

Rec 30/6/16
RHS Sub 720.

20th July, 2016

Retirement Housing Sector Inquiry.

In 2012 my husband died, I sold my house in [REDACTED] Vic., and I moved into a Retirement Village at [REDACTED]. I remained there for 3 years, when I gave notice and left. Apart from the first 6 months, I experienced nothing but turmoil and stress. At the time the Village was run by [REDACTED].

Contracts.

Could they please be made simpler? Mine was complicated & very hard to follow. I found myself thumbing backwards & forwards trying to look up all the references. I did consult a Solicitor.

It would be helpful if a list could be included that clearly stated:

1. Any Ongoing Expenses.(How much)
2. Any Exit Fees. Exactly how much they will be on termination relating to that particular Resident's Contract.

Hypothetical examples, based on different in-going amounts, are more confusing than helpful.

At present, Exit Fees are quite open-ended, & very vague. The old person, or their families, are forced to meekly accept whatever money is offered by Management.

Exit Fees.

Just how are they justified at all?

Re:The Private Sector. If an incoming Resident buys a Unit, the Company has the use of that money for, usually, some years, plus they keep the Interest. Residents pay for any meals taken, also for any cleaning etc. The General Service Fee pays the Village ongoing costs

Exit Fees are often enormous, & can include such items as - Deferred Management Fee, Maintenance Reserve Fund Contribution, General Service Fee, (which goes on for months after departure), Unit Reinstatement, Half of any Capital Appreciation, all of any Capital Depreciation, & in my case with [REDACTED] all the owners Legal Fees & Termination Administration Costs, plus Car Parking Fees &, probably, Selling Costs.

Owner Investors.

Some Villages were designed for people to rent. Investors were encouraged to buy units as an ongoing investment. A good plan, that sometimes worked well for all. Then, I think, some managements realised that they could make much more money by selling the units. This has led to much heartache & confusion for many people, & I quote [REDACTED] at [REDACTED] & [REDACTED] as examples of what can go wrong.

Intimidation.

When the tenants at my village complained to management, they were told that if they didn't like it, they could leave.

One 92 year old lady was given notice for criticizing management.

Residents hesitate to complain because they fear repercussions or unpopularity.

False advertising.

Many promises are made that are not kept. This can cause entrapment.

Liquidation. Change of Management.

Under the current law, once you have signed a contract to enter a village it must not be changed no matter how often the village is sold/ taken over etc. This is most unfair & I protest. Surely Residents should be given a new contract to consider the new directions of the incoming Company.

Titles.

18 months after I entered my village, I received a visit from the Investor/Owner of [REDACTED] next door to mine. We were both shocked to realise that [REDACTED] had chopped her Unit in half, given half to me (as I had asked for 2 bedrooms) & were using the other half for storage. No wonder she had received no rent for 2 years! We both consulted Solicitors. She was eventually paid out by [REDACTED] who had taken over from [REDACTED]. After 12 months of trying to get my Lease rectified, I gave up & left the Village. Neither of these companies would do anything about my Title, & refused to answer letters from me or my Solicitor. They would not admit the error.

Discrimination.

I know I paid more than anyone else in the Village for most of my stay. [REDACTED] charged everyone different amounts for General Service Fees.

Need for Ombudsman.

I asked a number of Govt. Agencies for advice, but always chose the wrong ones & would be told my problems were not their area. They were sympathetic & tried to help, but to no avail.

This confusion is why we elderly people desperately need our own Ombudsman. Someone with the knowledge to steer us through this maze & give us advice.

Yours Sincerely,

[REDACTED]

Lesley Mansfield