (or, for audits after your first renewal).

Hearing back from the NDIS Commission can be slow, with wait times reported to be around 6 months. If you have gone through your options and decided to become a self provider, do your registration early to avoid delays in receiving your SDA payments.

The Summer Foundation has an online training resource called [Welcome Home](#), which is a package of information to help SDA providers understand their requirements and responsibilities. Going through the resource is a good way to prepare for the registration audit, as it highlights how providing SDA is different from normal housing. It applies to self providers because you have to have policies and procedures as if you were providing SDA homes to other participants.

Outsourcing provider registration

An alternative to registering as your own SDA provider is to outsource this to a 'third party' – a person or organisation who will do this for you. The third party can enrol your SDA home with the NDIS on your behalf, as long as they have your written permission to do so.

The third party SDA provider will typically take a percentage of the monthly SDA payment as a fee and pass on the rest to you. The fee charged by a third party SDA provider might be between 5% and 20%. Different providers may offer different levels of service for your provider registration. It is important to make sure services meet the NDIS Commission standards.

Some people may want to outsource to a third party SDA provider at first, take their time doing the paperwork to become an NDIS provider, then become a self provider once everything is complete. You would need to make sure that any agreement you sign with the third party SDA provider takes this into account.

Conflict of interest

Being a self provider of SDA means that the person providing the housing (you) is the same person who is receiving the housing (you). It has been clarified by the NDIS Commission that this is **not** a conflict of interest. If someone tries to tell you otherwise, they are mistaken.

SDA assessment and enrolment

To be enrolled as SDA with the NDIS, your home needs to be assessed by an SDA assessor who is accredited by the Access Institute. Homes are first given a 'provisional' assessment at the design stage, to make sure all the plans meet the [SDA Design Standards](#), then again at the end in what is called a 'final-as-built' assessment.

A list of accredited SDA assessors is on the [Livable Housing Australia website](#).

After both assessments the assessor emails the Certificate of SDA Category Compliance, SDA Assessment checklist and SDA Assessment Summary Form to the NDIA via the SDA email address: sdaenrolment@ndis.gov.au

The SDA Design Standards are very strict. There is no 'wiggle room' in the required minimum dimensions and measurements – even if that means self providers have to have designs and features that don't meet their specific disability requirements.

After the assessment is passed your home can be enrolled as SDA through the 'my NDIS provider portal' (also known as Provider Digital Access, or PRODA). The process for enrolment can be found on the NDIS website [here](#).

Claiming SDA payments

Once your home is enrolled as SDA you need to ask the NDIS for SDA to be implemented in your plan. The NDIS calculates what the SDA funding value will be and allocates that amount to your plan. It then creates a service booking and every month you can log into your provider portal and make a claim for the SDA payment. The SDA payment will be deposited into your nominated bank account.

SDA payments on New Build SDA homes are paid for 20 years from enrolment with the NDIS – but only while someone with SDA funding in their NDIS plan is living in the home. After 20 years the SDA payments revert to the Existing Stock rates.



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hello@housinghub.org.au

www.housinghub.org.au

The Housing Hub is an initiative of the Summer Foundation.

Summer Foundation Ltd

ABN 90 117 719 516

PO Box 208

Blackburn 3180

VIC Australia

Telephone: +613 9894 7006

Fax: +613 8456 6325

info@summerfoundation.org.au

www.summerfoundation.org.au



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