



Reforming for balance

Tasman Positive Ageing Forum, 5 September 2023

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What I'm going to talk about

- Snap shot of Tasman villages, with some Nelson data for comparison
- Key components of the RV discussion paper – moving in, living in, moving out
- RVA initiatives to address concerns
- Questions



What's happening in Tasman?



75+ age group set to double, from 6,1020 in 2023 to 14,100 by 2048

People are living longer and health needs, especially after 85, are more complex

Age-appropriate housing is critical, including pathway to care – RV are essential for this.

6 villages, 471 units, and 615 residents.

291 more units in development

Today, 10% of Tasman's +75 population live in a village

Compare this with Nelson City



75+ age group also set to double, up from 5,590 in 2023 to 10,940 in 2048

Same housing challenges

9 villages, 843 units with 1,100 residents

5 villages expanding or in development, 400 units

19.7% of Nelson's +75 population live in a retirement village.

New Zealand's retirement village model

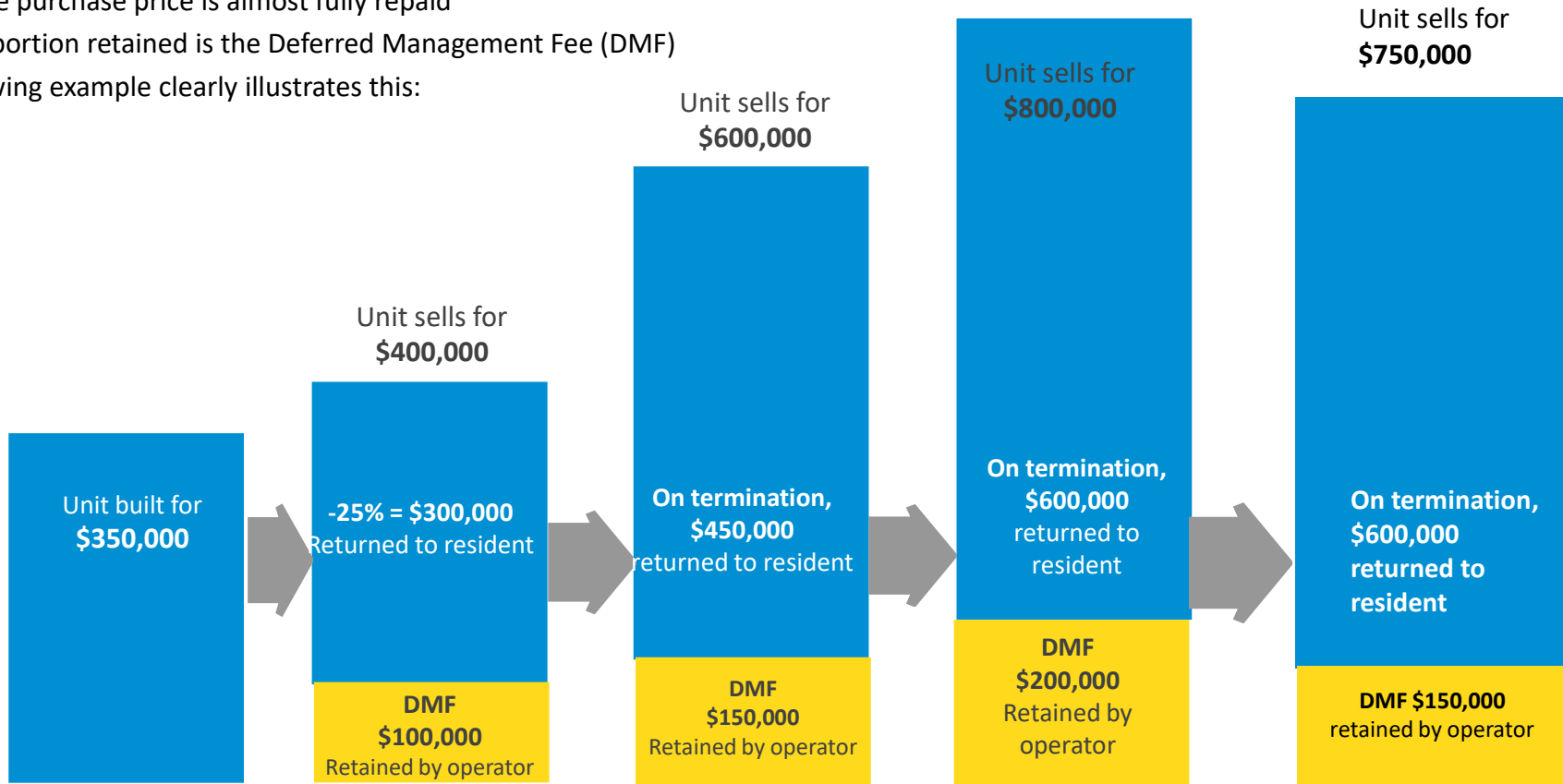
Retirement village operators do not retain the 'capital gain'.

Instead, they must pay back a considerable amount to residents or their estates following every sale

In fact, the purchase price is almost fully repaid

The only portion retained is the Deferred Management Fee (DMF)

The following example clearly illustrates this:



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\$1.95 million is re-paid to residents or their estates over the lifetime of the unit.

Industry best practice

Best practices are agreed by members at AGM.

Includes a mandatory compliance audit every three years by accredited auditing agencies

Audit reports on RVA website

Disciplinary Authority with range of sanctions

Important the process is credible.

Review – moving in

Complex disclosure statements and contracts

- Mandatory legal advice; registration; statutory supervisor
- But – duplicate material, hard to read, complex

Proposal – a “Village Comparison” and shortened “Information Statement”; 5,000 word max “disclosure statement”; standard ORA with variations for different models.

RVA's Key Terms Summary

Allows intending residents to compare different village offerings easily.

SUMMARY OF KEY TERMS

Village: _____
 Accommodation Type: _____
 Correct as at ____/____/____

KEY TERMS	DETAILS FOR RESIDENT/UNIT
Fees payable by resident	
Maximum Deferred Management Fee (DMF) (or equivalent fees) payable by resident for unit	Maximum total as a percentage of capital sum: _____ % Method of calculation: On entry _____ % Per annum: Year 1 _____ % Year 2 _____ % Year 3 _____ % Year 4 _____ % Year 5 _____ %
Weekly fees payable by resident • How much? • Can these be increased by the operator? • If yes, how often?	\$ _____ per week <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Annually <input type="checkbox"/> Any time <input type="checkbox"/> Other
Are there any other regular fees payable by the resident to the operator and can these be increased? [For example, service fees.]	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the resident contribute to long term maintenance through a contribution to a specific village sinking or maintenance account?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Fees payable on termination (excluding DMF) [For example, admin, marketing fees.]	
Capital gains/losses	
Does the resident share in any capital gain on the sale of the unit? • If yes, what share? [Specify]	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the resident exposed to any capital loss on the sale of the unit? • If yes, what is the exposure? [Specify]	<input type="checkbox"/> Yes <input type="checkbox"/> No
Leaving the unit	
Once the resident has left their unit when do they stop paying weekly fees?	<input type="checkbox"/> On leaving the unit <input type="checkbox"/> Other – specify

Review – living in

Operator-owned chattels – single biggest area of complaint and concern.

Proposals:

- Define “chattels” in Act
- Provide list of chattels to residents
- Operators to meet direct costs of R and M
- Replace when worn out

RVA agrees; already part of our industry standards

Review – living in - 2

Review complaints and disputes regime

Claims it's slow, intimidating, isn't independent, and doesn't give outcomes residents want.

RVA – open to consider, but note that 80% of complaints are resolved within the statutory deadline, mediation is encouraged, 49 Dispute Panel separate decisions found 13 (26.5%) for residents, 25 (51%) for operators, and 11 (22.5%) neither.

Moving to care

Paper light on impact of ORAs on care – crucial that relationship is understood otherwise no more care facilities will be built.

Proposal – comprehensive information about transfer, provide occupancy levels of care on site, clear wording that care is not guaranteed when required.

RVA – already doing this.

Minimum building standards

Proposal – upgrade to Healthy Homes standards and ensure villages are accessible.

RVA – Industry best practice requires operators to upgrade to Healthy Homes standards as units are vacated.



Moving out

Proposal - Mandatory buy-backs within 6 or 12 months, and/or pay interest on outstanding capital sum after six months if unit not re-licensed.

Note – lines of credit or cash reserves required to 10% of value of units for any hard legislative deadline. Cost is \$2.2 b annually; costs for ORAs will increase.

RVA – support payment of interest on outstanding capital sums. 71% of operators do this now.

Moving out - 2

Proposal – stop weekly fees and stop accruing the DMF when unit is vacated.

RVA – agree, but note some business models will need to be changed.

76% of operators stop fees when unit is vacated

65% of operators stop accruing the DMF

Moving out - 3

Proposal – only allow residents to share capital loss to the extent they also share capital gain.

Note – no proposal to share capital gain if that's not the business model.

RVA – agree and 90% of members have done away with the capital loss clause.

Other matters in the review

- Future-proofing the definition of “village”
- Insurance cover issues
- Security for residents’ sums
- Culturally-responsive models of care
- Roles of government agencies
- Plain English Code of Practice
- Offences and penalties
- Application of the Real Estate Agents’ Act

What's next?

RVA to research various assertions – evidence-based submission

Will assist members in making their own submissions

RVA submission will be drafted and discussed with members before being lodged by the deadline of 20 November 2023.

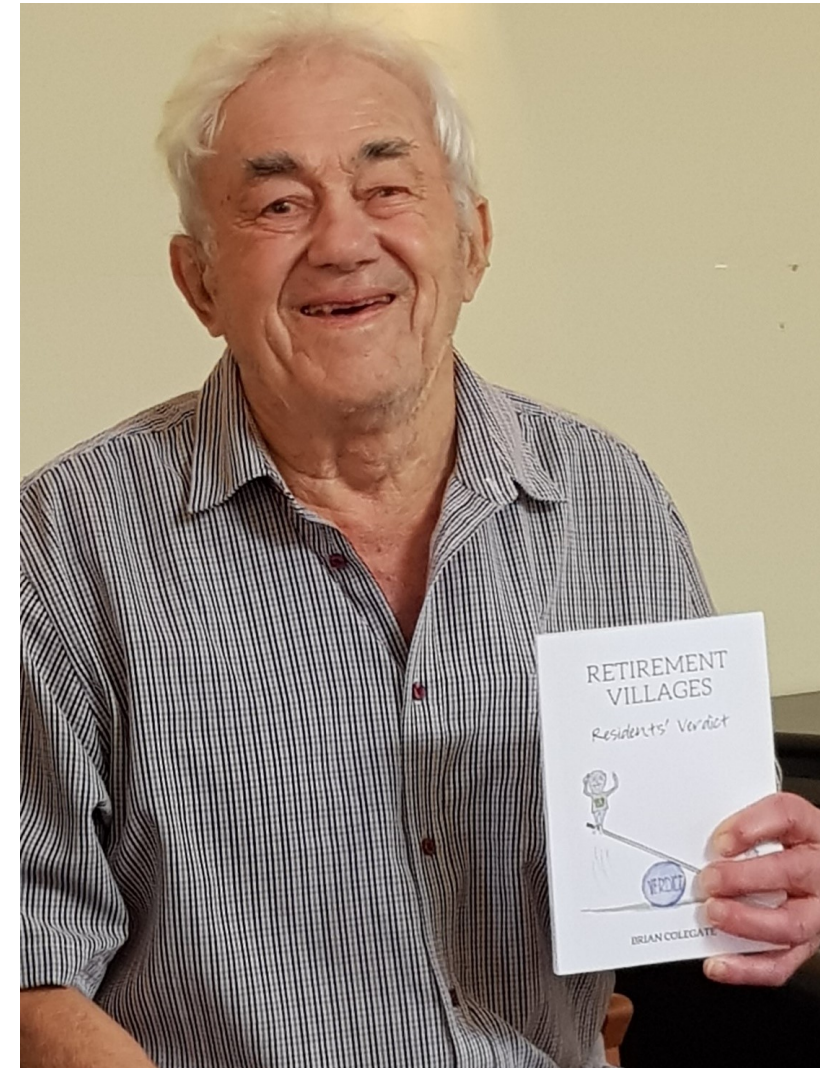
Important : the review preserves the integrity of a highly-successful business model – 100 people move in every week!

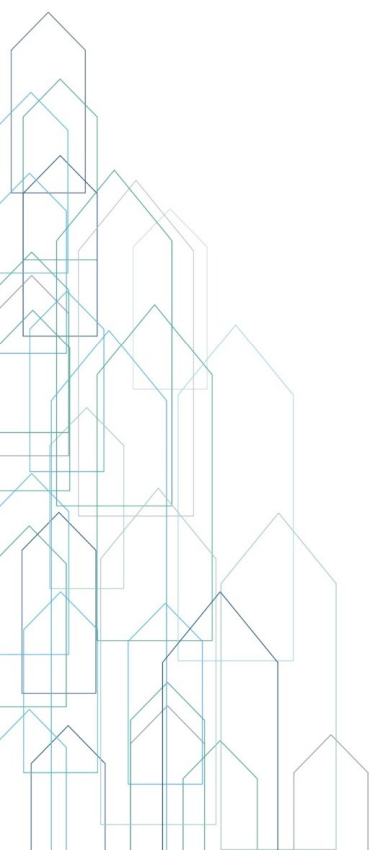


Retirement Villages – Residents' Verdict

Author is Brian Colegate, a resident at Coastal Villas RV, Paraparaumu. The book is intended for people who are thinking about moving to a village – easy to read, informative, unbiased!

\$20 + P&P from Brian –
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