

Retirement Villages Stakeholder Forum

26 November 2019



Welcoming Address – Why today matters?

Interim Retirement Commissioner – Peter Cordtz

Hon. Kris Faafoi

Monitoring Matters

Extracts from an independent legal opinion to the Retirement Commissioner on the obligation to monitor.

" We consider the (monitoring) provisions permit a far more proactive approach to the investigation and reporting of industry behaviour and events..."

"..the Commissioner's role as monitor is essentially one of 'watchdog' - ensuing it is sufficiently informed to flag any problems before they arise, provide information and intelligent advice to the Minister, and to recommend constructive changes to the regulatory regime...."

.."the purpose of the provision is to provide a check against any adverse consequences of the legislative regime."

"Proactive investigation appears to be contemplated...provisions support the view that a duty to monitor requires more than merely keeping well-informed of industry matters..."

Monitoring Matters

Proactive approach:

- MHUD policy / Ministerial meetings (Twyford / Salesa / Faafoi).
- Stakeholder meetings, forums, conferences, this forum!
- Resident-only workshops, community agency workshops
- Public seminars, 'follow-up' behavior change measurement.
- Exercising s36(3) information-gathering power:
 - e.g. industry practices for DMF charging on transfer between villa to apartment.
- Media, social media, web resources
 - RV page users spend more time on our pages than other CFFC page users
- Sector trend-analysis: industry publications, complaint-reporting, thematic research.

and.....

Monitoring Matters

- Handling referrals
 - Information requests / complaints
 - Lobbying communications
 - Residents may bring alleged breach of Code of Residents' Rights to the attention of the Commissioner (section 33)
- Enquiry log - indicative record only – not all enquiries are able to be captured
 - 2018 enquiry log - 145
 - 2019 enquiry log - 130 (as at mid-Nov)
 - MBIE call-centre service – 0800 268 269
 - 20-40 calls a month – mostly resident rights enquiries
 - spiking 80-180 a month - seminar events
- Dispute Panel Activity
 - Appointment of new members
 - 3 Notices formally received in 2019 – 1 hearing decision

Referrals / enquiries to CFFC – examples of 10 recurring themes in 2019

- Ambiguities regarding liability for repair or replacement of chattels or fixtures
- Charges for care / care suites / confusing care-related terminology / quality of care
- Operator management of resident committees / constitution
- Slowness of resale and return of capital / inequity in control of resale
- Challenging increased weekly fees and forecasts / how to 'require' fixed fees

Referrals / enquiries to CFFC – examples of 10 recurring themes in 2019

- Discontinued services or amenities: security, first response care service, library room
- Non-performance of development: contractually represented facilities
- Alternatives to LTO model, availability of rental units, other options and where to find
- Operator bullying or intimidating behaviour
- Charging DMF on internal transfers (between units)

Monitoring Matters – Complaint reporting

	October 2018 to April 2019	April 2019 to October 2019
Compliance rate – reports received from villages / total registered villages	290 villages (of 424) = 68%	390 villages (of 430) = 91%
Number of villages with NIL complaints	210 (72%)	290 (74%)
Number of complaints / villages with complaints	80 villages with 205 complaints	100 villages with 189 complaints
% of complaints resolved or part resolved within 20 days	78%	74%
Category with highest number of complaints	1. Service quality 2. Maintenance / repair of buildings	1. Maintenance / repair of buildings 2. Maintenance / repair of grounds
Number of complaints referred to statutory supervisor / third party mediator	12 to supervisors 7 to mediator / third party	25 to supervisors 10 to mediator / third party

Monitoring Matters – Financial assistance by operators

- What are the different types of financial assistance / services operators advertise or provide?
- How are operators advertising, representing or informing intending residents and residents about the availability of financial assistance / services in the nature of financial assistance?
- To what extent are operators proactively raising this with intending residents or residents?
- What are the experiences of residents who have received financial assistance regarding how well they understand the financial assistance arrangements they have in place?

Monitoring Matters – Financial assistance by operators

Quantitative	Qualitative
A survey of operators and statutory supervisors	In-depth interviews with: <ul style="list-style-type: none">• Statutory supervisors• Operator and resident representatives of retirement villages (who have offered/received financial assistance)• Stakeholder interviews, and• Lawyers (with a specialist knowledge of the retirement village industry)
Pre-notification letters sent out to potential Participants – 2 December Survey closed by Monday 2 March	Total number of interviews – 41 to 46; January, February, March 2020
Final report May 2020	
Provider: Mobius Research	



The Statutory Supervisor's role in complaints

Garreth Heyns – Covenant Trustee Services

Richard McLoughlin – Anchorage Trustee Services

November 2019

Procedure for resolving formal complaints - Code of Practice clause 35

- Operator has 20 working days to resolve the complaint.
- If the complaint is not resolved to the residents satisfaction, the complaint **must** be referred to the statutory supervisor.
- The statutory supervisor has 20 working days:

‘to work with the parties to provide them with an impartial perspective and to recommend a way forward’

- < 10% of complaints are referred to the statutory supervisor.
 - 12 out of 205 Oct 2018 – April 2019
 - 25 out of 290 April 2019 – Oct 2019

Types of complaint referred to the statutory supervisor

- Complaints we receive usually involve complex issues, or where a resident does not accept the outcome proposed by an operator, or an operator will not compromise on an issue.
- Sometimes we categorise complaints as either:
 1. The complaint is not actually a complaint;
 2. Complaints between residents; or
 3. Complaints against the operator
 - and whichever it is determines how we exercise our role
- The statutory supervisor can only make recommendations. Our recommendation is not binding on either party.

The approach taken

- Engage with the parties to understand their position, their concerns and the outcome sought. This is not always clear from the written complaint.
- Generally provide a formal written recommendation as to a way forward.
- Our successful involvement usually requires the willingness to compromise by the parties.



Case study 1 - Covenant

- Construction of an apartment block within village:
 - Residents unhappy as construction site directly opposite their unit and wanting to move to another unit.
 - ORA and disclosure statement contained all necessary information regarding the proposed construction.
 - Met with resident and explained legal position. The residents considered the position unfair and were very unhappy.
 - Engaged with the operator to explain how the residents perceived matters.
 - Operator did not want an unhappy resident and although no legal obligation to do so, agreed to move the resident to another unit
 - Successful outcome because of the willingness to compromise by the operator.

Case study 2 - Covenant

- One case we were involved in led to a Disputes Panel hearing:
 - Resident relocated due to remediation work required.
 - On completion, resident refused to move back to her unit, claiming issues with the remediation design.
 - Complaint was unable to be resolved to the resident's satisfaction.
 - Referred to statutory supervisor to work with the parties and recommend a way forward.
 - Unsuccessful – Resident refused to engage or meet with the statutory supervisor.
 - Recommendation based on engagement with the operator only.

Case study 1 – Anchorage

1. When a complaint is not a complaint:

- Residents whose understanding of the contractual position or an entitlement is simply wrong or may be an ‘overreach’ or vexatious
- Example:
- Key is communicating effectively, speak to the resident and deflect unwarranted criticism.
- We may also liaise directly with resident lawyer in these cases. Their lawyer can help direct their client, as they certified when advising about the ORA.

Case study 2 – Anchorage

2. Complaints between residents:

- Often most problematic for us as they involve relationship/neighbourly issues which on face value may or may not fall within a complaint.
- Example: family members overstaying with resident, effects on neighbours...
- Often it is (again) all about communication and may require us acting like a mediator. It challenges what actually is the role of the Statutory Supervisor.

Case study 3 – Anchorage

3. Complaints against operator:

- The most serious if it involves a breach of disclosure or an ORA obligation.
- Examples: failure to provide for community facilities or the village site being a work site years beyond time forecast.
- Communication with resident and early involvement with operator management.
- Need to have an operator willing to compromise.





Retirement Village Residents Association NZ (Inc)

Residents' Rights
and
Purpose of the RV Act





Purposes of the Act include:

- ❖ To protect the interests of residents
- ❖ To promote understanding of the financial and occupancy interests of residents
- ❖ To provide an environment of security and protection of rights for residents



What is the Code of Practice (CoP)

- The CoP is defined as a legal document and sets out the minimum rules for all Villages and the contents of ORAs
- Its purpose is to provide an environment of security and protection of rights for residents
- **BUT CoP wording is NOT consistent with, and fails to give effect to, the purpose of the ACT**



Interpretation Act

- The Act describes various **indicators** used in the interpretation process. The most important one is the **purpose** of an enactment
- In recent landmark cases the Supreme Court * has also considered **Parliamentary Contemplation** as an additional interpretation ‘indicator’

* *Ben Nevis Forestry Ventures Ltd v Commissioner of Inland Revenue, 2009*

* *Alesco New Zealand Limited v Commissioner of Inland Reve, 2013*



CoP provisions framed & used contrary to Contemplation or Intention of the RV Act

- Parliament's purpose in enacting specific provisions is aimed at the most common issues which arise.
- Anything that indicates a **contrived application** of a provision is likely to indicate that the provision was not used in the way Parliament thought it would be.



CoP provisions framed & used contrary to Contemplation or Intention of the RV Act

- The two Court cases confirm our view that the wording of some CoP provisions, and the way it is applied in practice, defeats the purpose of the Act to protect residents against exploitation



Defeating the purpose of the Act

How CoP and ORA provisions defeat the purpose:

- For example: Delays in obtaining a new resident to take-up an occupational right result in vacating residents theoretically having to wait indefinitely for an operator to refund their capital and stop charging weekly fees with no compensation i.e. interest on amount due



Defeating the purpose of the Act

CoP and ORA provisions defeating the purpose:

- Total Refurbishment process not defined in the CoP
- Refer to the definition in the CoP- return the unit to original state
- Former resident has no say in the decision of Operator



Australia- NSW

- NSW State legislator is on the point to introduce legislation requiring Operators to:
 1. Stop charging weekly fees 42 days after vacation
 2. Pay-out the former resident's capital within 6 months



Conclusion

- We acknowledge that residents enter into an ORA after obtaining legal advice
- But the way some CoP provisions have been framed & used in ORA drafting could not have been contemplated by either Parliament nor a resident when entering into a contract in good faith
- RVRANZ believes that no resident should wait longer than 6 months for a refund of the capital.
- The Government should therefore strongly consider amending the CoP and/or Act to prevent injustices such as those demonstrated

Unfair Village Contract Terms

- **“You must maintain cover for your motor vehicle. Irrespective of cause, we will have no responsibility, under any circumstance, for loss or damage to any of your property or vehicles.”**



consumer.
now you know

- **“You must not make any alterations or additions to your unit without our prior consent ... We can give or withhold consent at our sole discretion.”**



- **“We may refuse to permit you to bring to the village any caravan, trailer or similar item. If we grant you permission ... we may require you to remove such item despite any previous approval”**



- **“We will not be liable for any loss or inconvenience suffered by you arising from any defect to your unit unless you advised us in writing of any such defect and we failed to take reasonable steps to repair it within a reasonable time.”**

consumer.
now you know



- **“The terms and conditions that will apply to your transfer to another residential unit within the village will be as set out in our transfer policy which we may amend from time to time at our sole discretion.”**

Retirement villages need more transparency over care facilities

Capital gain on retirement village units is hit by cost of having to refurbish

Retirement village contracts to be simplified: sector

Retirement village deals 'too confusing'

Complaints system for retirement care failing - Consumer NZ

Residents exposed to noxious sewer gases at retirement complex in Lower Hutt

'This is the last straw' – rest home residents given six weeks to move out

Charlie Gates • 12:39, Feb 19 2019



Fishhooks of moving from retirement village unit to rest home care

Kāpiti retirement village death: Elderly man charged with murder

Rest home residents 'assaulted, threatened, left on floor': Complainants

Code variation proposals

Troy Churton & Michelle Sullivan

Code variation proposals

1. Refurbishment timeliness – Clause 50
2. Outgoing charges – reduction / cessation – Clause 54
3. Operator buy back – Clause 53
4. Policy and transfer terms for care – Clauses 8, 24
5. Long term maintenance plan – consultation / AGM / review – Clauses 26, 28,40
6. Complaint policy – reference to reporting – Clause 33
7. Definitions: Fair wear & tear / Fixed deduction / Outgoings – Clause 2

Refurbishment costs and process

1. This clause only applies to occupation right agreements where the operator has the responsibility for the sale of the residential unit.
2. If an occupation right agreement entered into after 25 September 2006 says that the resident must pay or contribute to the costs of refurbishing their residential unit after termination, the refurbishment process must be set out clearly in the agreement. The refurbishment process must:
 - a) set out the terms of the operator's right to enter the residential unit to do the work
 - b) identify how the cost will be divided between the operator and the resident
 - c) set out the rights (including consultation) and obligations of the former resident (or the estate of the former resident, or the holder of an Enduring Power of Attorney for Property) in the refurbishment process.
3. Where an occupation right agreement provides that the resident must pay or contribute to the costs of refurbishing their residential unit after termination, the resident is not required to pay for fair wear and tear:
 - a) if the occupation right agreement was entered into after 25 September 2006
 - or
 - b) the occupation right agreement was entered into before 25 September 2006 but after that date was varied to increase the resident's rate of fixed deduction or decrease the resident's share of capital gain upon sale of the unit.

Refurbishment costs and process

1. This clause only applies to occupation right agreements where the operator has the responsibility for the sale of the residential unit.
2. If an operator determines that a residential unit is to be refurbished prior to marketing it, the operator must:
 - Consult with the former resident (or their estate or the holder of an enduring power of attorney for property) about a refurbishment programme for the residential unit within one month of the later of the termination date or the date the former resident stops living in the unit and removes all their possessions, and
 - Commence the refurbishment within a reasonable time, and
 - Complete the refurbishment within a reasonable time but, in any case, within six months;

Provided that the former resident (or their estate or the holder of an enduring power of attorney for property) must give the operator unrestricted access to the residential unit from the later of the termination date or the date the former resident stops living in the unit and removes all their possessions

3. An occupation right agreement may specify that the resident must pay or contribute to the costs of refurbishing their residential unit after termination. However, the resident is not required to pay for fair wear and tear if:
 - a. the occupation right agreement was entered into after 25 September 2006
 - or
 - b. the occupation right agreement was entered into before 25 September 2006, but was later varied to increase the resident's rate of fixed deduction or decrease the resident's share of capital gain when the unit is sold

54(2)

Continuing charges for outgoings

2. The operator must reduce by at least 50 per cent the outgoings charged to the former resident if no new occupation right agreement has been entered into for a former resident's unit by the later of:
 - a. six months after the termination date, or
 - b. the date the former resident stops living in the residential unit and removes all their possessions

54(2)

Charges for outgoings must be reduced three months after termination or at end of occupation

2. The operator must reduce by at least 50 per cent the outgoings charged to the former resident if no new occupation right agreement has been entered into for a former resident's unit by the later of:

- a. three months after the termination date, or
- b. the date the former resident stops living in the residential unit and removes all their possessions.

54(3)

Charges for outgoings must cease six months after termination or at end of occupation

3. The operator must cease charging outgoings charged to the former resident, if no new occupation right agreement has been entered into for the former resident's unit, by the later of:
 - a. six months after the termination date, or
 - b. the date the former resident stops living in the unit and removes all their possessions

Remaining sub-clauses (3) – (13) in 54 renumbered (4) – (14)

53(1) Operators may buy residential unit

1. At any time before entering into a new occupation right agreement with a new resident for the vacant residential unit, the operator may agree in writing to buy the former resident's interest in the vacant unit.

53(1) Operators may buy vacant residential units

1. At any time before entering into a new occupation right agreement with a new resident for the vacant residential unit, the operator may agree in writing to buy the former resident's interest in the vacant unit.

If the occupation right agreement was entered into after (date tbc – likely date of code variation effective) the operator must agree in writing to buy the former resident's interest if a new occupation right agreement has not been entered into for the residential unit two years after it has been left vacant by the former resident.

24(1)

Transfer requirements in the occupation right agreement

1. If an occupation right agreement allows a resident to transfer from an independent self-care residential unit to a unit in the retirement village where a higher level of care will be provided, it must set out the terms of transfer. The terms of transfer must include, but need not be limited to, the following:
 - a. the circumstances under which the transfer may be initiated and by whom
 - b. whether residents have priority over outside applicants
 - c. whether the transfer depends on:
 - i - a suitable residential unit being available
 - ii - suitable care being available
 - iii - the resident being assessed as suitable for the available care
 - d. that residents affected have the right to:
 - i - be given information on all available options
 - ii - have an independent assessment (including a needs assessment)
 - iii - be consulted, along with their family or representative.

24(2)

Transfer requirements in the occupation right agreement

2. Residents who are considering a transfer should be made aware that a needs assessment may be required in order to access subsidies administered by other government agencies such as the Ministry of Health and Work and Income

24(1)

Occupation right agreements must set out terms of transfer

If an occupation right agreement allows residents to transfer from an independent self-care residential unit to:

- A unit in the retirement village where a higher level of care is provided, **or**
- A room in an onsite or co-located care facility

it must set out the terms of transfer. The terms of transfer must include (but not be limited to):

- a. the circumstances under which the transfer may be initiated and by whom
- b. whether residents have priority over outside applicants
- c. for available units or rooms
- d. whether the transfer depends on:
 - i. a suitable residential unit being available
 - ii. suitable care being available
 - iii. the resident being assessed as suitable for the available care
- d. that residents affected have the right to:
 - i. be given information on all available **care** options, **including the availability of standard rooms and premium rooms**
 - ii. be clearly informed of the effect the transfer will have on a resident's occupation right agreement, including the calculation and payment of the fixed deduction and the resident's obligation to pay weekly service fees
 - iii. have an independent assessment (including a needs assessment)
 - iv. be consulted, along with their family or representative.

24(2)

Residents should know a needs assessment may be required

2. Residents who are considering a transfer should be made aware that a needs assessment may be required in order to access subsidies administered by other government agencies such as the Ministry of Health and Work and Income



Issues with Regulation 9

Richard Spong
Susan Bingham

November 2019

The Regulation

Retirement Villages (General) Regulations 2006

9 Operator's obligation to provide financial statements

(3) An occupation right agreement must include a provision requiring the operator of the retirement village

(a) to prepare, at the start of each accounting period of the operator, a statement forecasting for the period—

- (i) the operating expenditure relating to the village; and
- (ii) all expenditure relating to the village **(including amounts repayable to residents, former residents, and their estates);** and
- (iii) all income relating to the village; and
- (iv) the amounts of the operating expenditure that must be met by the residents of the village; and

(b) to give a copy of the statement to each resident of the village within 3 months of the start of the accounting period.

Practical Difficulties

- The biggest challenge = ensure useful information is provided that meets a clear objective.
- Information required to be provided is:
 - a ‘hodge-podge’,
 - does not apply general accounting conventions; and
 - includes elements of the Income Statement, Cashflow Statement and Balance Sheet.
- It does not make sense to the users (residents) and can be confusing and can't be reconciled to anything.

What is the objective?

- It is not clear what the Regulation is trying to achieve. Is it:
 (1) A forecast of weekly fees and operating expenses so residents can see what their weekly fees are paying for?

				Forecast 2020	Actual 2019
Revenue					
Weekly Fees				1,830,000	1,798,422
Expenses					
Insurance				350,000	319,665
Rates				500,000	469,701
Grounds Maintenance				350,000	357,224
Building Maintenance				200,000	194,878
Utilities				80,000	78,123
Statutory Supervisor				10,000	10,000
Resident Welfare				20,000	21,180
Management and Administration				200,000	201,542
General Expenses				120,000	149,442
				1,830,000	1,801,755
Net surplus/(deficit) from weekly fees				-	-\$3,333

What is the objective?

- Or (2) A forecast of village income and expenditure so residents can form a view of future profitability/sustainability?

					Forecast 2020		Actual 2019
Income							
Weekly Fees					1,830,000		1,798,422
Deferred Management Fees					1,600,000		1,755,420
Change in Fair Value of Investment Property					3,000,000		4,714,223
					6,430,000		8,268,065
Expenses							
Village Operating Expenses					1,830,000		1,801,755
Legal					35,000		47,622
Valuation					30,000		28,498
Marketing					160,000		197,842
Depreciation					40,000		43,527
					2,095,000		2,119,244
Net profit					4,335,000		6,148,821

What is the objective?

- Or (3) A cashflow statement, so residents can form a view on the availability of funds to repay their ORA

				Forecast 2020		Actual 2019
Receipts						
Sales of ORAs				10,500,000		8,875,663
Amenities Fee				1,500,000		490,500
Weekly Fees				1,830,000		1,798,422
				13,830,000		11,164,585
Payments						
Termination payments				6,400,000		5,958,067
Marketing				160,000		197,842
Village Operating Expenses				1,830,000		1,801,755
Professional Expenses				65,000		76,120
Refurbishment				1,700,000		197,842
Capital expenditure				420,000		43,527
				10,575,000		8,275,153
Cash surplus				3,255,000		2,889,432

Are the reports useful?

- If residents are on fixed weekly fees, are the reports still useful?
- If a resident is in an ORA care room – there are no weekly fees. So are the reports useful?
- Has the industry moved on and the Regulation not kept up?

What we think residents are interested in

- What their weekly fees are being spent on (particularly those with variable fees).
- Ensuring they are getting value for money, that the Operator is using the fee for the correct expenses.
- The regulation 9 reports are usually prepared with details of the 'material' types of expenditure.
- Residents on fixed incomes are concerned about increases in weekly fees and their ability to afford them.

An additional regulatory change opportunity

198 Duty of auditor to report to supervisor or FMA

- (1) This section applies to the auditor of an issuer of a debt security or a registered scheme.
- (2) If the auditor provides the issuer, any of the issuer's members or shareholders, or any of the holders of the debt security or managed investment product with any document required by an Act or a trust deed relating to the financial product or scheme, the auditor must, as soon as practicable, send a copy to the supervisor of the debt security or registered scheme or, if there is no supervisor, to the FMA.
- (3) If, in the performance of the auditor's duties, the auditor becomes aware of a matter that, in the auditor's opinion, is relevant to the exercise or performance of the powers or duties of the supervisor of the debt security or registered scheme, the auditor must, within 7 working days of becoming aware of the matter, send—
 - (a) a written report on the matter to the issuer; and
 - (b) a copy of the report to the supervisor or, if there is no supervisor, to the FMA.

Template

FORECAST STATEMENT OF OPERATING EXPENDITURE			
FOR THE YEAR ENDING 31 MARCH 20XX			
		TOTAL \$	TO BE MET BY RESIDENTS \$
Accident Compensation Levies			
Accountancy Fees			
Advertising			0.00 Advertising & marketing costs incurred to sell units may not be recovered from existing residents
Alarm Monitoring & Security			
Audit Fees			
Bank Charges			
Certification Costs			
Cleaning & Laundry			
Conferences & Staff Training			
Consultancy Fees			
Depreciation			
General Expenses			
Insurance			
Legal Expenses			Legal fees incurred in the course of selling units or as a result of non compliance may not be recovered from residents
Licences & subscriptions			
Management Fees			
Medical Fees & Supplies			
Motor Vehicle Expenses			
Power			
Printing, Postage & Stationery			
Protective Clothing			
Provisions			
Rates			
Repairs & Maintenance - Community Facilities			
Repairs & Maintenance - Grounds			
Repairs & Maintenance - Unit Exteriors			Usually R&M on unit interiors is a resident direct cost unless it forms part of the fabric of the unit
Resident Entertainment			
RVA Association Membership Fees			
Staff Expenses			
Statutory Supervisors Fees			Statutory Supervisor fees incurred in the course of obtaining a consent or as a result of non-compliance may not be recovered
Telephone & Tolls			
Valuation Fees			
Wages & Salaries			
Total Expenses		\$0.00	
Total Operating Expenses To Be Met by Operator		\$0.00	Carry forward to grey cell on next sheet
Total Operating Expenses To Be Met by Residents		0.00	Carry forward to the yellow cell on next sheet
Number of units	0		
Number of Weeks	52		
Nominal Rate per Unit per Week		#DIV/0!	

Template

NAME OF VILLAGE					
FORECAST STATEMENT OF INCOME & EXPENDITURE					
FOR THE YEAR ENDING 31 MARCH 20XX					
(Excluding GST)					
INCOME					
Expense Recoveries					
Fees Received					
Rent Received					
Interest Received					
Subvention Payment Receivable					
Intercompany Advances					
Sales of Licences to Occupy					
TOTAL INCOME			\$0.00		
EXPENDITURE					
Dividends paid					
Expense Recovery costs actually paid (detail)					
Intercompany Advances					
Interest					
Interest - Shareholders					
Loan Repayments					
Repayment of Licences to Occupy					
Total Operating Expenses to be met by Operator	\$0.00			These expenses may not be recovered from residents	
Total Operating Expenses to be met by Residents	\$0.00			These expenses may be recovered from residents	
TOTAL EXPENDITURE			\$0.00		
EXCESS INCOME OVER EXPENDITURE			\$0.00		

CFFC RV stakeholder day

Retirement Villages Association

John Collyns,
Executive Director





Repurposed land – Hutt Valley
Technical College becomes Bob
Scott Retirement Village



Repurposing property –
the Russley Hotel
(opened 1964, closed
2008) is now the Russley
Retirement Village
(above photo Kete
Christchurch)





Repurposed land
– Wellington's
Athletic Park
becomes Arvida's
Village at the
Park

What's driving RV growth

- Increased availability of quality product and continuum of care
- Public acceptance of RV as mainstream housing option for older people
- Resident-focused consumer protection legislation
- Releasing equity in property due to increased property values
- Residents' improved sense of security, companionship and physical activity
- Industry commitment to improving the regime.

World-leading legislation

Dr Brian Beach (UK): “Perhaps the strongest example of legislation specific to this sector (retirement villages) comes from New Zealand, where the RV Act established the definition of a retirement village and put in place operational requirements and regulations to protect consumers”. *

GRIENER REPORT (NSW): “Regulatory regimes in best practice jurisdictions such as New Zealand ... Exemplary guides from other jurisdictions such as NZ ...”

Stronger foundations : International lessons for the Housing-with-Care sector in the UK, January 2018

- Our legislation balances operators’ responsibilities with residents’ interests and well-being.
- Flexibility allows market-led solutions without requiring all operators to follow, if they are not able to do so.

RVA members offer higher standards

RVA's membership and role.

Code of Practice - minimum standards around village management.

Higher standards offered by operators include :

- Fixed weekly fees (178 villages, or 48%) or CPI indexed
- Stopping fees completely when residents move out
- Providing a rebate or interest if a unit is not relicensed within an agreed time
- Offering interest-free loans to mitigate resident hardship
- Providing standardised "Key Terms Summary" of main contract terms to allow residents to compare different village offerings
- Providing guidance to clarify transfers to care, where available.

TRANSITION TO CARE

- CFFC's Monitoring Report – The Interface of Retirement Villages and Aged Care 2018-2019
- RVA has worked with the CFFC to develop best practice guidelines for disclosure
- Regulation 31 – Moving into rest home or hospital care institution in a retirement village
- Code of Practice – Clauses 24 and 25 – Transfer from an independent living unit to a unit in the village where a higher level of care is provided

BEST PRACTICE DISCLOSURE - GUIDELINES

1. Is care available on site?
2. Does resident have the right to move to care?
3. Levels of care available
4. Number of rooms in each care category
5. Does resident have priority?
6. Is an assessment required?
7. Are there any resident-funded charges and describe
8. Detail transfer policy if resident purchases an ORA for care.

Issues of concern to residents

- LONG-TERM MAINTENANCE PLANNING
- DELAYS IN UNIT RENOVATIONS
- STOPPING WEEKLY FEES WHEN UNIT IS VACATED
- MANDATORY BUY BACKS
- PAYING MARKET VALUE IF UNIT DESTROYED AND NOT REBUILT
- EXPLOITATION AND THE FAIR TRADING ACT

Meeting government objectives

Housing crisis

- 1,700 new RV units built annually
- 4,700 family homes released to the market annually
- Sustainable focus in new developments

Impact on tla infrastructure

- Rv Are efficient users of land
- 1.3 people per dwelling – less water use
- Fewer vehicle movements, less use of council amenities

Impact on health and well-being

- Reduced incidence of loneliness and improvement in mental and physical health
- Villages slow entry to age care
- Efficient delivery of home-based support

What we could do better ...

- Communication, both with residents and the wider public, about RV benefits.
 - Use social media, websites, video conferencing more effectively
- Make the transition to care more transparent
- Social housing – a profitable sector is essential, but operators choose how to spend profits.
 - Around 60 operators provide +600 rental units. ANZ research suggests that 14% of operators will try rental, and 46% want to see the evidence that it works.
- Designing other models to cater for people with limited capital ;
 - 12% of operators told ANZ they'd look at a no-DMF model and 49% said they "will consider a new proposition to appeal to retirees".
- Technology – 49% said they wanted to use technology more efficiently.