



## Harrison

*We assist people to take charge of their own lives*

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### **Submission to the Legislative Council**

#### **Standing Committee on Legal and Social Issues:**

#### **Inquiry into the Retirement Housing Sector**

Uniting Care Harrison (UCH) has more than 50 years' experience providing housing, support and development services to vulnerable and 'at risk' populations. With over 80 staff, our breadth of programs and services support individuals irrespective of their age and stage in life. We have a longstanding history of developing flexible and innovative responses to meet client's individual support and development needs as they change.

UCH also has significant experience as a housing and tenancy manager, currently managing 250+ units of housing across 11 Local Government Areas of metropolitan Melbourne. These consist of 160+ Independent Living Units across 9 Retirement Villages (smallest 8 ILU's to largest 40 ILU's) and 90+ Social Housing units for low income, disabled adults and youth or family tenants.

These programs use a mixture of UnitingCare Victoria and Tasmania owned, Council owned, Community Groups Owned, Private rental, DHHS THM and public housing owned stock. Our Housing program provides both life-time leases in ILU's, plus social housing with short and longer term tenancies, tenancies for individuals with high support needs, transitional tenancies and other flexible responses to address client needs.

A significant proportion of the total stock is designated older person and disability access providing access to support and linking tenants with complex needs into mainstream and other specialist support services.

#### **The following submission is made on behalf of our 9 retirement villages.**

1. With increasing frequency older people are contacting UCH asking for access into retirement village housing. They are seeking the stability and security of tenure afforded by retirement village housing, but they don't have the means to pay the market rate Ingoing Contribution.

Not for Profit agencies such as UCH have a number of small villages built in the 1960's and 1970's that offer 1 bedroom ILU's without the lifestyle services on site that newer and larger villages typically offer. In some villages the small size of these ILU's with an average floor area of 35 to 45 square meters, has left them unattractive to prospective new residents looking to down size from their home in today's marketplace. The response from some owners in this situation has been to offer these vacant units on a lease under the Residential Tenancies Act in order to sustain the largely fixed operating costs of the village. The Retirement Villages Act 1986 makes no reference to these type of arrangements.

**UCH recommends that a revised act gives clarity to owners permitting them to have a mixture of lifetime leases and shorter term rental leases (typically renewed every 1 or 2 years) within a single retirement village.**

2. Changes in the federal government policy of Aging in Place are undermining the financial model upon which retirement villages have typically operated for the last 40 or so years, that has been based on turnover of residents every 8 to 10 years.

Given that the majority of residents are now going to both want to and need to, remain in their units for longer periods of time and access in-home support packages, some solutions are needed to ensure the ongoing viability of village finances.

- a) **UCH recommends looking at increasing the minimum age of entry from 55 to 65 years**, given that people are living significantly longer nowadays compared to when the RV Act was proclaimed in 1986. (In 1986 male life expectancy was 74 years and female was 80 years. Current life expectancy in 2016 for males is 80 and females is 85 years. AIHW website 2016).

Allowing owners/managers to discriminate in this way requires legislation in order to not contravene anti-discrimination legislation.

- b) **UCH recommends that the legislation addresses that many residents will need to stay for longer periods of time, such as in excess of 15 years.** We suggest that after 15 years the village owner could be allowed to commence a second round of DMF's, similar or the same as the initial DMF's, (typically around 30% of the Ingoing Contribution over the first 5 or 6 years). This could mean that someone who stayed on for 20 or more years would pay a DMF of around 60% of their initial Ingoing Contribution. From year 16 to 20, they would pay over a further 6% per year.

Something along these lines would go a long way to address the financial viability needs of NFP owners. As entry into aged care beds when needed, can now be made by a payment of a daily accommodation fee, residents have less need for a large lump sum bond amount, as in the past. The balance of approximately 40% of their Ingoing Contribution should be adequate to cover these costs.

Legislation would be needed to legitimise the adoption of such a solution across the sector if it is ever to be able to be implemented. Market forces alone would prevent its introduction in a competitive open market without legislation. Such legislation would go a long way to guaranteeing resident's receive a high quality village experience for as long as they need to stay, and the protection of owners financial interests for a fair return on their operations.

3. **Consistent with promoting the rights of residents, UCH recommends the establishment of a Retirement Housing Ombudsman.**

Over the years we have had a number of residents exercise their objections to various management decisions to CAV. Having a dedicated ombudsman to hear and determine the merits of such concerns will enhance resident's ability to be heard if they feel the owner / manager is disrespecting their contractual or legislative rights.

- 4. UCH recommend that legislation is needed that can assist owners manage the situation where one member of a couple who have together entered an ILU, later needs to move into aged care, while the other member needs to still remain in the ILU.**

Legislation is needed that can prescribe the terms under which an owner can assist both parties at no financial loss to the owner in terms of the original contract provisions. This could be to allow the owner to make payments for the daily bed fees in the aged care facility, out of the couples balance entitlements from their Ingoing Contribution amount.

The original contract terms could be preserved by allowing additional payments made from the balance of the Ingoing Contribution, to the village owner that equate to the interest the owner would have earned by investing the balance amount of the IC, before the payment of the aged care bed fees. The terms should also allow for some administration charges to be collected by the owner for performing this service for the resident in aged care.

- 5. UCH recommends that legislated accreditation principles outlining minimum standards for all village owners/ managers to comply with, ought be introduced into the rapidly developing sector to protect the rights of residents.**

We are aware that Leading Aged Services Australia and the Property Council of Australia do have voluntary versions of village accreditation. Our experience in operating other government funded programs where accreditation has been introduced, has been that service users typically receive a superior and fairer service than when operating under self-regulation. This will particularly be of increasing importance as more "For Profit" owners move into this space, whose prime motives are towards the profit line, rather than residents best quality of care.

Typical areas for standards to be introduced could include that the owner/manager:

- uses simplified language in written documents
- produces standard audited annual financial reports that shows the
  - operating costs of villages from maintenance fees
  - the investment holdings of residents Ingoing Contributions less
  - contracted DMF fees withdrawn
- if they have Sinking Funds full disclosure of how/when they are collected and expended
- identifies, assesses and manages risks to ensure continuous, safe, responsive and efficient services to village residents
- establishes documented safety and quality systems that are integrated with clear lines of accountability to ensure continuously improving performance
- performs an annual review and assessment of all services and programs to ensure they remain responsive to identified and changing resident needs
- that village services are provided in a culturally safe, non-discriminatory inclusive and appropriate manner
- that village services are provided in a way that strengthens the rights of residents wherever possible, empowers them and is ethical
- that the owner/ manager collaborates with other organisations in order to facilitate knowledge exchange or referral, all for the benefit of its residents.

6. Many mainly NFP owners that have aging, small ILUs in small villages face an uncertain future in regards to the financial viability of these villages. As these ILU's are no longer able to attract payment of Ingoing Contributions by new residents, owners face a great dilemma. Sometimes if they are able, they can re-locate existing residents into other villages they may own, in order to gradually close down an unviable village.

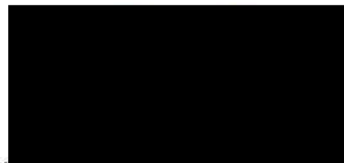
**UCH recommends that owners need a legislative option to allow them in certain defined circumstances, to close down villages in these situations.**

If this is not supported, then legislative permission to allow a transition to rental only leases under the Residential Tenancies Act for example, as residents on lifetime leases depart is needed. We are unclear if this would be considered legal under the current RV Act, if all units gradually became rental with no payment of Ingoing Contributions or lifetime leases, under a different act?

This is also needed because sometimes the small size of a site may make reconstruction of a new contemporary village unviable on that site, even if funds were available and planning permission was obtained. We recommend that the revised Retirement Village Act needs to address how both the rights of residents can be balanced with the needs of owners, in a fair way in a rapidly evolving marketplace.



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