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## Australian Property News

### Retirement village structure ‘needs reform’

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**The retirement village industry is in desperate need of restructure and reform, according to the Retirement Villages Residents Association.**

In a discussion paper the association calls for a review of the independent-living retirement industry in New South Wales.

“Power and control is the key to an operator’s successful operation of a retirement village,” says the association.

“Ownership carries with it power, so actual ownership of and control by residents by means of registered freehold title to the property in which they live in a village is rare.”

The association says the trend is towards the retention of operator ownership, and thus all day-to-day powers and controls remain in the hands of the operator, with premises being leased or licensed to the residents.

“This concept deserves re-evaluation,” the paper says.

Retirement Village Residents Association NSW vice-president John Cooper said [recent statements](#) by property educator Jennie Brown about how retirement villages operated were a “little misleading” but added, “I do not disagree with the concept that retirement villages are a good investment”.

Cooper said the operation of retirement villages in NSW was explained in a discussion paper on the Retirement Village Residents Association website at [www.rvra.org.au/html/discussion-paper.html](http://www.rvra.org.au/html/discussion-paper.html)

The association argues that the finances required to create retirement villages and the subsequent construction of them, should ideally be placed in the professional hands of experienced and reputable property developers, but with “ongoing government monitoring to protect the financial and ongoing physical welfare of the elderly who enter these villages at the very time of life at which they are most susceptible to exploitation”.

“Most developers conduct their operations by adopting the present industry model that retains full Torrens title ownership of the village itself, including dwellings which they then lease or license for use by the aged (often for only short periods of time because of health issues) obtaining their ownership profits from: a contractual arrangement

entitling them to deferred management fees; and use of money, loaned to them interest-free and unsecured, by the resident at the time the contract is executed,” says the association.

“The entitlement of owner/operators to reasonable commercial returns by way of profits is not disputed. What is disputed is that owner/operators are off-loading on to the residents who live in their villages, all the costs of preserving all of the village’s assets on top of the profits they are enjoying from their village ownership.”

The association called on the government to examine the feasibility of setting up a resident-oriented, third-party “dwelling brokerage” agency to provide advice, conveyancing services and comparisons between villages and operator performance, when prospective/existing residents wish to buy and sell leased or licensed dwellings in retirement villages.

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