

7th June 2016

The Secretary,
Legal and Social Issues Committee,
Parliament House, Spring Street,
East Melbourne Vic 3002.

Enquiry into Retirement Housing Sector

Dear Sir,

My wife and I are retirees living in a Retirement Village in Greensborough. We are happy to say that we have no major issues with the owners of the Village, Villa Maria Catholic Homes.

The very high rates that Nillumbik Shire are legally able to charge us are unjust. One major reason for this anomaly is that the Capital Improved Value (CIV) of our property is based on the incoming "price", which in our case was a licence fee.

No account is taken of the value of the 'services and retirement facilities' that represent a premium on-cost within the licence fee, and which should be excluded in the 'freehold' (property) valuation. We suggest this to be as much as 30%. These services/facilities include the use of a Community Centre, security within a gated village, attendance of an on-site manager, enjoyment of community.

Our unit is a small 3 bedroom house on a very small block of land, which if it was located outside the perimeter of our gated village, would have a CIV substantially less than that attributed to it.

We submit that the basis of valuation for rating purposes, of units in retirement villages is flawed and that there needs to be a reduction in the currently applied CIV of at least 30%.

Yours Faithfully

Trevor and Lyn Corcoran

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9th June 2016

The Secretary,
Legal and Social Issues Committee,
Parliament House, Spring Street,
East Melbourne Vic 3002.

Enquiry into Retirement Housing Sector

Dear Sir,

My wife and I are retirees living in a Retirement Village in Greensborough.

In 2012 we lodged an objection to the valuation of our unit, and thus our rate assessment, with the Nillumbik Shire. We claimed that they were in error and hence unfair.

We maintained that the Capital Improved Value of our unit should not be based on the incoming "fee" we had to pay to secure our unit in the village because this "fee" contained a significant premium for the services and facilities made available to us.

The *Specialist Property Guidelines for Aged Care and Private Health Care Facilities* (August 2011, page 15), provides that:

The following are general considerations in determining the market value of retirement village units:

-There is an additional contract with regard to the provision of services and retirement facilities. This is not to be included in the freehold as it is a business component

When we signed the Licence agreement to enter the village, no separate documented contract for the services and facilities was provided, despite the fact that they were fundamental to our decision to enter the village. We contend that their cost was included in our incoming "fee".

Because there was no separate contract, our objection to the valuation was dismissed.

This injustice will further increase in the future.

When a resident of our village vacates for whatever reason, the unit is refurbished and put on the open market and goes to the highest bidder.

Under the current valuation method, the tendered price will be used as the basis for revaluing all similar units in the village for rating purposes. Already we have had one 2 bedroom unit change hands for \$560,000, which is \$100,000 above the average price paid 4 years ago.

We strongly suggest that the Enquiry recommend that, without the need for separate contracts for “services and facilities”, the figure of 30% of the incoming fee be attributed to the provision of “services and facilities” before settling on the Capital Improved Value of retirement village units.

Yours faithfully,

Trevor and Lyn Corcoran

