

From: [REDACTED]
Sent: Friday, 24 June 2016 12:17 PM
To: LSIC
Subject: inquiry into retirement housing sector

Unfortunately implications of contract unfold gradually after moving into a Retirement Village in spite of consulting lawyer before signing. Contract totally in favour of owner [ie Lend Lease or other firm] I believe the following issues need to be addressed for a fairer arrangement:

They are as I understand them.]

- Ingoing- resident pays legal fees for self and owner on entry and exit
- Resident pays market value for unit, then all associated costs whilst living in unit- either through service fees or replacement of capital items/maintenance in unit eg heater/stove/electrical /plumbing etc
- Then, on exit pays costs of refurbishment- any items needing replacement and carpet/painting etc. and DMF .Substantial loss
- On exit resident has to pay service fees for six months after unit has been fully cleared of contents- and therefore 'returned' to owner[egLL].
- Whilst resident can engage own real estate agent to sell unit, the estate agent has to work with and through village sales manager and pay fees for this.
- Unless going into aged care the owner[egLL] has no obligation to pay [loan] resident any money until unit is sold and new resident moves in. If unit does not sell LL has no obligation to pay money into estate for 5 years!!!
- If resident has to go into aged care , the owner of the unit [egLL] does not have to pay towards ingoing fees until the service fee expiry date. This could leave the resident with no money to pay aged care ingoing fees. Suggestion is that may be able to pay interest on aged care ingoing fees for the 6-9 month period before money available from LL. Even then for some people this may not be financially possible.
- Residents do not 'own' the unit and maintain all village infrastructure through service fees yet are individually required to pay full council rates as well.
- City of Greater Geelong also charges full rates on the Community Centre which residents also pay for through their Village service fee.[other councils don't charge rates on community centres]
- Telstra charges huge costs for LAN- to this village [ancient infrastructure given as reason for this.]Again residents have to pay for this through their service fees. This, on top of residents' individual phone connection fee for each unit..
- Residents pay for absolutely everything even including owner's administration and staff costs for the village.
- Lifestyle Village residents own their dwellings outright yet can receive rent assistance [Centrelink]. Retirement Village residents do not own their units but receive no 'rent' assistance, because the fee they pay to owner is called a 'service fee'.

In my opinion the New Zealand legislation regarding retirement villages is a much fairer model.

I have only addressed financial issues as these become more and more pressing and worrying every year.

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