

Application and scope of the *Retirement Villages Act 1986*

- 1. Should the payment of an ingoing contribution be the defining factor in determining whether the *Retirement Villages Act 1986* (RV Act) applies to a retirement village? If not, what other considerations would be appropriate?**
- 2. Is the definition of 'retirement village' under the RV Act otherwise appropriate? If not, what changes would you recommend?**

My recommendation

1. defining factor whether the retirement village applied :

1.1. the residents is 55 years or over. Can not be younger than 55 years old. And has a part time job or fully retired.

Argumentation :

Not the one who still has full time job. This very specific criteria to strict the demand, and make sure achieve the goal for retired person. So social activities and facilities, also community programs become really effective. Not idle

1.2. the residents pay on going contribution

Argumentation :

The different of ordinary housing estate and retirement village, other than who occupy, also availability of common facilities and community programs, managed by an institution or an qualified person, which all expenses will be charged as on going contribution, and run on the non profit basis

1.3. the owner or lease pay outgoing contribution

Argumentation :

I want to be consistent that ownership of unit should only have 2 model :

1. purple / strata ownership

1.1. this is like an ordinary property. Can be sold by the owner. But any buyer must meet the following requirement

a. meet the retirement village resident criteria as defined by the RVA, as I proposed above

b. willingness to pay ongoing contribution (included sinking fund) as normally happened in the strata property

c. the seller, has an obligation to give contribution, minimum 50% of any "capital gain" when sell the property to top up as a special fund, managed by village management. If there is no capital gain, no obligation to give any contribution to the owners association

d. the owners and residents association has the right to appoint the village manager, and other things, follow the ordinary strata law

2. long term lease / leaseholds

2.1. the period of the contract must be a minimum for the lessee (resident) reach 90 years old and rental payment can be paid fully in advanced or instalments

2.2.the developer / owner of the property can sell or put as collateral the assets and the contracts, with conditions, can not change the purpose, can not change the plan without get approval from the majority of lease who paid fully in advance

2.3.if for any reasons, the leasee wants to leave the village, the village owner, has obliged to find other leasee, who can take over / continue the balance of the lease period, any agreed price by the previous leasee, paid back to them by deduction of 25% to maximum 75% for the owner, subject to how long the lease period transferred.

Disclosure obligations

- 1. When advertising the 'price' of a retirement village unit, should there be a requirement to include a reference to any deferred management fees and other departure fees and charges?**

My recommendation, must be mentioned any outstanding on going contribution, included dispute case with the manager of the village. And only need to mention that departure / outfoing fee applied as RVA. (so in the RVA should define out going contribution very clear, with no other option)

- 2. Has the provision of a Factsheet and Disclosure Statement to prospective residents led to an improved understanding of the financial and contractual arrangements relevant to living in a retirement village enabling prospective residents to make an informed decision?**
- 3. What, if any, further improvements could be made to improve prospective residents' understanding of the potential financial and contractual arrangements relevant to living in a retirement village?**

My finding : the loan – lease scheme, the differed payment model, make the factsheet to complicated. I suggest, make the payment of the unit, simple scheme. So the developer of retirement village can have room to be creative, just at the beginning, when they start offer the oof plan of the retirement village, after that period / transacted, no more creativity on the financial numbers. And only 2 option, strata ownership or long term lease

- 4. Are the current timeframes for provision of a Factsheet and Disclosure Statement to prospective residents approp**
- 5. Have the form and content requirements for retirement village contracts introduced in 2014 improved residents' understanding of the contractual arrangements they have entered into?**
- 6. To what extent do retirement village contracts remain unnecessarily complex?**
- 7. What further improvements could be made to contractual requirements under the RV Act?**