



Specialist  
Disability  
Accommodation  
Alliance

# Position statement

## Investing in Specialist Disability Accommodation

A thriving and ethical specialist disability accommodation (SDA) market lies at the heart of delivering contemporary, well-designed housing for people with disability.

Investing in SDA is an opportunity to make a significant impact on the lives of Australians nationwide. As the sector is complex and nuanced, it demands that investors possess specialist SDA knowledge. Investment decisions need to be driven by a relentless commitment to ethics, participant safety and a sound understanding of the market including the associated risks.

### The issues

Poor practices in the SDA sector can disrupt the market and have a devastating impact on people with disability. Outlined below are some of the issues negatively impacting the market – some of which are highlighted in the Australian Competition and Consumer Commission's (ACCC) [NDIS Report](#).

#### Deceptive investment advertising

- Claims of inflated and unrealistic investment returns exist within the SDA market.
- Promotional material containing misleading or deceptive representations exist within the sector. This includes some market players making statements such as 'guaranteed income from the NDIS' and placing the NDIS logo inappropriately on marketing materials. Such misleading advertising may lead potential investors to misunderstand the extent of government funding and/or the risks involved in the investment.

## Risk of investment failure – impact on participants

- The consequences of a failed SDA investment can be devastating on participants. This can include an individual losing a home which was intended to provide them with long-term housing security. The latter can occur in the event an investor suffers financial loss and needs to withdraw the property from the market.
- Retail investors taking direct ownership of SDA (outside of a regulated Fund environment) are more prone to suffering losses and failed investments in the SDA market as they are generally less able to conduct meaningful due diligence, access quality providers (generally contracted by institutional funds) or mitigate risks through diversification or other strategies. Inexperienced investors are also at higher risk of being misled by property spruikers and less adept at navigating the complexity of the SDA market.
- The SDA Alliance believes that investment in SDA should be undertaken through well managed entities, including institutional funds or other sophisticated investors. These investors have the processes and systems to manage risk, diversify exposure, navigate changing environments and withstand market fluctuations. This provides both participants and investors with greater protections.

## Recommendations

In light of the above, the SDA Alliance recommends:

1. Retail investors are discouraged from direct investment in SDA properties given the potential risks and adverse outcomes for people with disability when such investments fail. To protect participants, investment in SDA ought to be undertaken by sophisticated investors that possess the expertise to analyse and understand the market and the ability to scale to reduce risk.
2. The NDIA adopts a strong market stewardship role which includes (but is not limited to): building and maintaining market confidence, setting stable rules to enable all stakeholders to make long-term decisions and collaborating with stakeholders (including participants) to ensure the delivery of best practice SDA.
3. A strategic, data-driven approach is adopted to direct investment where it has the greatest benefits for participants and the National Disability Insurance Scheme (NDIS). To this end, the NDIA must provide reliable data and guidance to the market to inform investment decisions and ensure that capital is efficiently applied to the right type and location of housing so that quality homes are delivered for participants in areas they wish to live.
4. Appropriate government regulators, including the ACCC, NDIS Commission, the NDIA and the Australian Securities and Investments Commission (ASIC), are sufficiently resourced to investigate inappropriate conduct and harmful practices and take enforcement action to the full extent of their powers. Such poor practices include (but are not limited to): false or misleading promotion of SDA investment, fraud and breach of the NDIS Code of Conduct.



## About the SDA Alliance

The SDA Alliance is a national peak body representing the best-practice SDA sector. Our members include SDA providers, institutional investors, developers, builders, financial institutions, allied health professionals and industry consultants. Our members make a significant impact on the lives of people with disability – by providing housing that is modern, innovative and designed to serve the needs of SDA residents.

With 73 members Australia-wide, together we:

- Represent approximately \$4.2 billion of total development costs for SDA projects
- Have delivered over 3375 homes with a further 890 under development
- Will provide housing to 6031 people with disability

The SDA Alliance is driven by three principles: collaboration, participant choice and control and excellence & innovation. The voices of people with disability will always guide our work and influence our strategies. By engaging with governments and other key stakeholders, we seek to improve standards and regulations and promote the provision of excellence in SDA.

