

CRAIGIEBURN HIGHLAND RETIREMENT VILLAGE

General Rate Reduction
Submission

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PURPOSE:

The Stockland Craigieburn Highlands Retirement Village Residents submit this application for consideration of a reduction of our rates by 25%, in accordance with the Ministerial Guidelines for Differential Rating and for fairness and equability due to the reduced demand on council services and facilities.

INTRODUCTION:

The Stockland Craigieburn Retirement Village covers approximately 9.8 hectares and is built on former farm land with a slight incline to the north. It is sited between three roads and backs onto a new housing settlement. A Medical Centre is in the same block behind the south east corner of the village. The Hume Learning Centre is located within walking distance as are Anzac Park and two large shopping centres.

There are 211 modest single story brick veneer villas ranging from one bedroom with a carport to a few three bedrooms with a double garage. The area has several small dual path roads with Cul De Sacs, several lawns and a Community Centre. Areas are provided for resident caravan parking and a long term car park. Short term car parking is available for visitors, tradesmen and carers. An electric gate restricts non-resident access during dark hours (accessible at night only by emergency services). There are 294 residents, comprising 175 females and 119 males.

The Community Centre provides many recreation facilities and is a focal point for the residents being involved in organised activities. These are coordinated by a General Committee elected by the residents per 'The Rules' which are in accordance with 'The Acts Incorporation Act'

DISCUSSION:

A. DIFFERENTIAL RATES - CAPITAL IMPROVED VALUE (C.I.V.):

In April 2013, the Victorian Government released Ministerial guidelines for the use of differential rates by Victorian councils. The guidelines contained a revised definition of which land categories councils should consider for differential rating, including retirement village land.

The introduction of the retirement village land category as a class of land category to be considered for differential rate purposes acknowledges the reduced demand that residents of retirement villages place on local facilities and services.

Where such circumstances arise, a council must give consideration to reducing the burden through the use of a differential rate, including Retirement Villages as defined by the Retirement Villages Act 1986.

A submission by the Property Council states that “Their view is that a 25% discount differential rate for retirement village residents strikes a fair balance between taxation equity and community obligation”. We are currently aware of a number of municipalities which provide a differential of a similar nature and we encourage you to give this rating policy reform serious consideration.

How the C.I.V. value of properties within the village is calculated is an issue of some concern. We are familiar with your document “Hume Council Rates and Charges Calculating Rates”. I refer you to the section ‘What are Differential Rates’ – It states that Differential Rates are where councils set different rates in the dollar for different categories of rateable land. For example, farm land, VARIOUS CATEGORIES OF RESIDENTIAL PROPERTY, commercial/industrial property will each pay a higher or lower rate in the dollar.

This begs the question – Why is the same C.I.V. formula used to calculate a village leasehold residential property value and a non village freehold residential property value? Your council web site states ‘For the purposes of the 2019/2020 financial year, each property – including new or changed properties – was valued as if it was sold for a fair and reasonable price on January 1st 2019.’ These resale values are incomparable as any Real Estate Agent will attest.

Secondly, regarding the dollar rate, the following sections of this report will detail the reasons we the village residents are considerably much less of a drain on council resources than the average Hume citizens due to our village inhouse facilities and social structure. A council must have regard to a number of facilitating objectives including the objective in section 3C(2)(f) of the Act to ‘ensure the equitable imposition of rates and charges’.

References:

- Inquiry into Retirement Housing Sector - Parliament of Victoria, 2017
- RRVV Submission, 2015
- Hume Website

B. STOCKLAND FACILITIES AND SERVICES:

I. FACILITIES:

Stockland provides a variety of facilities for the use of the residents:

- Heated swimming/exercise pool.
- Outdoor and indoor lawn bowls.
- Fully equipped men's shed.
- Coffee and licensed bar
- Book and media library.
- Multiple computer/printer room.
- Theatre/lounge
- Audio/Visual systems.
- Craft/meeting room.
- Billiard room
- Auditorium/dining room
- BBQ area
- Indoor Gymnasium
- Outdoor Gymnasium/exercise equipment
- Hairdressing salon
- Medical consultation room
- Podiatry service room
- Communal vegetable garden
- Communal garden and recreation areas

II. SERVICES:

Services provided by Stockland for all residents (funded from the recurrent service charge paid by residents):

- Management team
- Lifestyle co-ordinator
- Cleaning and maintenance of communal areas and facilities
- Communal bus
- Emergency call system
- Essential safety measures
- Green Waste disposal
- Pest control

For emergencies, a 24 hour direct line call centre phone and a hand button alarm are available in each residence together with hard wired fire alarms with battery back up. Residents Fire warden teams are on call/demand.

C. MINIMAL OR NO USE OF COUNCIL SERVICES:

With the services and facilities available within the village, many of the advertised Council services and facilities offered are no longer needed or pertinent to the village residents' requirements. We have paid for previous council services and facilities throughout our working lives. **WE HAVE PAID OUR DUES.**

Examples are:

- Before and after school care
- Building inspection and permits
- Business awards/efficiency network
- Careers in Council
- Childcare and occasional care
- Fencing
- Community grants
- Graffiti removal
- Hall and facility hire
- Home Maintenance
- Mobile library
- Hume multiversity
- Home planning scheme
- Kindergarten
- Maternal and child health
- Planning applications
- Skating and BMX
- Three year old activity
- Youth counselling
- Zones and overlays

Reference:

- Hume Services Guide.

D. VALUE OF RETIREMENT VILLAGE TO COUNCIL:

Evidence suggests that Retirement Village living reduces the burden on Council facilities.

I. Financial Benefits to Council:

1. Reduced capital expenditure by council for aged care facilities and infrastructure.
2. Reduced operating expenditure for infrastructure maintenance including roads, lighting and open spaces.
3. Reduced council staff requirements as village provides self-funded and organised resident activity programs.
4. Reduced demand for health services due to medical and other support services in the village as residents enjoy better physical and mental health.
5. Reduced demand for community transport services as we have our own transport.

There are other lesser areas where savings are also incurred.

II. Social benefits to Council:

1. Villages provide a safe and secure environment for older persons.
2. A 24 hour emergency service.
3. Regular medical and podiatry service.
4. Hairdressing salon.
5. Variety of exercise classes. Pool, Tai chi stretching and balance etc. No travel is involved.
6. Own bus service, shopping, outings and pick up from travel terminals.
7. Commercial kitchen, café bar, licensed bar, BBQ and in-house dining functions.
8. Extensive organised social and recreational activities which alleviates loneliness, isolation and depression.
9. Justice of Peace on site.

Reference:

- Submission to Local Government Act Review

E. POSITIVES OF LIVING IN A RETIREMENT VILLAGE:

- 1 Greater focus on quality of life which reduces the costs on the government and council health system.
- 2 On site facilities encourage participation in village activities.
- 3 Better mental well being combined with being more physically active - increasing life span.
- 4 Better social interaction reduces potential depression.
- 5 Closer neighbour friendships relieves pressure on families and helps maintain family harmony.
- 6 Residents remain 5 years longer out of age care.
- 7 No stress due to rental worries.
- 8 Feel more secure and safer (reducing worry, stress and concern).
- 9 The village residences are safety designed for senior citizens
(No steps / flat light switches / open showers / electric garage doors / carpets / internal lever taps / security screen doors / lever handles on all internal doors).

References:

- Residents Feedback.
- Health Studies.

F. FINANCIAL IMPLICATIONS:

It has also been demonstrated that residents of Retirement Villages are not only less of a burden, but also provide financial benefits to the area in which they live.

- 1 Retirement living avoids government costs on health and care services of \$162 million.
- 2 Hospital visits - Residents 80% less likely to call an Ambulance or visit an Emergency Centre, saving government \$62.9 million in Hospital costs.
- 3 Mental care - 96% fewer mental health consultations, saving government \$10.9 million in mental health costs.
- 4 Local communities - Retirement living creates over \$95 million in social value - \$75 million in increased spending in local areas and over \$19 million in value in volunteering.
- 5 Research shows that retirement villages factor in considerable savings to all levels of government: “\$2.16 billion in savings to the health care system, of which \$1.9 billion of these savings are achieved by retirement villages delaying residents’ entry into Government funded aged care facilities.”

References:

- SROI and Ernst Young ^{1,2,3,4}
- RRVV submission ⁵

6. Additional:

There is no requirement placed on Council Public Liability Insurance for normally Council controlled areas (such as - roads, footpaths, nature-strips, trees and parkland) within the village confines.

G. OUTCOMES FOR OTHER VILLAGES:

Precedents have been set by other councils granting reductions to their retirement villages. The Frankston Retirement village was granted a 25% reduction in rates 20 years ago, with Mernda Retirement village being the most recent to be granted a 25% reduction by the Whittlesea council this year.

References.

- Inquiry into Retirement Housing Sector (5.7.3)
- Report by RRVV

H. GOVERNMENT PERSPECTIVE:

- 1 Parliament of Victoria – Inquiry into Retirement Housing Sector, March 2017. The issue of differential rates for retirement villages featured strongly throughout this Inquiry.
- 2 Mr Ondarchie. Northern Metropolitan MP – Hansard 7th March 2019. Call to establish an Ombudsman for retirement housing to ensure a low cost way to resolve disputes.
- 3 Article ‘Neville Backs Council Review’ – Sun newspaper July 2019. Acting Premier calls for Councils to review the rates system.

I. STATISTICAL FACTS AND COMPARISONS: (Village to the General Community)

- 1 House Occupancy:
` Highland Village - 1.4 persons vs Hume - 3.08 persons per dwelling.
 - 2 Land Size:
85% in approx. range 200-280 m² / Median approximately 220 m².
 - 3 House Size (including garage):
85% in approx. range 100-160 m² / Median approximately 140 m².
- Note:
Both the land and house sizes are well under the comparable freehold sizes.
- 4 Wellbeing:
41% of residents felt their wellbeing would have worsened if they had not entered a retirement village.
 - 5 Positive Changes:
64% of residents reported positive changes due to living in a village.
 - 6 Calculation of approximate flow on impact to general rate payers:
Dividing the 25% reduction (~\$50,000) in overall village rates by the total dwellings (~71,000) in Hume, this would amount to a flow on of less than \$1.00 and reducing further as Craigieburn is one of the fastest growing areas in the state.

References.

- Stockland and Council Annual Report ^{1, 2, 3}
- Stockland and Ernst Young ^{4, 5}
- Council Annual Report ⁶

SUMMARY

Our request and reasons for consideration for a 25% reduction of the general rate are not inconsistent with those of other councils who have acceded to this request by their retirement village rate payers.

We have shown to advantage what a retirement village delivers to the council with respect to cost reduction and improved social wellbeing. We in the village are less of a drain on the overall council resources and yet we are treated the same as ALL other Hume residential rate payers.

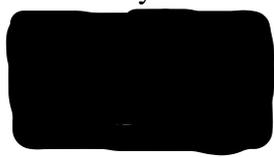
Further:

- 1 We pay twice for the maintenance and upkeep of our roads, kerbs, lighting, general drainage, sewer pipes and open areas to name a few. The open areas at Craigieburn Retirement Village are extensive, being the largest of all Stockland villages. We pay Stockland our monthly fees and pay again annually to the council via our rates.
- 2 Our smaller leasehold residences are assessed by the Valuer applying the same formula used for larger freehold residences built on larger size land sites and then ending with a similar Capital Improvement Value (C.I.V).
How can this be so?
- 3 It has been stated that the village leasehold home C.I.V. is based on market resale value the same as a freehold.
This cannot be so, as it is a leasehold property!
- 4 A 25% reduction of our rates would be overall only ~\$50000. Less than one percent of Hume rates - with a flow on effect of under \$1 per rate payer per annum.

Finally, the Ministerial Guidelines for Differential Rating state (on page 8, second paragraph) that: 'Common types and classes of land use where such circumstances can arise and where a Council MUST GIVE CONSIDERATION to reducing the rate burden through use of a reduced differential rate include (but not limited to) Retirement village land (as defined by the Retirement Villages Act 1989.)

We believe that the facts we have presented, and in consideration of the guidelines for Differential Rating (as recommended under Section 161 of the Local Government Act 1989), our request for a 25% reduction in the general rate is reasonable, right and proper. We seek your concurrence.

Submitted by:

	Chairman	
	Secretary	
	Member	
	Member	

Being the Rates Review Group
(Appointed by the Highlands Retirement Village General Committee)

Secretary:



28/07/19