

Menzies Malvern Residents Committee

Submission to Parliamentary Inquiry into Retirement Housing

We have concerns with a particular clause in the Retirement Villages (Amendment) Act 2005.

“Clause 38B. Maintenance charges-former non-owner residents

- (1) The liability of a former non-owner resident of premises in a retirement village for maintenance charges that arise on or after the time at which the former non-owner resident ceased to occupy the premises, ceases on ---
 - (a) -----
 - (b) ----- or
 - (c) The date that is 6 months after the date on which the former non-owner resident other wise delivers up vacant possession of the premises -----“

The Act does not specify who is responsible for the subsequent shortfall in income to the Maintenance Fund, however it seems that by default the other residents have to make up this loss in income because in our village (and presumably in other villages also) the owner does not contribute to the Maintenance Fund.

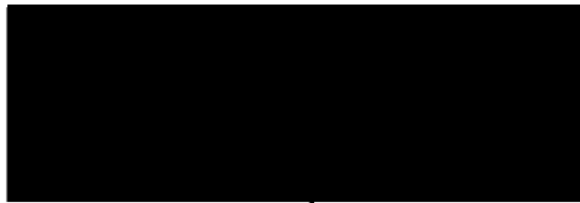
At our Village (Menzies Malvern) –occupancy is by way of a long term lease, so we are non-owner residents.

Most apartments sell readily but even in the most favourable circumstances the process normally takes about 4 months. After a prospective purchaser makes a decision – say a month of discussion with family, then normally the existing house has to be sold before final contract signed (normally about 3 months). If there is a problem such as unexpected illness’ of the purchaser or they may change their mind, the whole process must start again so the 6 month period can easily be extended. In some cases apartments are harder to sell possibly because there may not be a good view or maybe the current non owner resident or their executors, ask too high a price for the unit so sale is delayed.

We are fortunate in that we would normally only have one or two cases a year when these delays occur but on one occasion a unit recently, a unit took over a year to sell. This meant that the other residents, who had no input into the sale process were forced to make up the loss of income to the maintenance fund.

This situation is manifestly unfair and we do not understand why the normal situation applying to the sale of a private house – where the outgoing owner bears the cost of a delayed sale – does not apply in our situation.

We therefore strongly urge that the Act be amended to remove the current limitation of 6 months payment of fees.



D. H. Hyde

Chairman

