

Peninsula Grange

RESIDENTS' COMMUNITY COMMITTEE

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

5 May, 2016

SUBMISSION FOR INQUIRY INTO THE RETIREMENT HOUSING SECTOR

Peninsula Grange Residents' Community Committee welcomes the opportunity given by the Victorian Parliament's Legal and Social Issues Committee to comment on matters relevant to the Terms of Reference for the Inquiry into the Retirement Housing Sector. This village has some 240 residents who share the following concerns and on whose behalf I am lodging this submission.

Our submission seeks to address two of the Terms of Reference of the inquiry, namely items 4 and 5.

Item 4 – The Option to Appoint a Retirement Housing Ombudsman.

This submission is strongly in support of a Retirement Housing Ombudsman. The contracts governing the relationship between the residents and the management of retirement villages are complicated. While most residents will have been advised to take legal advice before entering into the contract, we would submit that most would not have a clear idea of their rights and privileges under the contract. In this environment disputes are common and can easily lead to settlement in a court of law. Many residents are not in a financial position to take such a course. The creation of an Ombudsman would provide both sides with a simpler and less expensive way for dispute resolution.

Item 5 - The Impact of Local Government Rating on Retirement Housing.

It is a common condition that residents of retirement villages pay a monthly service charge to the village management. This provides for a variety of the services within the village and in particular, street lighting, road and footpath maintenance, and garbage and recycling collection (see appendix 1). These are clearly services normally provided by the local council and charged for in the annual council rates. Residents of retirement villages therefore pay twice for the provision of these services.

In addition the density of retirement village units results in the Council collecting 2-3 times the usual rate revenue than a normal residential street. This is a significantly enhanced revenue base for Council when considered with the financial benefit of undelivered services.

The sale price that we (or our trustee) would achieve on departure of our villa incurs Deferred Management Fees, Loss of Capital Gain, Refurbishment Fees and payment of the monthly levy for up to 6 months following departure.

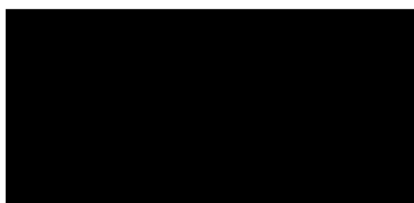
Council rates are based on the Capital Improved Value which we can never achieve on sale of our villa due to the above costs which are not experienced with the sale of a normal domestic residence.

For these reasons it is our opinion that there ought to be a differential rate charge by Councils for retirement villages to recognise these anomalies. We have calculations that the services nominated amount to approximately 20-25% of the rate charge.

In previous legislation the Victorian Parliament called on councils to create a differential rate for Retirement Villages. However since it was a recommendation and not an obligation, few councils have followed it. We submit that it be made a requirement of the legislation to ensure councils provide differential rates to all Victorian retirement villages.

If it is of benefit to your Committee and its work, Peninsula Grange and its residents would be pleased to provide evidence and also host a visit of the Committee to see a modern retirement village first hand.

Finally we thank the members of the committee for the opportunity to present our case.



Richard Brooks,
President,
Residents' Committee.

Cc:

