



POSITIVE INCOME P R O P E R T I E S



NDIS PROPERTY FAQ'S

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FOR MORE INFORMATION, CONTACT
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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 other benefits, but we suggest you speak to your Accountant or Financial Advisor for advice to suit your needs.

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 from Council.

Your house will be built 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 still don't understand the 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 the finished product (home) being built, they are taking a super-conservative and somewhat naive approach. We believe this will change as they start to understand the product.



BUILDING WARRANTY

4. 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.

5. 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 e.g. Oven and cooktop.

WHO MANAGES THE TENANTS

6. Who finds suitable tenants for each property?

SDA Manage Australia (SDAMA) is a specialised property management firm that works with NDIS Service Providers in assisting their NDIS clients to apply for and be placed in suitable Specialist Disability Accommodation.

This process starts as soon as the property has been registered with SDA and the commencement of the build, with the intention of having the property occupied as soon as possible after the property is completed.

NDIS SDA MANAGEMENT, ENROLLMENT & PAYMENTS

7. Can I as an investor Lease out my property through a local, non-specialise Real Estate Agent?

An NDIS SDA home must be managed by a property manager that is registered service provider under the NDIS. There are very strict practices that have to be adhered to when working with people in the disability sector and only an authorised service provider like SDA Management Australia (SDAMA), can manage your property.

8. 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.

9. 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 single lease 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).

10. 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.

New policies are being introduced throughout the year and we will hopefully see the introduction of pre certification of SDA dwellings. (This is a pre enrollment approval pending completion of your build as per requirements of relevant codes and NDIS SDA requirements).

11. 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 SIL providers direct, any opportunities will be presented to you for your consideration, so you don't need to deal with organisation or company 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).

12. 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 fortnightly by the participant (tenant) via their pension
- 100% Commonwealth Rent Assistance paid fortnightly by the participant (tenant) via their pension
- NDIS SDA Payment (Refer to the NDIS SDA Schedule) paid quarterly in arrears (by Government)

13. What are the actual ongoing management costs associated with a NDIS property in full?

SDAMA's ongoing management fee is 10% + GST (11%) of the gross rental income. Any other property related expenses will be payable by the Landlord as detailed in the Head Lease Agreement.

RESPONSIBILITIES OF THE LANDLORD AND THE TENANT

14. 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.

15. 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.

16. Who is responsible for utilities?

The Tenants, but it is advised that Landlord's connect utilities such as NBN, electricity and phone connections in their own name and bill the ongoing costs back to the Tenant's, as it will be hard to get connections made to the home with 3 separate Tenant's.

FINDING AND RETAINING TENANTS

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 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.

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

Initial leases will be for 12 - 24 months where possible, but once locked in, most Tenant's will stay for many years to come.

19. 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".

20. 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.

LOCATIONS OF NDIS PROPERTIES

21. Where about are your NDIS SDA Home located?

Currently we have NDIS SDA homes available through 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 providers, to hopefully create an ongoing balance between supply and demand.

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 Liveability - LHA Silver Level
- Fully Accessible - LHA Platinum Level
- Robust - LHA Silver Level
- High Physical Support -

Currently NDIS SDA Homes have no official building standard, but to make sure we are providing a quality home, compliant with current NDIS SDA our NDIS homes are built to LHA (Livable Housing Australia) 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 Liveability: Dwellings under the SDA design category "Improved Liveability" 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 Liveability SDA dwellings must also include one or more improved liveability 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.

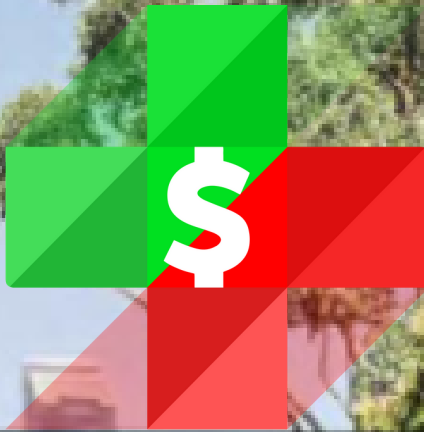
The design should also include adequate space and safeguards to support the needs of residents with complex behaviours and provide areas of retreat for other residents and staff to avoid harm.

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 neighbourhood, must recognise the importance of outdoor areas and must be built on land that is an adequate size for the number of residents.



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**CONTACT US TODAY IF
YOU HAVE QUESTIONS**

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