

To: Dr Sarah Palmer
Principal Research Officer
Community Development & Justice Standing Committee
Parliament House
Perth WA 6000.

25th June 2014

Dear Dr Palmer,

Re: Inquiry into the Policy Implications of an Ageing Community

I am writing in response to your letter dated 21st May inviting the Property Council to make a submission on:

1. the effectiveness of the Seniors Strategic Planning Framework 2012 -2017 in guiding policies and programs to create age friendly communities throughout the state; and
2. The extent to which age-friendly communities have been established in WA.

The focus of our submission is on the factors most affecting the retirement village industry in WA.

Site location & planning issues

The Property Council is the peak industry representative body for the retirement village industry in WA. The Property Council is very concerned that, for at least the past five years, the number of new retirement village units (villas or apartments) being developed in WA has been less than half the level required to keep pace with the growth in the number of people aged sixty five and over.

The retirement village industry is a very important component of the wider provision of appropriate housing and service choices for older people. Therefore, it is a major concern that the supply of retirement village units is decreasing as a percentage of the population of older people. If this trend continues, the availability of age appropriate housing for older people in WA will be seriously affected. Please refer to the attached fact sheet entitled "Australia's ageing population and the role of retirement villages".

There are likely to be several factors which have contributed to this lower than expected growth in supply. However, the Property Council considers that the availability of suitable sites in Metropolitan Perth and the difficulties encountered in gaining development approval have been two of the main barriers to growth in recent years.

The more traditional, full service, retirement village model requires reasonable economies of scale – e.g. 100+ units – and the preference of potential residents continues to be for a single storey villa style of housing. These requirements, plus increasing land costs, have led to the development of new villages occurring in

locations towards the outer ring suburbs of Perth. However, the largest numbers of people aged 65 and over live in Perth's middle ring suburbs. This point is made because, in recent years, it has become either impossible or too expensive to buy sites for retirement villages even in the outer ring suburbs.

Given the significant growth in the WA population aged 65 and over expected in the next 10 years, if we wish to provide real options and adequate numbers of housing suitable for older people (not just retirement villages) it is imperative that seniors housing provision is embedded in our planning system.

The problem of locating suitable sites and gaining development approval becomes even more difficult when we look at the middle ring and inner suburbs of Perth – where the largest numbers of older people live now. A number of retirement village operators are looking at apartment developments in these locations and apartments are becoming more acceptable to the target market. However, it is difficult for these operators to compete (on price) with normal residential developers to buy sites and provide an affordable product. It should be remembered that the retirement village target market consists of older people who are looking to downsize and release capital to fund their future lifestyle.

The Property Council strongly believes that Planning Policy (at both a State and Local Government level) should give greater recognition to the fact that retirement village living is a core part of developing an age friendly WA. It is a little known fact that there are now more older people living in retirement villages than in residential aged care facilities and, with the increase in home care provision, retirement villages are already providing a new ageing in place model. It is recognised that providing homecare in a retirement village setting can be more cost effective than providing the same service to people dispersed in the community. New retirement village developments need to be encouraged in metropolitan areas where the support services are easily accessible to meet: health; education; culture; personal and social needs.

Planning issues

Feedback from retirement village operators suggests provides the following picture of current planning issues:

- At the Department of Planning and WAPC level, there appears to be a high level of awareness of our aging population, the importance of creating diverse communities and the advantages of aging in place. However, this awareness does not appear to translate into specific action at Local Government level;
- There is little consistency between Local Government Planning Schemes in relation to senior's accommodation and many planning schemes have no special provisions for seniors housing;
- There is a lack of specific seniors' accommodation related planning policy providing incentives or concessions for this form of development over other forms of medium – e.g. high density residential development or other land uses;
- There is a general lack of regard given to future / potential senior's accommodation during the preparation of planning provisions and structure plans for strategic sites (e.g. location, compatibility, concessions);
- There appears to be a general lack of awareness about the evolving nature of retirement villages - specifically medium rise, apartment models and their ability to contribute to Perth's urban fabric; and
- The recent review of R-Codes would have resulted in major problems for the retirement village industry if the Property Council had we not sought changes at the last minute. Essentially, industry would not have been able to build the product that the clients are looking for. This reflected both a lack of consultation with the industry most affected and a lack of understanding of the

accommodation that our older population desires. The current R-Codes provide no meaningful incentive or benefit to the retirement village industry.

Given the high demand for more age friendly housing options, you would think that local communities would welcome the development of a modern retirement village in their community. Unfortunately, due mainly to a lack of understanding of the product, many local communities react more negatively to an "old folks development" than they would to a standard residential development.

Residential aged care

Land availability and planning issues equally affect the provision (or lack of provision) of new residential aged care facilities. It is well known that in relation to other States, WA has significantly less residential aged care facility beds as a proportion of the older population.

An under provision of residential aged care places means that more older people are relying on homecare services and this, again, highlights the importance of retirement villages in the continuum of aged care provision. A shortage of aged care places also puts additional pressure on the hospital system where costs are higher and care may be less appropriate for the needs of the older people.

Carine TAFE Example

One good example of how the planning system can support the provision of retirement village and aged care is the redevelopment of the Carine TAFE site.

Carine Rise, a partnership with Cedar Woods and the St Ives group, will truly be a place catering for the needs of everyone in our community. It will include a residential community of 33 home sites and up to 80 townhouses/ apartments as well as the St Ives retirement village and residential aged care facility, plus a 3,400sqm mixed-use site for retail, office and medical uses.

In this particular development, Landcorp controlled the sale and developer selection process. A requirement to provide aged housing/care was incorporated in the site tender process. The result was a win-win situation for taxpayers and the local community.

There are many more State and Local Government owned, or controlled, sites where a requirement to provide for the ageing population could be incorporated in any redevelopment or sale plans.

Recommendations

From a land availability and planning perspective, the Property Council wishes to make the following recommendations:

1. All State level planning and housing bodies (WAPC, Dept. of Planning, MRA, Dept. of Housing) to incorporate a requirement to provide aged housing and/or residential aged care in their strategies, plans and policies;
2. The Government's lead policy for the development of the Perth metropolitan area – Directions 2031 – should incorporate delivery and implementation mechanisms specific to aged housing and/or residential aged care;
3. All government controlled land sales (e.g. TAFE and school sites) over a certain size, in appropriate locations, to include a requirement to provide aged housing and/or residential aged care;
4. Develop a policy to allow unsolicited proposals for retirement and /or aged care developments on government owned or controlled land;
5. Review legislative barriers (including the Local Government Act) to retirement housing and aged care;

6. Utilise Government land using long-term leasehold arrangements to provide opportunities for retirement housing and / or residential aged care;
7. All Local Government Planning Schemes to recognise the need for aged housing and/or residential aged care in appropriate locations; and
8. Future R-Code reviews to involve retirement village industry consultation and reflect the real housing requirements of older people.

Other Significant Issues

Other matters which are significant to the future growth and success of the retirement village industry are summarised below.

Over Regulation

The Property Council is concerned that the retirement village industry, governed by the Retirement Villages Act, is becoming overregulated and that this over regulation will be a deterrent for future development and new entrants to the industry.

The Retirement Villages Act is reviewed periodically – in fact we are currently coming towards the end of one of the review cycles. The way that each new review process is conducted results in a significant increase in regulations which, in turn, leads to an increased cost of compliance for the industry. The process has been described as “death by a thousand cuts”.

The retirement village industry believes that new regulation (red tape) should be kept to the minimum possible and that new regulations should strike a fair balance between the consumer and industry.

Affordable Housing

The majority of existing and proposed retirement village development in WA are for property owners who can afford to pay an entry premium (or purchase price) to move to a retirement village.

The industry is aware that there is significant demand for affordable seniors housing – particularly appropriate housing for rent.

The not-for-profit sector in WA plays an important role in the provision of affordable seniors housing. However, demand far exceeds supply.

Without some form of Government subsidy or incentive, it is simply not financially viable for the industry to provide the type of affordable housing that older people need. The Property Council believes that the State Government should work with the retirement village industry to identify ways of providing greater number of housing for seniors.

HACC Services

HACC services in WA are currently controlled by State Government (unlike the rest of Australia) and there is no transparent process for seniors housing providers to become a provider of HACC funded services. As discussed previously, retirement village operators with the capacity to provide homecare services are in the best position to provide these services in a cost effective and appropriate way.

Retirement village operators who provide homecare services and can demonstrate adequate quality standards should be given access HACC funding for their residents.

Importance of the Not-For-Profit Sector

It is another little known fact that around 60% of all retirement village units in WA are operated by the not-for-profit sector.

Surpluses generated from more financially viable services are used by the NFP sector to subsidise or pay for services which would otherwise not be financial viable – or

would not be provided at all. The Property Council suggests that the NFP sector should be seen by government as providing a great community benefit rather than being an untapped source of taxation through Land Tax and Rates.

Yours sincerely



Joe Lenzo
Executive Director

Australia's ageing population and the role of retirement villages

Australia is ageing rapidly. In June 2011, there were 3 million people aged over 65. By 2050, the Australian Government estimates there will be 8 million. This presents two main challenges:

- Increased pressure on government-funded aged care services; and
- Ensuring the good health and wellbeing of older Australians.

It is a little known fact that more older people live in retirement villages (177 000) than in residential aged care facilities (167 000).

Increased pressure on government spending

The federal government provides funding for residential aged care and community care services.

Government spending on aged care is predicted to more than double over the medium term, from 0.8% of GDP in 2009-10 to 1.8% of GDP in 2049-50.

Of the senior Australians who receive taxpayer funded community care packages, 70% live in a family home, while only 8.4% live in a retirement village. This lower rate is because age-appropriate village design results in less need for personal assistance, as well as because many village operators provide a level of care and assistance to residents as part of their contract.

Health and wellbeing of older Australians

The *top issues of concern to seniors* are loneliness and social isolation; mobility and access to transport; lack of independence; and insufficient money.

Their *top health concerns* are dementia and memory loss; mobility; frailty; and mental health (including depression).

Retirement villages are especially designed for older people and can help alleviate these concerns.

The Productivity Commission found that "age-friendly housing and neighbourhoods can have a positive effect on the health and quality of life of older Australians".

A significant portion of retirement village residents are single or widowed. Villages offer many opportunities for residents to interact, without living in each other's pocket, through on-site recreational facilities, community meeting centres and social activities. In the largest village survey conducted to date by independent researchers (McCrindle Baynes), only 5% of the 10 500 surveyed did not participate in activities organised by the village.

Village living can be a step before moving into residential aged care, or a way to reduce the need for a move to aged care because *villages offer assistance that help residents remain independent for longer*. Declining health is the key driver behind older people considering the move to a retirement village, and 89% of residents rank the ability to remain living independently as the most beneficial aspect of living in a village. Many villages have their own bus, allowing them access to local shopping centres and cultural amenities. It is also common for retirement villages to offer personal services such as cleaning or laundry (usually for an additional fee).

The Retirement Living Council acknowledges the continued support of our Corporate Partners