



Discussion Forum

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<http://www.stuff.co.nz/national/christchurch-earthquake/4919981/Residents-homeless-and-broke>

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Residents 'homeless and broke'

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HARD UP: Joyce Waghorn could get \$100,000 for her \$280,000 unit.

Residents of an earthquake-damaged Christchurch retirement village say they have been left homeless and broke.

The residents own units in the Kate Sheppard Retirement Village in Avondale.

It was hit by liquefaction in the February 22 quake and is now closed.

Residents fear they will be paid out far too little to replace their homes, in some cases less than half the market value.

Most unit owners in retirement villages have a licence to occupy, with the village retaining legal ownership.

In most cases residents or their beneficiaries are paid the original price – less a certain percentage – when they move out or die.

The Kate Sheppard residents believe a natural disaster clause in their contracts will trigger the same arrangement.

Joyce Waghorn, 86, thought she had a home for life at Kate Sheppard.

She bought her unit 14 years ago after selling her townhouse. Capital growth and the village's share mean she will get back only about \$100,000 for a unit worth about \$280,000.

She has not yet had her insurance payout from the village.

"At the moment I'm using up the little bit of money I've got," she said. "I'm paying horrendous rent and I've got no money to buy anything.

"Everyone is in the same boat and very worried. You could cry for them. It's the uncertainty of it all."

A monthly service fee, paid by all unit owners, included insurance premiums, with policies in the village's name.

Waghorn's son, Terry Waghorn, lives in North Canterbury and is worried his mother no longer has support and care nearby.

"If she had a fall and couldn't get to the phone, we were a long way off, but there was someone there to check on her [at Kate Sheppard]. We won't ever be able to get her back into a situation like she was in.

"People like mum are stuffed. They thought they were OK for life, but there's no provision been made for something like this. There're a lot of people homeless."

The village is privately owned by Kate Sheppard Retirement Village Ltd, with Lance Bunting the lone shareholder and director.

The site's rest home, which was also damaged, is separately owned.

Bunting said he did not want to comment on financial arrangements with residents.

Issues were still being worked through and all residents were being kept informed, he said.

"It's not appropriate for me to discuss anything," he said.

"We don't have a crystal ball, so there's nothing anyone can say until we know a whole lot more."

Doug Guthrie, whose mother-in-law had a unit in the village, said they had been told to "read their contract" when they had asked Bunting how much she would be paid out.

He estimated she would receive 20 per cent less than the original price.

Guthrie said while his mother-in-law was now safe living with him and his wife, she was alone during the day and missed the privacy of her own unit.

"She says 'my life is ruined'. She's been very upset," Guthrie said.

"This earthquake has happened and you can't blame anyone, but if the units are insured for replacement value, you'd think the people who lived there would get a bit more than that."

The cost of a serviced two-bedroom villa in Christchurch retirement villages ranges from about \$200,000 to \$500,000, depending on the location and amenities, with weekly service fees averaging about \$100.

Contracts differ, but some villages depreciate units at 10 per cent of the original price in the first year, and less in subsequent years.

It is understood decisions on payouts to Kate Sheppard residents will involve the village's operator, its insurance company and Wellington-based Covenant Trustee Services, the company appointed as statutory supervisor to represent the residents.

Peter Orpin, of Covenant Trustee Services, said no decisions had been made, "so what we are talking about is purely speculative".

"I can understand their fear of the unknown, but none of us have answers yet.

"What is important is that the residents know we are working in their interests to try to get them the best possible result," Orpin said.

The retirement village owner held the insurance policy on the residents' units, but Covenant Trustee Services represented the residents as a mortgagee on the property titles, he said.

- The Press

Posted by ***John Cooper***
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