

Housing Options

Residential Village Housing



What is a retirement village?

Retirement villages are complexes of residential units or a number of separate complexes of residential units on common land. These units are intended for residential use under a 'retirement village scheme'.

They may be either privately owned or owned and run by not-for-profit organisations or local governments. They do not receive government funding. Retirement villages are regulated by state legislation: in South Australia the *Retirement Villages Act 2016 and Retirement Villages Regulations 2017*. The Act defines a 'retirement village scheme' as one that is established (predominantly), for 'eligible persons and their spouses or domestic partners'. An 'eligible person' is defined as one who have attained the age of 55 years and retired from full-time employment.

What is a retirement village?

Retirement villages are not aged care facilities (formerly known as nursing homes and hostels). These are funded by the Australian Government and are operated under the *Aged Care Act 1997*. An aged care assessment is required to gain entry to these facilities.

There are retirement villages that are co-located with aged care homes, but they would still be operated under different legal frameworks.

Retirement villages are not Supported Residential Facilities (SRFs) (formerly known as rest homes). These provide housing and some personal care to older people and people with disabilities. SRFs may also provide special services (such as meals, linen, cleaning, assistance with medication, showering and other support) for a contracted weekly payment. SRFs are regulated by the *Supported Residential Facilities Act 1992*.

However, some retirement villages offering serviced apartments may have dual licence and also operate under the *Supported Residential Facilities Act*.

Retirement villages are not residential parks. These are operated under the Residential Parks Act 2007.

See specific fact sheets covering the accommodation options above.

Retirement village units are not normally available on a rental basis. If a residential tenancy agreement is offered it should comply with the *Residential Tenancies Act* and *Residential Tenancies Regulations*. This agreement may be very different from the residence contract signed under the Retirement Villages Act by other residents in the same complex.

How are retirement villages organised?

Retirement villages provide housing for people predominantly aged 55 years who are able to live independently. In some villages personal care and support services can be purchased for a fee.

Living in a retirement village is not the same as owning your own home or renting. Retirement villages are marketed using different legal and financial arrangements. In effect, the resident provides the retirement village operator with an interest-free loan, which gives the resident the right to live in a unit and benefit from whatever lifestyle the village offers.

When residents leave a village, they are entitled to a return on any premium that has been paid, based on the arrangements in the original resident agreement or contract (exception may apply to entry contribution arrangements). This may be based on the market value at the time of

remarketing, or on the amount paid at the time of entering the unit, less any deferred fees agreed in the contract. As a general rule, the deduction of deferred fees results in the amount initially invested being significantly reduced at final settlement, even though the market value of the unit may have increased. It is important to have an understanding that moving to a retirement village is a lifestyle decision and may not leave you financially better off in the long term.

Legal issues

The *Retirement Villages Act 2016* outlines the rights and obligations of residents and management in a retirement village. The retirement village must offer you a *residence contract* detailing your rights and obligations. It is important that you understand the contract and its implications. As it is a major financial and lifestyle decision, it is advisable to get legal and financial advice before signing.

A cooling-off period of 10 business days commences from the date the *residence contract* is signed, giving you time to consider your decision.

Residents are entitled to a 90-day settling-in period after the date of the contract or the date on which the s/he is admitted to occupation of his/her residence in accordance with the scheme (whichever is later). During this time a resident may decide to leave and is entitled to a full refund of their premium minus a market rental for the time the unit was occupied and payment for any village services that have been used. However, the exit entitlements may not be repaid until the residence is relicensed or after a period of 18 months. This may vary between village operators.

Types of housing in retirement villages

Independent living units

Most villages offer predominantly or solely independent living units, catering for people who can live without or with very little support, or who receive support through other programs and services.

Serviced apartments and user-pays services

Serviced apartments may be suitable for older people who wish to live in a supported environment where services such as laundering of linen, meals and cleaning are provided. Most are bed-sitters or small single bedroom units, but there are some more spacious options on offer. The resident pays a regular service fee in addition to the licence to occupy or entry contribution. Extra services such as assistance with showering and personal laundry may be provided at an additional cost.

Some villages offer its residents the option to live in independent living units and use assisted living services (e.g. meals, personal care) as required.

Financial arrangements

Resident-funded units

Resident-funded units are sold at market value. The resident does not own the unit but purchases a licence to occupy which in effect gives the administration of the village an interest-free loan and the resident a licence to reside in the village. When the unit is remarketed, the administration will often retain a percentage of the sale price (*deferred management fee*). Prospective residents should have a full understanding of the way the refund is calculated, and any other costs associated with the re-licensing procedure.

Entry contribution units

Under this arrangement the operator requests an entry contribution on entry, in exchange for the right to occupy the unit. Usually none of the entry contribution is refunded when the resident leaves the unit. However, some arrangements and contracts may include a smaller percentage of refund (in comparison with the resident-funded type).

These financial arrangements are negotiated between the residents and the organisations when accepting the conditions of entry. In both scenarios above a regular maintenance fee is paid, covering the services offered by the village, with the exception of general household expenses such as telephone, electricity and contents insurance.

Useful contacts

Catalyst Foundation (including Seniors Information Service) Tel: (08) 8168 8776 maintains an online housing directory featuring information on retirement villages including vacancies. It is possible to search villages by name, unit type and/or location:

www.catalystfoundation.com.au/housing.

Foundation's staff can assist with searching the directory and provide information to clients. The Foundation also offers a monthly seminar on retirement villages.

Office for Ageing Well

In South Australia this State Government Office administers the Retirement Villages Act and provides information and advice to residents, committees, administering authorities and the public on matters referring to retirement villages, mediation and conciliation of contractual disputes and investigation of breaches of the Act. Tel: (08) 8204 2420; email RetirementVillages@sa.gov.au.

The South Australian Government's website www.sa.gov.au features information resources for retirement village residents and prospective residents, and operators.

The Retirement Village Act and Regulations can be accessed at the website

<http://www.legislation.sa.gov.au>

South Australian Retirement Village

Residents' Association (SARVRA) provides advocacy and lobbying on behalf of retirement village residents; information for people considering moving into a retirement village and advice on dispute resolution procedures. Tel: (08) 8232 0422 (will take a message); www.sarvra.asn.au

Aged Rights Advocacy Service (ARAS)

ARAS offers a free, independent and confidential service for South Australian retirement village residents. Advocates assist people to explore the various options that may be available in respect to addressing and resolving any dispute with a village operator. Tel: (08) 8232 5377; 1800 700 600; <http://www.sa.agedrights.asn.au>

The South Australian Civil Administrative Tribunal (SACAT)

has the power to resolve disputes between retirement villages and residents, including breaches of the *residence contract* or breaches of the Act. The Tribunal cannot hear disputes between residents or any dispute which is not related to the Act/Regulations or the residence contract. Tel: 1800 723 767; email: sacat@sa.gov.au; <http://www.sacat.sa.gov.au>

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Contact Us

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