



Community Housing
INDUSTRY ASSOCIATION

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CHIA Submission

**Consultation Regulatory Impact
Statement (RIS): Proposal to
include minimum accessibility
standards for housing in the NCC**

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Summary

CHIA is the peak body representing not -for-profit community housing organisations (CHOs) across Australia. Our 170+ members manage a \$40 billion-plus portfolio of more than 100,000 homes, housing people on low incomes, disadvantaged in accessing suitable accommodation in the private market.

The Community Housing Industry Association (CHIA) welcomes the opportunity to make a submission to the Australian Building Codes Board (ABCB) RIS Consultation. We fully support the RIS objective to ensure that new housing is designed to meet the needs of the community including older Australians and others with mobility limitations. We take an inclusive approach when considering who would benefit from more accessible housing, by recognising that households not including an older person or a person with disability may also benefit from these features. This could occur when a household member has a ‘temporary ‘condition’; through enabling a person with mobility difficulties to visit and / or stay; or in accommodating future household needs in situ – thus avoiding a costly move.

Accessible housing’s benefits also extend well beyond the disability community and older people. Families with young children would benefit from being able manoeuvre strollers around and level floors mean less trip hazards for toddlers. Everyone including removalists would benefit from wider doorways that make access easier.

CHIA’s members are focused on providing housing to lower income households. Our position is therefore informed by the importance of ensuring that we do not compromise our ability to deliver much needed social and affordable housing. We also recognise that there are a certain building sites and house types where achieving high accessibility standards may be cost prohibitive. Rather than cite such (limited) examples as a reason for wholesale rejection of mandatory standards, our preferred approach would be to accept such standards, subject to provision for exceptions in certain defined circumstances.

For the purpose of informing this submission, CHIA conducted a survey of member organisations with significant housing development experience. This enabled us to gauge expert practitioner views on the merits of a mandatory accessibility standard and the possible impacts of such a measure. Thus, our recommendations are as follows:

- There should be a mandatory access standard. While the Livable Housing Design Guidelines (LHDG) were laudable in intent, they have not led to widespread development industry adoption of even the lowest silver level. The RIS offers scant evidence that there are enhancements to self-regulation that would boost LHDG take up.
- Silver standard as currently set out in the paper (option 1) should become the initial mandatory standard. We do not support the proposals to water down the silver standard requirements as outlined in the proposed NCC. Our members indicate that the costs of silver standard provision as currently configured are manageable, and that inclusion of silver standard design features delivers significant benefits. While we recognise that the silver standard does not allow for full accessibility, we believe that further engagement is required before a decision is taken on whether and if so when and how a more demanding standard should be introduced
- We would therefore welcome further engagement on:
 - Option 5 (a subsidy program to encourage additional availability of accessible rental properties Specifically, the scope to support rental homes built to an enhanced standard (above silver) through a subsidy process to not-for-profit providers. These homes to be targeted at households in the lowest two income quintiles. This proposal is not based on the notion that accessible housing is a ‘welfare’ product. However, people with disability are disproportionately represented among disadvantaged households in the lower income cohort unable to access market housing, nor able to afford expensive adaptations. Our sector (and public housing) is providing homes to many people who would benefit from more accessible housing.
 - Establishing a forum to determine how the mandatory standard could be further enhanced in the next update of the NCC. Standard building design and new technology should evolve to make enhancements more cost effective. This process should also build in findings from the current royal commissions into Aged Care Quality and Safety and Violence, Abuse, Neglect and Exploitation of People with Disability.

We also note there may be scope for state/territory planning regulations to require minimum proportions of accessible housing, specify accessibility features etc. These may enable achievement of a higher standard of accessibility beyond the NCC requirements. Given the difficulty in ensuring consistency of approach across Australia we do not advocate reliance on the planning system as an alternative to a mandatory minimum standard. Using the National Cabinet process to explore a consistency of approach to using planning mechanisms to support higher standards of accessibility should be explored.

CHIA lacks the resources necessary to critique the RIS. We note that the authors acknowledge that they were unable to draw on much qualitative material, particularly feedback from individuals who have benefited from moving to housing with higher accessibility standards. **CHIA is able to assist in facilitating feedback from community housing tenants.**

For CHIA it has also been informative to read and note other commentary on the RIS and the approach taken, notably Dalton, A., & Carter, R. *Economic advice prepared to assist with responses to the Consultation Regulation Impact Statement on minimum accessibility standards for housing in the National*

Construction Code.¹ This commentary suggests that the findings in the RIS Executive Summary (for many, the only part of the documentation that will be read) may not be robust. For example, In the words of the Australian Office of Best Practice Regulation in 2016, "...the preferred approach is to base the discount rate on market-based interest rates, which indicate the value to the current population of future net benefits". In this context the 7% rate used in the RIS seems excessive. Dalton and Carter conclude that both option 1 and option 5 deliver significant overall benefits if a 4% discount rate is adopted.

Context

CHIA is the peak body representing not for profit community housing organisations (CHOs) across Australia. The industry provides one in four of Australia's social rental properties, complementing public housing. CHOs manage a \$40 billion-plus portfolio of more than 100,000 homes, housing people on low incomes disadvantaged in accessing suitable accommodation in the private market. Our 170-plus CHO members include the largest (managing over 10,000 dwellings) to those with less than 100 homes. Our members provide a diverse range of housing for Aboriginal people, people with disabilities and the formerly homeless. In recent years allocations to community housing tenancies have predominantly been to households classified as 'priority need'². At least 30% of community housing households include at least one person with a disability. Just over a quarter of households include a person aged 65 or older. There will be some overlap between the two categories.³

CHIA's short submission focuses on matters on which we are able to provide informed input. It relies mainly on survey of our members about their experience in developing homes to accessible standards – primarily silver. The survey is attached at appendix A. Responses were received from ten CHOs operating in most parts of Australia, and who have significant housing development experience.

CHIA has also participated in meetings with the Australian Network of Universal Housing Design (ANUHD) and, while our recommendation for a mandatory silver standard (potentially in conjunction with option 5) differs from their proposals, we share many of the concerns they have raised. Where we have been more cautious it has been because of a concern to avoid compromising the overall numbers of social and affordable homes we can deliver.

The development of new social and affordable housing requires government subsidy to make it stack up. Put simply, revenue from rents set at levels affordable to low income Australians is insufficient to cover both the ongoing operating costs – management and maintenance – and development loan repayment associated with land acquisition and construction costs. This is commonly described as the development projects 'funding gap'. The Affordable Housing Working Group set up by the Prime Minister when he held the position of Treasurer, explains the position well in its last report⁴.

The subsidy required to fill the funding gap will vary depending on the location and type of housing concerned⁵. In general, variations in the unit cost of development are mainly attributable to the varying cost of land; construction costs vary less across the country. In an environment where subsidy is in short supply, CHOs need to build high quality dwellings but also ensure costs are kept to a minimum and that we maximise the numbers of dwellings constructed. Any requirements that significantly increase dwelling footprint (essentially the amount of land it takes up) will incur an opportunity cost. This is not to deny the desirability of building to higher accessible standards (gold and above), but simply to point out that in

enabling that outcome without compromising project feasibility, additional government investment (a higher level of subsidy per unit) will be required.

The RIS suggests that ‘there are a significant number of policies in place to either subsidise, directly provide or encourage private provision of housing that meets the needs of people with disability and older people’ and goes on to specify ‘provision of accessible social and community housing’. This statement is somewhat misleading as existing development funding programs fall far short of enabling the expansion of social and affordable housing commensurate with population growth, let alone sufficient to address Australia’s chronic affordable housing shortage. In other recent submissions to the Commonwealth Government we have argued for national leadership in investing in more social and affordable housing, structured to incentivise state/territory government co-contributions. Some key facts from those submissions are noted below:

- As revealed in the latest official figures (2016) 116,000 Australians are homeless on any given night. Moreover, especially in capital cities, the past decade has seen homelessness rising far ahead of general population growth⁶.
- More than half of the low-income households in rental housing – some 1.3 million people – face housing costs exceeding 30% of their income, leaving them without enough remaining funds for basic essentials like food and clothing⁷.
- In 2016, there was a national shortfall of over 650,000 homes affordable to households in the bottom two income quintiles. Accounting for projected household growth to 2036 more than 1 million additional homes will be needed to meet the needs of these lower income households over the next 20 years⁸.
- No reliable figures exist on the additional new social and affordable homes currently planned for construction over the next few years, but even on optimistic assumptions this is highly unlikely to exceed 10% of what is required. Factoring in the loss of affordable homes through both the expiry of incentives awarded under the National Rental Affordability Scheme (NRAS) and other time limited schemes, as well as continued public housing sales and demolitions, the net increase in social and affordable homes is likely to be barely above zero. Unless there is a change of course by Australian governments, social and affordable housing provision per capita will continue to contract, just as it has for most of the past 25 years.

People with disability are amongst those who would benefit if more social and affordable housing was built. For example, in *NDIS, housing assistance and choice and control for people with disability*⁹ the authors noted that ‘there is an estimated unmet need in affordable housing for between 83,000–122,000 NDIS participants at full rollout of the scheme in 2019’.

There are, on the other hand, major opportunities that will flow from tackling housing unaffordability through re-starting social rental housing investment. Traditionally, housing developed and managed by CHIA members has been valued for meeting social needs by providing safe, secure and affordable homes to vulnerable and low waged households who cannot access suitable market housing. More recently, research evidence has demonstrated that government investment in social housing (and, where necessary, floating support services) can produce net financial gains in terms of overall cost to government.¹⁰ Increasingly, the

broader economic outcomes that flow from our work are being recognised, notably the positive impact on human capital and hence economic productivity¹¹. These benefits should be recognised in the assessment of Option 5.

If social and affordable housing was properly funded there is considerable scope to ensure that accessibility standards are elevated. Until we reach this position CHIA believes that the mandatory standard should start at Silver.

CHIA Members' Experience in Delivering Accessible Homes

In this section we have summarised the findings from the survey conducted with members. The results primarily speak to the questions in the consultation on the costs (but also some benefits) associated with providing accessible housing. The survey has informed our recommendations. In summary the findings showed that:

- All but two of the CHOs have incorporated silver standard into their design guidelines and / or already routinely construct all housing to at least the silver standard. One of the CHOs that did not routinely build to silver standard noted that the costs associated with meeting silver were not material.
- While most (but not all) CHOs acknowledge building to silver standard increases overall development costs (both land and construction) these additional expenses are not prohibitive and are compensated for by the benefits to tenants.
- The extent of additional cost for achieving silver standard varies by site and house type. The most common features cited were achieving level access at entry, reinforcement of bathroom walls and the 'opportunity cost' arising from larger dwelling footprints
- Most CHOs had built homes to gold standard. Typically, government contracts require a proportion of homes to meet gold standard. The main additional costs to achieve gold was cited as the requirement to provide a covered car park and the 'opportunity' cost with respect to the associated additional land requirements.
- There is a general recognition that greater accessibility has benefits for most residents the sector houses. Most CHOs also noted that building to silver would reduce the cost of adaptations in future. Clearly, this will depend on the degree of adaptation required.

CHOs had generally embraced building to silver standard as conforming to their mission and were clear about the resulting benefits. *'LHA design guideline Silver was adopted by a SA CHO (in 2017) as the minimum standard for all new builds. This gave a greater ability to have stock designed to suit people with moderate impairment or disability and could be modified to suit individual needs with less fit out cost for the future with the added benefit of allowing ease of modifications for tenants to age in place. Other reasons given for building to silver included 'contract requirements', that 'a large proportion of social housing tenants have physical impairments' (i.e. disability and ageing related mobility changes), and our current housing stock increasingly required costly modifications to meet the needs of residents.'* And

'ensuring assets are constructed appropriately, meet the needs of our tenants and include robust fixtures and fittings ensures sustainability of investment.'

One CHO operating mainly in NSW had gone a step further and were using the Specialist Disability Accommodation (SDA) improved Livability standard where topography allowed. 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.¹²

When it came to the additional costs associated with achieving silver standard, there was agreement that site topography influenced resulting additional construction costs. One CHO noted that *'some features are likely to always remain costly; this will likely include items such as provision of a safe, step-free access to the dwelling entrance. This is largely dependent on site selection (i.e. sloping site) and in some cases it will result in increased construction/landscaping costs; though it is not particularly relevant for (CHO operating across Australia), as our site selection processes would eliminate unfeasible sites from acquisition/redevelopment.* That said, CHOs are on occasion required to develop on sites they have not selected. Ensuring that a mandatory standard makes provision for exemptions for those sites which cannot easily accommodate certain features, will be necessary.

Most CHOs were cognisant about the opportunity cost from increased spatial requirements, noting that the scope to alter layouts is more constrained for social and affordable housing where extras features often included in market products such as studies, en suite bathroom etc are not provided. One national CHO explained the issue as follows *'One of the more difficult factors to quantify relates to spatial requirements and their impact on site yield. Even at the Silver level there are spatial requirements relating to hall widths, door widths, doorway circulation and toilet circulation. These factors can [expand] the overall dwelling footprint, which in some cases might impact on overall site yield (number of dwellings for the development); this becomes more of an issue at LHA gold and platinum'.*

Two CHOs made an assessment of the typical additional costs associated with meeting silver standard, noting that these will vary by site. A QLD CHO developing mainly units (as opposed to houses) had estimated that the cost (including the opportunity cost) was roughly \$6,000 per dwelling – somewhat less than 2% of average total dwelling costs. An ACT-based CHO arrived at a similar amount, allowing for the following:

- Wider doors- Additional cost approx. \$400
- Reinforcement of the Bath & Toilet walls – Additional cost \$500
- Bigger toilets & baths (increased covered area) – \$1,500
- Wider hallways (increased covered area)- \$3,000

On top of the additional site and construction costs one CHO noted that additional charges of circa \$1,500 were incurred for design and certification.

Most CHOs expected that there would be a reduction in some construction costs if features became mandatory and were accommodated within builders' standard designs. Two noted that they used builders who were able to accommodate silver fixtures as standard.

Most responding CHOs also had experience of building to Gold standard. The overwhelming majority were not convinced that all new housing needed to be built to this standard, while at the same time being

supportive of encouraging more homes accessible to people using wheelchairs. Two CHOs also noted that Gold was perhaps out of date. One noted that *'this (Gold) has generally been overridden by LHA SDA High Physical Support or Robust'* and another that the organisation *'constructs a proportion of all apartments to fully adaptable standard (AS1428)'*. The additional costs associated with building to Gold were estimated by one provider - with the increase being explained by the need for *'Additional circulation spaces, some custom joinery, additional treatment to levels – our calculation is \$27 000 per unit over and above a standard unit development.'* Clearly, additional costs on this scale would compromise site yields and potential project feasibility if all dwellings needed to meet the standard and no additional subsidy was provided.

Two CHOs thought many features of LHA gold could be accommodated with reasonable ease, provided those features have been designed into the development from the outset. They identified two potential difficulties, the first of which relates back to the social and affordable housing funding model noted earlier: *'the increased spatial requirements, which lead to increased dwelling size, and potentially reduce the yield for many developments. In some cases, the potential reduction in site yield could impact on the financial feasibility of the project'*. The second issue concerned *'turnkey opportunities, such as acquisition of dwellings from a volume home builder. In this instance, the volume builder has their standard home designs and we have had limited/no involvement in project inception/design; this is more problematic, and costly as it involves working with the builder/developer to modify an existing design to achieve LHA compliance'*.

One CHO with considerable experience developing disability housing provided a high level assessment of the features did summarise their views on the features in the LHA Guidelines that would involve additional cost. While not considering the issue of site yields the views are reasonably consistent with most other respondents. It is attached at Appendix 2.

CHOs were also asked about whether improvements in technology had or might lead to some features in the Liveable Housing Guidelines becoming less important. This had not been widely considered but is worthy of consideration as part of reviewing whether a mandatory silver standard can be improved upon.

References

¹ Dalton, A., & Carter, R. (2020). *Economic advice prepared to assist with responses to the Consultation Regulation Impact Statement on minimum accessibility standards for housing in the National Construction Code*. Retrieved from Melbourne:

https://disability.unimelb.edu.au/__data/assets/pdf_file/0010/3469492/DaltonCarter-Economic-Report-v9-18.08.2020.pdf

²Report on Government Services 2020. Note that figures for 2018/19 were distorted by NSW where tenancies transferred to community housing providers were classified as new allocations. In the previous three years allocations to priority need households ran at over 80% - higher than for public housing.

³ <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2020/data>

⁴ <https://treasury.gov.au/sites/default/files/2019-03/170921-AHWG-final-for-publication.pdf>

⁵ Troy L, van den Nouwelant R, Randolph W (2018) Filling the Gap - Estimating need and costs of social and affordable housing delivery http://communityhousing.org.au/wp-content/uploads/2019/03/Modelling_costs_of_housing_provision_FINAL.pdf

⁶ Australian Bureau of Statistics 2018, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/2049.0>

⁷ Productivity Commission (2019) Vulnerable Private Renters: Evidence and Options <https://www.pc.gov.au/research/completed/renters/private-renters.pdf>

⁸ Troy L, van den Nouwelant R, Randolph W (2018) Filling the Gap - Estimating need and costs of social and affordable housing delivery http://communityhousing.org.au/wp-content/uploads/2019/03/Modelling_costs_of_housing_provision_FINAL.pdf

⁹ Wiesel, I., Habibis, D. (2015) *NDIS, housing assistance and choice and control for people with disability*, AHURI Final Report No. 258, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/258>.

¹⁰ Nygaard, C (2019) Social and Affordable Housing as Infrastructure <https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x33467>

¹¹ Maclennan, D. with Randolph, B., Crommelin L., Witte, E., Klestov, P., Scealy, B. and Brown, S. (2019) Strengthening Economic Cases for Housing Policies [Internet], City Futures Research Report. Sydney: UNSW https://cityfutures.be.unsw.edu.au/documents/515/Full_Report_Final_edited_logos.pdf

¹² <https://www.ndis.gov.au/providers/housing-and-living-supports-and-services/housing/specialist-disability-accommodation/sda-design-standard> UWQ