



Proposed development at Lourdes Retirement Village, Killara:

Demand Study

Client: Stockland Retirement Living

Date: 10 June 2021

Contact:

Felicity Richards
felicity.richards@elton.com.au
+61 2 9272 5576

**SYDNEY
02 9387 2600**

Level 27, 680 George Street
Sydney NSW 2000

www.elton.com.au
consulting@elton.com.au
Sydney | Brisbane | Canberra | Darwin | Melbourne | Perth
ABN 56 003 853 101

Elton Consulting is now part of the WSP Group.

Prepared by	Jessica Walker
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Reviewed by	Felicity Richards
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Date	10 June 2021
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Version	FINAL
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1 Introduction

Elton Consulting has been engaged by Stockland Retirement Living to assist in understanding the demand for a contemporary retirement community, including a retirement village, residential aged care facility (RACF), and private residential townhouses at the site of the existing Lourdes Retirement Village at 95 Stanhope Road, Killara.

1.1 Purpose of the report

This report has been prepared at the request of Stockland Retirement Living to accompany an application to the Department of Planning, Industry and Environment (DPIE) for amendments to floor space ratio, height controls and changing the proposed use for the Lourdes site. The application is intended as a first step towards finalising a development proposal based on the master plan which has been prepared as part of the application.

The report looks at the changing demand for retirement village living both in terms of scale (the quantum of demand) and nature (the characteristics demanded). The first part of the report considers wider demographic and cultural changes which are affecting demand across Australia. The following sections consider demand specifically in Ku-ring-gai local government area (LGA) in further detail. The final chapter considers demand for an RACF. The report looks in detail at the standards expected by the emerging Baby Boomer generation and compares these to the standards found in the existing village and other villages in the area. The analysis also looks at the argument for higher density housing, with higher buildings and a larger number of dwellings.

1.2 Key aspects of the proposal

Lourdes Retirement Village currently consists of 108 independent seniors' living units and 49 serviced apartments operated and managed by Stockland Retirement Living, and an 83-bed RACF, operated by Opal Aged Care.

Stockland have reviewed the village, and have concluded that partial redevelopment is required, as the existing dwellings and infrastructure are already experiencing a decline in their useful life. The current village cannot meet the expectations of the emerging Baby Boomer market, which differ significantly from the more modest demands of previous generations.

An indicative master plan has been prepared for the redevelopment. This is based on a revised structure plan that organises land uses, facilities, site features and circulation in a manner that reflects the findings of a site analysis and an analysis of opportunities and constraints. The project architects describe the design's drivers as:

- » Scale of the development steps down at the edges
- » Orientate the development to maximise solar access and views
- » Structure the development to frame the public domain.

Key elements of the master plan include:

- » 141 new independent seniors' living apartments across three precincts offering a variety of styles and sizes
- » A modern RACF providing 110 suites
- » 63 private residential townhouses offering four townhouse types
- » New village 'Main Street', village green and community events space
- » Existing hall and chapel
- » New landscaping and gardens including terraced gardens with relocated grotto.

The master plan and accompanying design documentation are included with the application to Council, seeking to amend planning controls for the site.

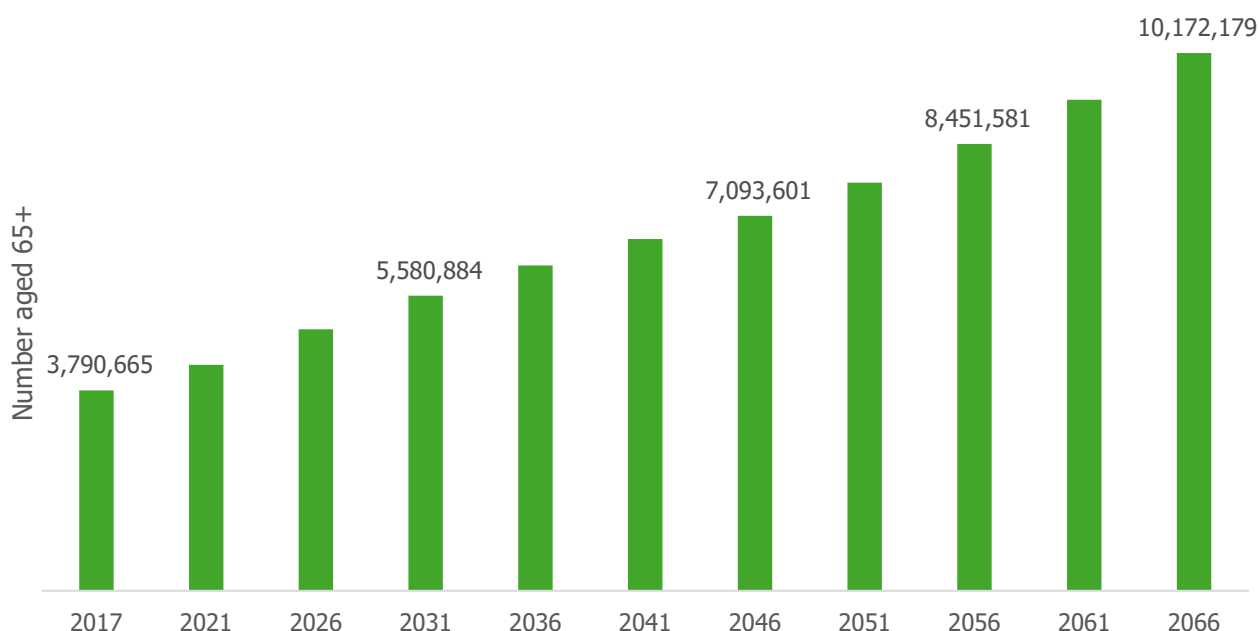
2 Trends affecting demand for retirement village dwelling

2.1 The underlying driver: ageing population

Australians are living longer and have one of the longest life expectancies in the world. Australian Bureau of Statistics (ABS) (2017) projections indicate that the number of people aged 65 and over will increase from nearly 3.8 million in 2017 to over 5.5 million by 2031, as shown in Figure 1 below. A major driver of this growth is increased longevity: between 1965 and 2018, life expectancy increased from 67.6 years for men and 74.2 years for women, to 80.7 and 84.9 years respectively (ABS 2019). By 2055, life expectancy at birth is projected to be 95.1 years for men and 96.6 years for women, three years more than can be expected today (Commonwealth of Australia 2015).

Recent data from the ABS (2019) shows that life expectancy for those currently aged 65 is 19.9 further years¹ for men and 22.6 further years for women. When previous generations reached retirement, they could look forward to only a few years of life and rapidly deteriorating health, but the current generation is able to seek options for recreation, work, social participation and appropriate housing. As a result, the population of seniors will grow rapidly in the next few decades. The proportion of the population aged 65 and over will continue to grow, approximately doubling over the next 25 years. By 2046, almost 1 in 5 people (18.4%) will be aged 65 years or over (ABS 2017). Responding to this situation presents huge challenges and opportunities, not only to policy makers but also to companies and organisations providing goods and services to older people – including retirement housing providers.

Figure 1 Number of Australians aged 65 years and over, 2017-2066



Source: ABS 2017: Population Projections, Australia, 2017-2066.

¹ Life expectancy past 65 years of age

2.2 Cultural change: Baby boomers demand choice

Historically, older people were perceived as dependents of their younger family members, and it was therefore seen to be appropriate for younger people to make choices for them. In the 21st century, independence in old age has become a key goal, resulting from the arrival of baby boomers as the new seniors. It has been clear for many years that this generation would not accept the traditional model for ageing:

"The baby boom cohort will have more resources and higher expectations than their predecessors in old age. They expect to set public agendas and are likely to demand change when they discover that 'ageing people' means them. They will bring to old age more superannuation and more large, debt-free and valuable housing in low density suburbs. Their housing choices are likely to be shaped by personal histories of more frequent housing moves, assertive consumerism, and varied housing earlier in life" (Kendig & Neuzte 1999).

More concisely, as Von Slater (cited in Paris 2021) from Lifestyle Communities said at The Urban Developer's Aged Care and Retirement Living vSummit: "*Baby Boomers want choice*".

Many services for older people are already being transformed. Under the banner of Consumer Directed Care, home care services for seniors have moved from a system in which the service provider decides what care should be provided to a system in which older people make their own choices. Likewise, leisure and tourism businesses targeting an older market have introduced a host of new options like active travel and interest-based travel for seniors.

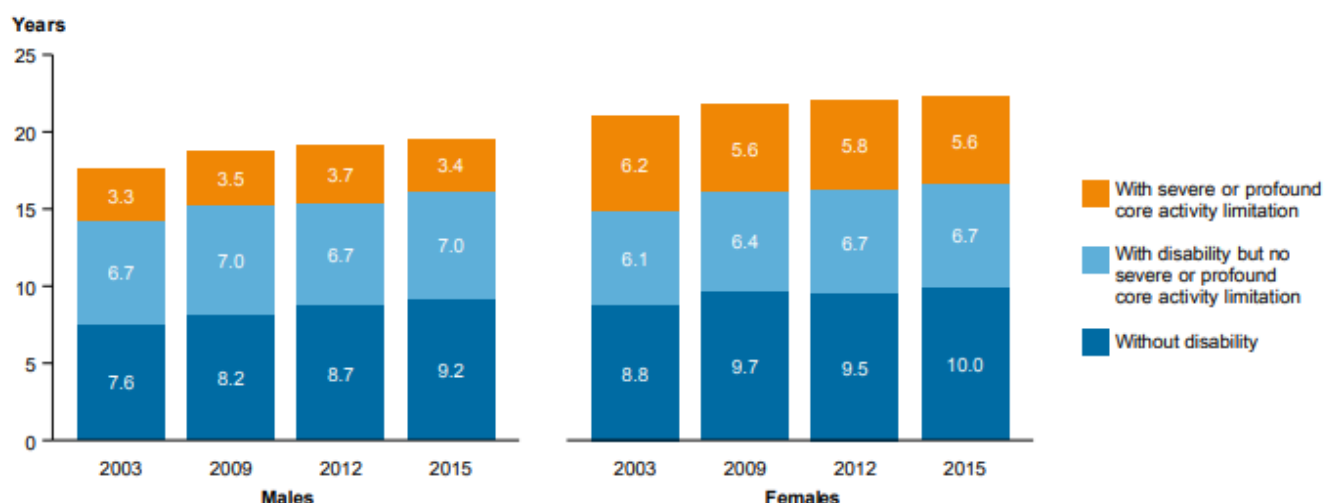
For most adults today, choosing where to live is the most significant choice they make. This choice typically must balance the need for access to a workplace, schools etc. with the desire to live in an area that offers the preferred type of environment, facilities, and housing. For many seniors, choices are less constrained by these factors. However, a lack of recognition of the housing preferences of older people has resulted in a limited range of attractive and appropriate choices for this important section of the market. For reasons like those outlined in this chapter, this situation is changing as seniors increasingly demand the right to housing choice.

2.3 Baby boomers generally enjoy good health

Not only can older people expect to live longer - they can also expect better health for longer. This fact is often lost in discussions about the cost of health care for older people. The steeply rising cost of health care is due to:

- » The increasing population of seniors
- » The life increased life expectancy of seniors (most of them will live beyond 80 - when the prevalence of key forms of disease and disability increase rapidly)
- » The costs of increasingly sophisticated treatments.

The most recent available data, illustrated in Figure 2, indicates that on average a person aged 65 in 2015 could expect to live another nine years (male) or 10 years (female) free of disability, plus a further 10 years (male) or 12 years (female) with some level of disability (AIHW 2017). The figure shows averages while in practice many people will live out their lives without a severe or core disability while others may be less fortunate.

Figure 2 Life expectancy and health outlook at age 65 in Australia, 2003-2015

Source: AHIW 2017: Selected health expectancies at age 65, by sex, 2003 - 2015

Older people who have significant concerns about their health are likely to want to live somewhere with good access to care and health services, while those in good health are likely to prioritise recreational and lifestyle factors, leading to some polarisation in retirement villages. At one end of the spectrum are the “first wave” villages which are often simply an independent living adjunct to an RACF. At the other end “retirement resorts”, particularly in coastal areas, often have excellent recreational and social facilities but little or no provision for care.

Contemporary best practice recognises that a more balanced approach is preferable. Stephen Bull, former Chief Executive of Stockland Retirement Villages (operator of Lourdes), was asked about this by Ageing Agenda (O’Keefe 2015). He noted that many aged care providers were focussing either on high care, or on independent living, leaving a “real gap in the middle”:

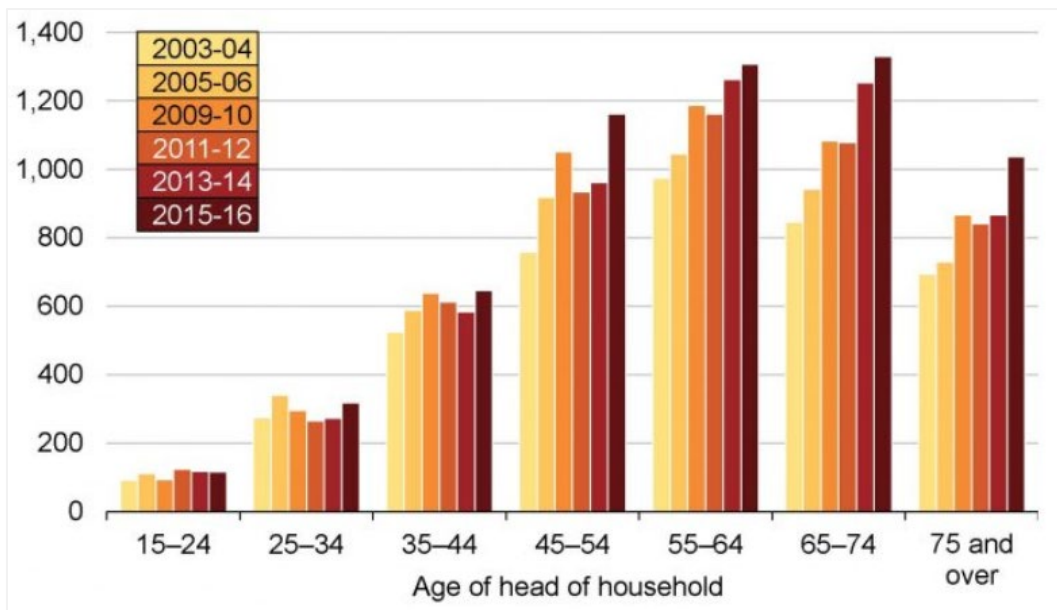
“I think that’s the gap where you’re going to see a real focus in the next couple of years, because there are some residents who are not ready to go into high care aged care, but they can’t live independently either” (Stephen Bull cited in O’Keefe 2015).

2.4 Baby Boomers have funds to pay for choice

Baby Boomers are by far the wealthiest generation of retirees in history, particularly in affluent areas like Kuring-gai². Cam Ansell from Ansell Strategic spoke at the Urban Developer’s Aged Care and Retirement Living vSummit, stating that Baby Boomers “...are the wealthiest and most demanding of any generation” and have the funds and desire to “disrupt” the aged care industry (Paris 2021).

While all age groups are on average wealthier than they were in 2003 (despite a temporary decline in 2009-10 in the aftermath of the 2008 global financial crisis), the greatest beneficiaries from the increase in wealth over the last 12 years have been older households (Woods & Wiltshire 2017). An average 65- to 74-year-old household was \$480,000 wealthier in 2015 than the equivalent household in 2003 (Woods & Wiltshire 2017), as shown in Figure 3.

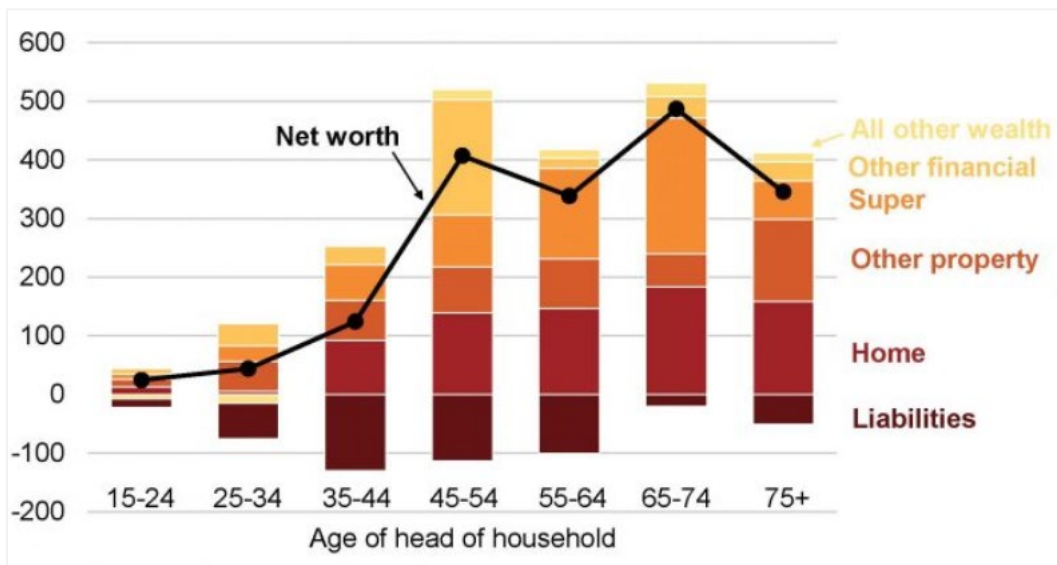
² Despite this, poverty in old age is still a very significant issue, even though only a minority of seniors are affected.

Figure 3 Age of head of household by mean wealth, 2015-2016

Source: Woods & Wiltshire 2017: analysis of ABS 2016 data

Note: No data available for 2007-08.

By far the biggest driver of this increase in wealth has been the increase in the value of residential property (see Figure 4). According to the ABS, the average growth in housing prices in all Australian capital cities was 37% between 2003 and 2015 (Woods & Wiltshire 2017). For those aged 55-74, the growth in superannuation due to “generous super tax breaks” has also made a large contribution with superannuation wealth from 2003-2015 increasing \$230,000 for 65-74-year-old households, and more than \$150,000 for 55-64-year-old households (Woods & Wiltshire 2017).

Figure 4 Contributions to household wealth, 2012

Source: Woods & Wiltshire 2017: analysis of ABS 2016 data

Note: some data points have a standard error of greater than 50%, including 'other financial' for 45-54-year-olds in 2015-16, and 'other property' for 75+ year-olds. 'Other financial' includes value of own unincorporated business (net of liabilities).

This wealth effect is particularly pronounced in areas like Ku-ring-gai LGA, where home values and household incomes are much higher than the national average, which was the basis for the above analysis. Nationally, the average net home value was just over \$400,000 in 2012 at a time when the median sale price for non-strata homes in Ku-ring-gai LGA passed \$1 million (Housing NSW 2012). Even allowing for the fact that some seniors still have mortgages, the wealth represented by the home is more than double the national average. The LGA also has much higher incomes with \$2,640 median weekly household income, nearly double the national

average of \$1,438, suggesting that wealth in other forms (investment property, super, etc) is highly likely to be greater than elsewhere (ABS 2016).

The significance of this increase in wealth cannot be understated. According to social researcher Mark McCrindle of McCrindle Baynes consulting group:

"The average new retiree has a household net worth exceeding \$1 million for the first time in our history. These Baby Boomers are redefining the retirement lifestyle, travelling more, spending more, and moving into retirement living in a manner never before seen. And the youngest Boomers, who are now turning 50 will redefine this further with a retirement household net worth expected to exceed \$1.5 million on average"(Newsmaker 2014).

Some of this "wealthy generation" of retirees have already entered retirement villages. The McCrindle Baynes Village Census (2013) asked village residents about their individual net worth, and 7% indicated that the value of all their assets – excluding the value of their village home and subtracting the total of their debts – came to over \$1 million. Nationally, this equates to over 12,000 millionaire retirement village residents.

2.5 Baby boomers expect housing and lifestyle choice

Housing choice is a challenging issue largely because most of today's housing stock was developed to meet the needs of earlier generations:

- » Mainstream housing stock was largely planned as detached homes for families. More recent additions of units and apartments is targeted to people looking for small but conveniently located dwellings. Almost none of the stock was designed to facilitate ageing in place, even in the recently built coastal suburbs that have become popular with retirees.
- » Purpose-built retirement housing has been built since the 1970s and until recently was simply meant to provide small, affordable independent units for those whose health or income meant they had to leave their existing home.
- » Recreation-oriented "resorts" have become quite widespread. Most are targeted to younger active retirees. Unfortunately, many do not address the care needs that may emerge as residents get older, and they are often located far from families and facilities that many older people wish to remain in contact with.

Active older people are particularly poorly served if they want to live somewhere that offers a good quality of life and do not want to remain isolated in a family home which no longer meets their needs. Matusic (2011) reports that, 35% of those within the 55-years and over cohort move to a new house *"primarily for lifestyle reasons"*, and that this group of people place *"a high value on living with others of similar background, age and interests"*. Therefore, for some, moving into a retirement community that offers such opportunities is about *"making a transition to a new life ... bypassing and resisting the negative expectations and stereotypes of what growing older is supposedly about"* (Matusic 2011).

2.6 What about "ageing in place"?

"Ageing in place" is recognised to be the preference of a large proportion of older households, but there is a widespread misconception, particularly among policy makers, about what this means. Ageing in place is defined as *"a person living in the residence of their choice, for as long as they are able, as they age... [including] being able to have any services (or other support) they might need over time as their needs change"* with the goal of maintaining or improving their quality of life (AgeInPlace 2021). It is assumed that once a person reaches retirement age they will want to stay in their existing home and will not want to move. Clearly this is true for a great many people, but it is certainly not true for all.

Like any other population group, seniors have varying preferences and characteristics and expect choices to be available that respond to these. A large number of seniors choose to move to somewhere they see as more

suitable or desirable, and for them, ageing in place means finding that place and if possible, living out their remaining years there.

Around one in four (27%) of the senior households that were surveyed by National Seniors Australia (2009) had moved houses over the last four years and almost half had moved within the last ten years. The two most frequent reasons they gave for moving were: (1) 'Thinking about where you want to live for the rest of your life' and (2) 'Wanted a lifestyle change'. Retirement villages are a significant option for this latter group (National Seniors Australia 2009).

2.7 Choosing to move to a retirement village

Research undertaken by Judd et al. (2010) for the Australian Housing and Urban Research Institute (AHURI) found that over 60% of seniors would consider moving into a retirement village either now or at some stage in the future. The main reasons that lead people to choose to move into a retirement village can be classified into two groups: "push" factors and "pull" factors. The McCrindle Baynes Village Census (2013) identified the following key push and pull factors³:

Pull factors (attractors):

- » the social support potentially available in a community of people of similar age
- » conveniently designed housing in a pleasant environment
- » better access to services and facilities.

Push factors (pressures to move):

- » loneliness and social isolation
- » limited mobility and poor access to transport
- » accommodation that has an unsuitable or inconvenient design.

³ McCrindle Baynes: *Villages Census 2013*

3 The changing scale and nature of demand for retirement village living

3.1 Scale of demand

In 2016, 184,236 Australians lived in retirement villages, representing 4.7% of the over-65 population, though the rate for those aged 75 and over was significantly higher (7.6%) (ABS, 2016). In 2016, New South Wales (NSW) had approximately 50,963 retirement village dwellings, housing around 57,800 people (ABS, 2016). The proportion of persons over 65 years living in retirement villages in NSW (4.7%) was the same as the average across Australia (ABS, 2016).

If the rate of growth of the retirement village sector continues at the rate experienced in the last decade, the penetration rate across Australia is projected to increase to 7.5% of over-65s by 2025 (Grant Thornton 2014). This increased rate, combined with the growing seniors' population, would mean 382,000 people living in a retirement village in 2025. This is more than double the number in 2016 (Grant Thornton 2014). There is widespread confidence that this number will be achieved so long as suitable sites can be found and appropriate products built. This confidence is supported by strong sales in new villages and research suggesting that at least half the older population is open to considering a move to a village.

The scale of potential demand in Ku-ring-gai LGA is considered in Chapter 4 of this report.

3.2 Changing nature of demand

In many areas (including Ku-ring-gai LGA) a large proportion of the existing retirement village stock was built between 20 and 40 years ago to modest standards of design and amenity (Baynes, 2015). When these become available for resale, the price is quite affordable by local standards, though unfortunately this is not the product sought by more affluent contemporary retirees, who wish to maintain their quality of life. As a result, this old-style retirement housing is starting to experience falling demand, while demand for more expensive options cannot be met (see Section 6.2).

3.3 The need for space post-retirement

Recent research challenges simplistic assumptions about downsizing by older households. While it is evident that many want a more compact and manageable home with a layout that meets their needs, this does not mean that they want a one-bedroom unit. Recent research by AHURI found that half survey respondents wanted three-bedrooms and 2% of respondents wanted a one-bedroom dwelling (James, Rowley & Stone 2020). The research found that three quarters of respondents living in one-bedroom dwellings wanted at least one spare bedroom (James, Rowley & Stone 2020). Unfortunately, the open market rarely addresses this preference, while traditional retirement villages are dominated by one-bedroom units.

The AHURI study found that spare bedrooms were rarely used for sleeping by the permanent residents of the dwelling (James, Rowley & Stone 2020) The vast majority said that they needed this extra space, the most common reasons being:

- » Permanent guest room (58%), or dedicated child/grandchild sleeping room (31%)
- » Space for home-based activities (e.g. hobbies, office work, exercise), particularly as older people usually spend more time in the home; 50% of respondents used a spare bedroom as a study or home office, and

many more used the space for hobbies. Furthermore, an increasing number of older people are involved in home-based employment.

Other respondents wanted a spare room for storage or because they had furniture they did not wish to dispose of. Space for equipment, carer assistance, and treatment was also a priority among respondents with care needs and health problems (typically in the older age brackets) (James, Rowley & Stone 2020).

The research shows that while bedrooms are not being used for sleeping, it does not mean that they are not used for other purposes that residents see as important and supportive of active ageing.

Unfortunately, such preferences are not widely addressed by the existing housing stock, even within retirement villages (see Section 6.2). Existing family houses often have unused or unmanageable space including gardens, along with other drawbacks for older households including design and layout, and maintenance requirements. Recent single level unit developments can sometimes be more suitable, but a large proportion have only one bedroom, while two- and three-bedroom products often include stairs internally and for external access, narrow doorways, and other features that can be an obstacle to ageing in place. Existing retirement village stock is predominantly small one-bedroom units which in places are becoming harder to sell, while demand for two- and three-bedroom units in villages far outstrips supply.

3.4 Expectations about choice and quality

Many older homeowners in areas like Ku-ring-gai LGA are accustomed to a high-quality living environment, providing contemporary amenities, good quality fittings, and an attractive external environment. Understandably, they seek similar standards in retirement. Once more, many of them are in a position to pay for these features – if they can find appropriate housing that offers them. Key expectations include:

- » Choice in the size and layout of housing options
- » Top quality fittings and equipment in kitchens and bathrooms
- » Digital connectivity
- » Secure garages
- » A safe and attractive external environment
- » Easy access to good quality facilities that provide for socialising, sport and recreation, hobbies, eating and drinking etc
- » Access to services ranging from allied healthcare to home delivered meals and domiciliary services.

3.5 Homes designed for adaptability when abilities decline

AHURI research indicates that a large proportion of older people who relocate, want to move somewhere where they can spend the rest of their lives, i.e. age in place (James, Rowley & Stone 2020). Survey respondents said that it was important to move somewhere that would remain suitable if, and when their abilities and mobility declined. This is referred to as Universal Design or Adaptable Design (James, Rowley & Stone 2020).

New seniors housing in NSW must address these requirements but, in most locations, there is no requirement on mainstream housebuilders to provide for Universal Design. In practice the majority of homes will be difficult or impossible to adapt if handrails, wheelchair accessible doorways etc. become necessary. Many houses also have internal staircases and external steps.

3.6 Location

A large proportion of older people have family, friends, and links in their neighbourhood and the wider region. Most can drive (and a car is often seen as important because it represents independence) and are happy to drive a few kilometres, but often they prefer visitors to come to them. Location is therefore a key factor and moving to a distant retirement location may be perceived as undesirable. This typically means finding an attractive location that is conveniently accessible both residents and for visiting family or friends. From this point of view, Killara is a well-located because of its accessibility by car and public transport.

3.7 Aged care

This report has already noted that for many older people their possible future care needs are an important issue, and a preference to remain in one place as they age, even if their care needs increase and they need progressively higher levels of care. Services that deliver care services into the private homes of older people have developed substantially in recent years, and the RAC sector is also undergoing reform, but these options can only facilitate ageing in place if they can be accessed. It has already been noted that retirement village residents have better health and lower care needs than average, in part because of the design of housing and the availability of support within the village. For many of those considering a move to a village, access to home care and the presence of a nearby RACF is seen as a priority.

4 Retirement living demand in Ku-ring-gai LGA

4.1 The older population is large and growing

The older population is expanding across most of Australia, but this factor is particularly noticeable in Ku-ring-gai LGA because of the high proportion of older residents (see Table 1):

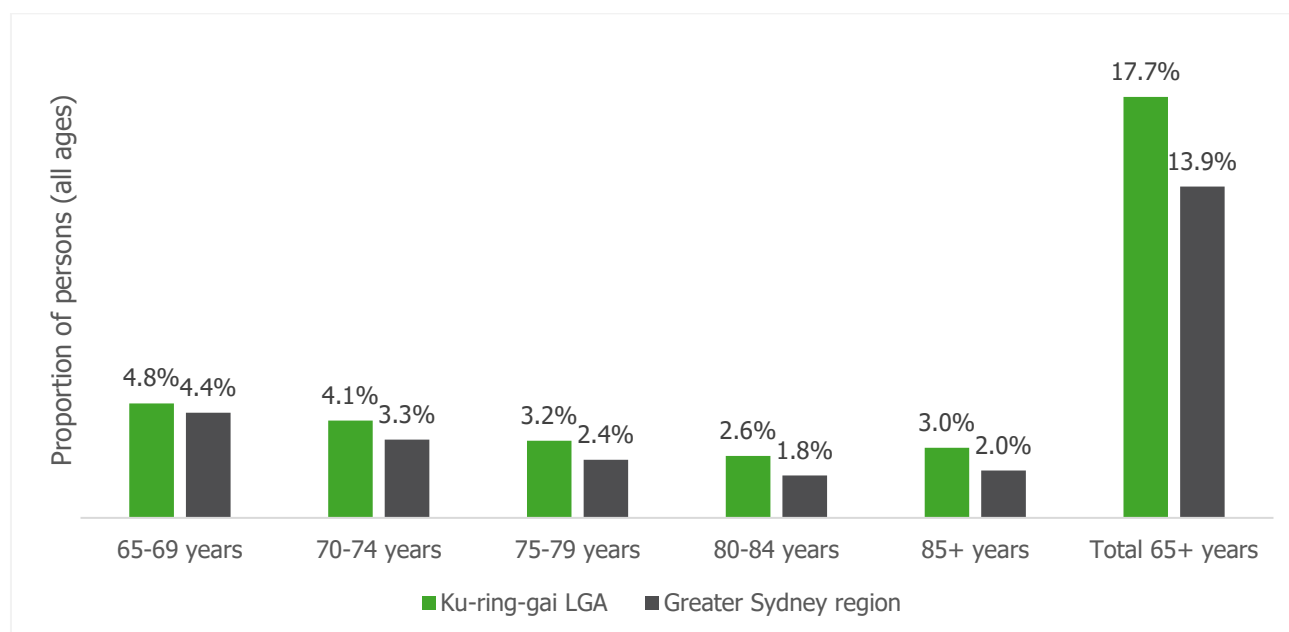
- » In 2016, there were 21,463 people aged 65 and over living in the LGA (ABS, 2016). This represents an increase of 12.8% in only five years, over the period 2011-16.
- » There were 13,543 people aged 55-64 years, all of whom will enter the 65+ age group by 2026.

Table 1 Number of residents in older age groups in Ku-ring-gai, 2011 - 2016

Age Group	2011	2016	Total change	Total % change 2011 – 2016
55-64 years	13,045	13,543	498	3.8%
65-69 years	5,104	5,688	584	11.4%
70-74 years	3,999	4,836	837	20.9%
75-79 years	3,385	3,832	447	13.2%
80-84 years	3,049	3,076	27	0.9%
85+ years	3,483	4,031	548	15.7%
Total aged 65+	19,020	21,463	2,443	12.8%

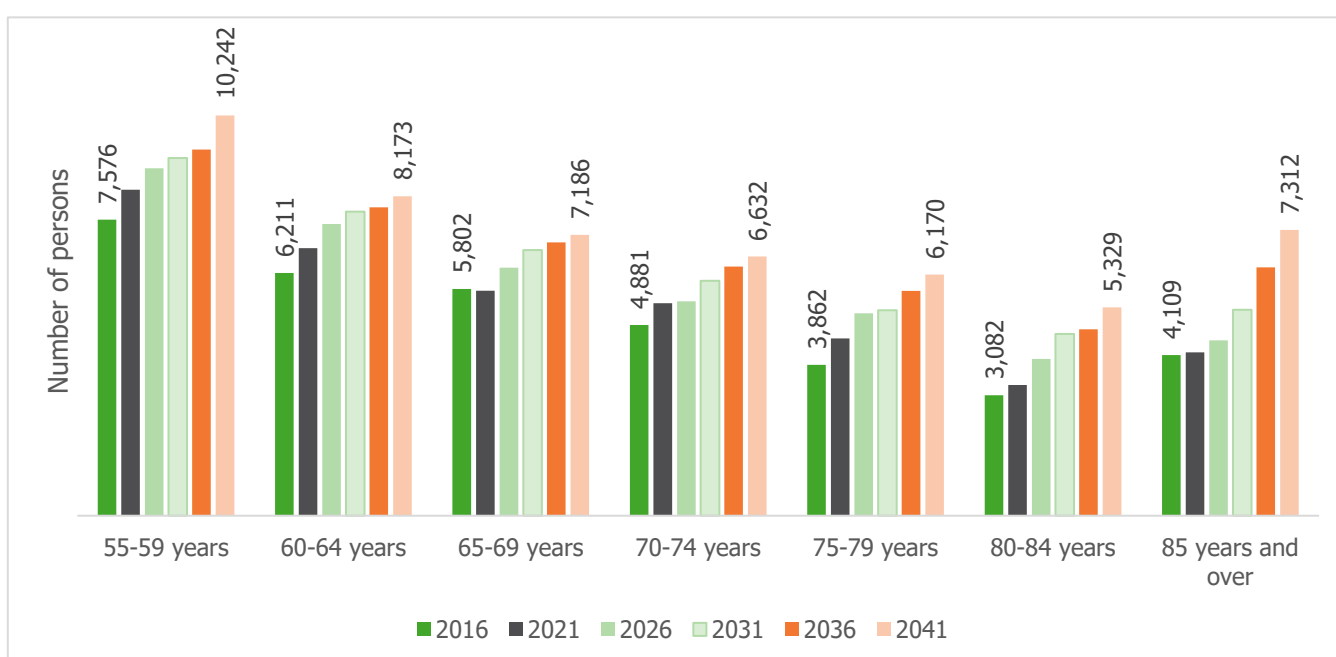
Source: ABS 2011: Census of Population and housing; ABS 2016: Census of Population and Housing.

As a proportion of residents, the percentage of older people in Ku-ring-gai has grown. In 2016 persons aged 65 years and over made up 18.2% of the total population, compared to 17.5% in 2011 (ABS 2016; ABS 2011). The proportion of persons aged 65 years and over is significantly higher in Ku-ring-gai LGA (17.7%) than the average for the Greater Sydney region (13.9%), as shown in Figure 5.

Figure 5 Proportion of persons aged 65+ in Ku-ring-gai LGA and Greater Sydney, 2016

Source: ABS 2016: Census of Population and Housing.

Recent population growth projections for Ku-ring-gai LGA suggest that the number of older residents will continue to grow substantially, with the 2016 65 years and over population of 21,463 increasing to 27,979 (19.1% of the total population) by 2031, and to 32,639 (21.5%) by 2041, as shown in Figure 6 (DPIE 2019).

Figure 6 Projected older population growth in Ku-ring-gai LGA, 2016-2041

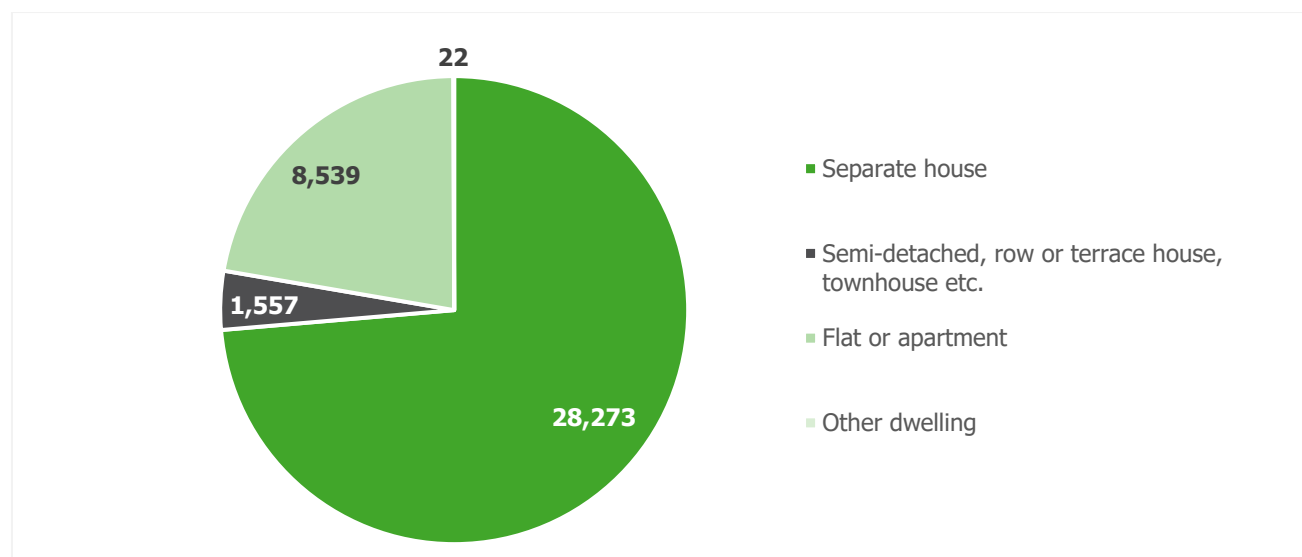
Source: DPI, 2019: Population, Household and Implied Dwelling Projections by LGA (ASGS 2019).

Ku-ring-gai Council (2018) has identified that meeting the needs of this rapidly growing population of seniors is a top priority for the LGA. The *Community Strategic Plan* states that Council will work with other agencies to pursue a range of housing options for older people (Ku-ring-gai Council 2018).

4.2 Limited housing options for older people in the LGA

Almost three out of four private dwellings in Ku-ring-gai LGA are separate houses, as shown in Figure 7 (ABS, 2016). There is also a large proportion of flats and apartments in the LGA.

Figure 7 Private dwelling type in Ku-ring-gai LGA, 2016



Source: ABS, 2016: Census of Population and housing.

Older people in Ku-ring-gai LGA are less likely than the general population to occupy a small dwelling with one or two bedrooms. As shown in Table 2, in 2016 2.0% of seniors lived in a dwelling with only one bedroom, compared to 3.3% of the total population, a figure that includes a significant number in retirement villages. Persons aged 65 and over (including single person households) were most likely to live in homes with three or more bedrooms (74.3%), and 41.3% live in homes with four or more bedrooms (ABS 2016). These figures raise questions about the match between the local housing stock and the make-up of the population.

Table 2 Number of bedrooms in dwellings in Ku-ring-gai LGA, 2016

	Number of bedrooms					
	1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR
All ages	3.3%	14.5%	27.8%	34.0%	15.6%	3.3%
Seniors aged 65+	2.0%	11.8%	33.0%	28.4%	10.4%	2.5%

Source: ABS, 2016: Census of Population and Housing.

Birrell and McCloske's (2015) research for the Australian Population Research Institute (APRI) shows that most detached homes in Sydney are occupied by older households, and in many cases these households do not make use of much of the space in their home. While it is known that older households usually want at least one spare room for use by guests or for home activities (James, Rowley & Stone 2020), it seems likely that some of the

space in a four- to six-bedroom house will be unused. Indeed, some of the available space is likely to be unusable, particularly for the oldest age groups, because its design does not provide for declining mobility.

An important benefit of improved choice of seniors' housing in the area could be the vacating of some of these very large homes, freeing up some of the stock for younger family households. A further implication of seniors occupying so much of the stock of large family homes is that the owners are able to afford high quality alternative housing should they decide to move, as demonstrated in the following section.

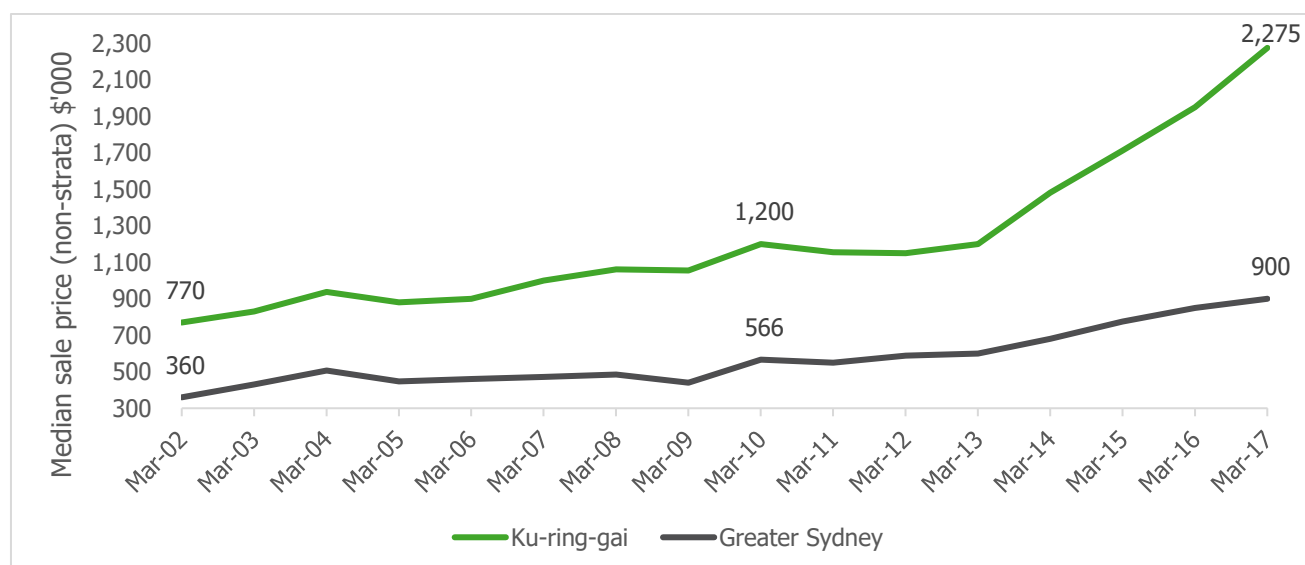
4.3 The value of housing in the LGA

Over the last 15 years, the median sale price for a house (non-strata) in Ku-ring-gai LGA has risen by well over a million dollars to over \$2.2 million in March 2017 (as shown in Figure 8), with prices significantly greater in the LGA compared to Greater Sydney region (Communities and Justice, 2017). The median sale price in the LGA in 2021 is \$2.5 million (NSW Communities and Justice, 2021). In Killara the suburb median at 28 May 2021 is \$3.6 million, significantly higher than the LGA (REA Group, 2021).

This rise in house values represents a huge increase in the wealth of the owners of this housing. Equally, it puts them in a position to buy a very high-quality home if they choose to sell their existing house and move elsewhere.

As the previous section noted, a large proportion of the owner-occupiers of these high-quality homes are older people, many of whom are retired, while others are semi-retired or working full time but approaching retirement (Woods & Wiltshire 2017). This portion of the local population has unprecedented spending power, with the opportunity to spend substantially to secure the housing and location of their preference. For many, the preference is high quality, easily managed housing in the local area.

Figure 8 Median sale price (non-strata houses) in Ku-ring-gai LGA and Greater Sydney, 2002-17



Source: NSW Communities and Justice 2017: Issue 120 (2017) Sales, Trend March 1991 – March 2017, Metropolitan LGAs.

4.4 Retirement villages in the LGA

In 2016, 1,296 persons lived in self-contained dwellings in retirement villages in the LGA (ABS 2016). This number represents approximately 4.7% of people aged 60 and over. The likelihood of living in a retirement village increases with age, peaking at 85-89 years before decreasing due the declining population size, as shown in Table 3.

Table 3 Number of people living in retirement villages in Ku-ring-gai LGA, 2016

Age group	Total in age group	Number living in RVs	Per cent of 60+ population
60-64 years	6,093	36	0.6%
65-69 years	5,688	88	1.5%
70-74 years	4,836	131	2.7%
75-79 years	3,832	243	6.3%
80-84 years	3,076	271	8.8%
85-89 years	2,397	322	13.4%
90-94 years	1,279	176	13.8%
95-99 years	336	29	8.6%
100 years and over	19	-	0.0%
Total	27,556	1,296	4.7%

Source: ABS 2016: Census of Population and Housing.

An online audit of retirement villages in the LGA indicates that there are approximately 26 villages in the LGA. However, most of these are quite small. Six villages (including Lourdes) currently provide over 100 dwellings, as shown in Table 4. One other new village in the area, Watermark Chatswood, has been proposed in the nearby suburb of Chatswood. The village proposes 106 independent living units and is anticipated to open prior to the Lourdes redevelopment, causing a potential overlap in the two projects' sale periods.

Table 4 Major (Over 100 dwellings) retirement villages in Ku-ring-gai LGA, 2021

Suburb	Name	Operator	Description
Killara	Lourdes	Stockland	Low rise, becoming dated. RACF on site
East Lindfield	Lindfield Gardens	Aveo	Modern, mostly 1- and 2-bedroom apartments
St Ives	Fernbank	Aveo	Modern, mix of styles
North Turramurra	The Landings	Sakkara	New apartments and villas
	Cotswold Village	Private	Leasehold, mostly 1- and 2-bedroom apartments
	Houn Park Retirement Village	Private	134 independent living units and 40 serviced apartments, medium-rise, leasehold and license, , becoming dated

Of these, four (Lourdes, Lindfield Gardens, Houn Park, and Fernbank) provide serviced apartments in addition to independent living, one (Cotswold Village) offers only leasehold tenure and limited communal and recreational facilities, while all others provide these facilities (see Table 5).

In addition to these larger villages, there are several sites offering retirement village style accommodation on a smaller scale (50 units or less per site), as the next table shows.

Table 5 Smaller Retirement Villages, Ku-ring-gai LGA

Suburb	Name	Operator	Description
Wahroonga	Rosetta Park, and St Ermes	UPA (Charitable)	Co-located sites adjoining RACF
	Redleaf Serviced Apartments	UPA (Charitable)	
	Adventist Wahroonga	Adventist Church (Charitable)	Modern villas and apartments adjacent to RACF
Various locations	UCA Lindfield, West Pymble, Turramurra (Northaven) Turramurra St Margarets	Uniting Care Ageing (Charitable)	Very small, older style developments.
Wahroonga	The Worinora	Private	Luxury accommodation with hotel style services
Killara	Swains Manors	Private	Luxury strata titled apartments
Lindfield	Lindfield Manor	Golden Lifestyles	Serviced apartments

4.5 Target groups of the existing villages

This brief overview of the target markets of existing villages in the LGA is based on three main factors: the entry price or sale price of dwellings, the age and type of dwellings, and the range of facilities offered.

Lourdes

- » Affordable prices compared to local market (from \$486,000 in 2015)
- » Low rise, older-style retirement accommodation
- » Good range of communal facilities on site; RACF adjacent.

Lindfield Gardens and Fernbank

- » Affordable, especially compared to the local market (from \$90,000 (Fernbank) and \$285,000 (Lindfield Gardens)), units available
- » Modern low-rise living units with traditional design
- » Reasonable range of facilities on site; no RACF.

Rohini

- » Very affordable compared to local market (from \$244,000 in 2015)
- » Modern units with traditional design
- » Limited facilities; Christian focus but open to all.

The Landings

- » Upmarket village near the edge of the urban area (final release from \$460,000 in 2015), units available
- » New village, mixture of villas and apartments
- » Lifestyle oriented; excellent recreational facilities including clubhouse with fine dining restaurant.

Cotswold village

- » Affordable leasehold units (from \$165,00, most \$500,000+), units available
- » Older style low-rise retirement units
- » Recreational facilities on site, and opposite golf course; on-site nurse.

Others

- » Smaller villages each have their own target market; mostly run by religious/charitable organisations offering affordable options and/or a focus on care services, or by small private companies offering boutique options.

4.6 Gaps in provision

Existing retirement village options in the LGA do not offer a good match with local demand. The following gaps can be identified:

- » Contemporary, high quality design of dwellings and facilities; most villages are based on a dated design template from the 1980s
- » Two- and three-bedroom units with storage and garages; there is, if anything, a surplus of small one-bedroom and studio units, while demand exceeds supply of larger units
- » Attractive, master-planned urban design; most villages are landscaped but offer little in terms of quality urban design or responsiveness to their setting
- » Quality accommodation at a price that matches local expectations; most local offerings are aimed at a relatively affordable price point, but a large proportion of locals can afford something much more luxurious
- » Inadequacy of supply; based on projected demand and national ratios, allowing for 1.3 persons per dwelling there is current demand for 1,285 dwellings against current stock of 1,231 dwellings (based on current and projected population data and existing dwellings). As such there is a slight undersupply/equilibrium in the retirement village market, a trend expected to continue between 2021-2026.

5 Meeting contemporary demand through the Lourdes development

5.1 The need for new options in Ku-ring-gai

This report has identified a number of key issues about retirement village options in Ku-ring-gai LGA:

1. A large increase in the older population will fuel strong growth in housing demand. A particularly large cohort is aged 55-64 and has started to enter the seniors' age bracket.
2. Mainstream housing options for seniors in the LGA are limited. The vast majority live in detached family homes, generally with three or more bedrooms. While this suits many, others would prefer somewhere more manageable that will allow them to maintain a good lifestyle in quality accommodation.
3. Some open market apartments and units have been built in recent years, but most are small and their design, along with their location (particularly around main roads) has resulted in them having limited take-up amongst seniors.
4. Most mainstream housing is not readily adaptable, and contains stairs, steps, lightweight walls etc. which many older people recognise will become a problem as they age.
5. Most older people say they want to age in place, but for many this means moving somewhere where they can see themselves living out the rest of their lives. Modern retirement villages offer an attractive option to this group.
6. The existing retirement village stock in the LGA does not address the expectations of many contemporary retirees – baby boomers' standards are generally much higher than those of earlier generations:
 - a) Much of the stock is dated and is designed on a similar two-level, brick-built template
 - b) A large proportion of dwellings are studios and small one-bedroom units. Demand for these has declined and, in some villages, vacancies are hard to fill, while there are waiting lists for larger units. As this report has shown, most older households want at least one spare bedroom
 - c) There is a large mismatch between quality of mainstream housing occupied by older people in the LGA and the quality of the great majority of village dwellings. This is reflected in their relatively modest pricing. A large number of local seniors occupy homes worth \$1.5 million upwards and can therefore afford a very comfortable retirement dwelling, and modest units at around \$400,000, which is usual in most villages in the area, are not likely to appeal. This represents a significant market gap
 - d) Despite some landscaping in most villages, their urban design is not of a high quality.

5.2 The opportunity to redevelop Lourdes village

Lourdes is an attractive village in a low density setting but its appeal to the senior's market is starting to decline. It has limited appeal to the emerging generation of affluent seniors in the Ku-ring-gai area. In a recent report, leading international property consultants Colliers International (2015) stressed the need to address such factors by redeveloping dated retirement villages. The number one question for village operators is *"Keeping up with the lofty expectations of baby boomers in terms of product design and location. Where does that leave existing product and what is the potential to redevelop villages to take into account these new expectations?"* (Colliers International, 2015).

The existing village is dated. A large proportion of retirement village accommodation in the area (Lourdes included) provides mostly small, two-level units built on a 1980s design.

- » The design of the village and its housing are such that it is inherently a “mid-market” product offering relatively affordable housing. As this report has demonstrated, this no longer offers a good match with demand from local seniors, a large proportion of whom are able to purchase more luxurious housing.
- » Most of the existing units are too small to meet current expectations, which are mainly for two- and three-bedroom accommodation.
- » The existing village is too small to support the range of onsite services and facilities demanded by contemporary seniors.
- » The site has an excellent setting and offers good amenity. A master-planned development will address growing demand by accommodating more people in a sought-after location.

5.3 Benefits to future residents

Stockland wishes to develop a master-planned community that is designed to meet the needs and expectations of 21st Century seniors. The concept includes architect-designed units to a high specification, and also balances recreational and lifestyle options that will appeal to active older people with care and service options for those whose health or mobility is declining. Consequently, it will be designed to appeal across the age span from people in their 60s attracted by lifestyle and locational factors through to the very old, including those needing residential care. To reinforce this appeal, the concept facilitates ageing in place.

Key features include:

- » **Ageing in place:** Stockland has publicly recognised that many of those moving into a retirement village want the peace of mind from knowing they may not need to move again. “The concept that, as their care needs progress they could stay within that same community but receive a higher level of care is really important to them,” according to Stephen Bull, former Stockland CEO (O’Keefe, 2015). Lourdes will therefore cater fully for those who are in good health, those whose health requires a degree of care, and, through the partnership with Opal which runs the onsite Residential Aged Care facility, those whose care needs are much greater.
- » **Promoting mental health and supporting social activity:** Lourdes residents will have access to social support not only through the presence of large numbers of neighbours of similar ages, but also through the provision of new facilities that will encourage and support social interaction. Proposals include a bar and lounge, a swimming pool, activity rooms and spaces for passive and active recreation, both indoors and outdoors. National research has found that more than 9 out of 10 retirement village residents participate in village activities (McCrindle Baynes, 2013). The larger resident population and the new facilities will permit expanded activity programs in addition to informal options. This approach can be expected to minimise social isolation, although those who wish to limit or avoid social interaction will be able to do so in the privacy of their own dwelling.
- » **Housing reflecting the needs and expectations of residents:** The proposal is for an architect-designed village that meets the needs and expectations of the emerging generation of retiring baby boomers. Units will provide high quality spaces and fittings, and dwellings and facilities will be constructed to Universal Design standards, meeting the mobility needs of people who can no longer move around easily or who use wheelchairs. This will offer major benefits over the existing mainstream housing stock (in Ku-ring-gai as elsewhere), where only a tiny proportion is suitable for people in wheelchairs or with limited mobility. The new Lourdes dwellings will meet a significant need in the area, among those who are beginning to have problems moving around the home (e.g. due to stairs, access steps, or narrow doorways) and those who want to avoid a premature move into residential care when access problems mean that care services cannot be delivered to their existing home.
- » **Services and facilities on the doorstep:** A significantly increased range of onsite services and facilities is proposed, avoiding the need for residents to travel for recreation, shopping, ancillary health services etc.

(However, residents who wish to or need to travel, and who cannot drive or use public transport, will be able to use a village bus, as they can at present.) A large community centre is proposed and will provide a wide range of recreational and social facilities. While most retirement villages in the area provide a community room, the upcoming generation of seniors has much higher expectations, and the inclusion of a pool and gym, a bar, a café, and spaces for a variety of other services and activities is expected. The new facilities and the increase in resident numbers will also support an expanded range of services for residents, including dining options, domestic services, and personal services. As they get older, some residents will take up the option of receiving care services in their home, and the onsite RACF will be expanded and relocated to better meet future needs.

Consequently, the new village can be expected to optimise the health and well-being of residents, and the proposal emphasises aspects that are known to be important in promoting these benefits:

- » **Maximising opportunities for social interaction:** The prevalence of social isolation, which is one of the major causes of depression and mental illness in Australian seniors, is much lower in retirement villages than in the mainstream community (Grant Thornton 2014).
- » **Community participation:** Retirement village residents have a high level of participation in the external community. In surveys, more than half (54%) said they were involved in external social and recreational organisations and a large proportion work as volunteers (McCrindle Baynes 2013).
- » **Better health:** Retirement village residents make much less use of hospitals and doctors than non-residents, and the benefits are greater in villages with good facilities (Grant Thornton 2014). The supportive environment promotes mental health, falls are far less likely due to design of the housing and the surrounding environment, facilities like a gym and a pool promote physical health, and services on site often avoid the need to travel to see a doctor.
- » **Deferring entry to residential care:** Age-appropriate housing coupled with onsite services allow residents to remain in their home for longer, even if they are living alone. This enables them to delay entry into residential aged care. A report from the Australia Institute of Health and Wellbeing (AIHW) (2014) found that persons from retirement villages enter aged care on average five years later than those coming from a family home. Grant Thornton (2014) has calculated that this results in government savings of \$1.98 billion a year to the aged care budget.

5.4 Rationale for the medium-rise design concept

The design concept for the proposed village was required to (a) respond to emerging demand and optimise the use of the site through an integrated masterplan, and (b) provide optimal views and outlooks for residents while minimising visual impacts on the residential neighbourhood:

- » Unlike the existing village, and unlike most other villages in the area, the concept is based on apartment living. As such it will meet a significant market gap and is intended to appeal to the emerging generation of seniors (particularly those in the LGA) who are currently living in high value homes, and who are looking for a quality lifestyle when they move to somewhere more manageable. There are currently no contemporary villages in the Ku-ring-gai area offering luxurious apartments and quality facilities within a master-planned development
- » Evidence of strong demand for high quality, architect-designed retirement village apartments is provided by several recent developments, which have sold very rapidly. Good examples include the Waterbrook Village at Greenwich and Watermark at Castle Cove. Watermark was selected by the Urban Development Institute of Australia as the best Seniors' Living Development of 2011 (BWA 2013)
- » The medium-rise design concept permits the provision of significant landscaped open spaces, in keeping with the natural beauty of the area
- » The apartments optimise outlook, and most will offer a view either of the landscaped grounds or, in many cases, of the nearby bushland areas.

The masterplan retains most of the existing trees along the northern edge of the site (the only edge abutting the residential area) providing a visual barrier to Stanhope Road, and locates the lowest buildings on the northern part of the site.

5.5 Economies of scale in a larger village

Assuming an occupancy rate of 1.3 persons per dwelling for the independent seniors' living units, 1.0 persons per RACF unit, and 2.9 persons per residential townhouse (ABS 2016), the proposed village will accommodate approximately 183 persons in the independent senior's living units, 110 in the RACF and at least 183 persons in the private residential townhouses totalling approximately 476 persons, a significantly larger number than at present.

To meet the expectations of the emerging market, retirement villages must be larger than in the past. Larger villages provide economies of scale and the population thresholds that are necessary to support the services and facilities that residents expect. A larger village can:

- » Provide a large enough customer base to support key social facilities, like a café or bar
- » Provide an adequate customer base to support user-pays options including domestic assistance and dining options on site
- » Permit an extensive program of onsite activities
- » Support onsite staffing
- » Reduce costs to external care service providers who can assist several clients in close geographical proximity.

On completion of development, it is planned that Lourdes will boast the best services and facilities in any retirement village in the area, and these will be viable thanks to the large customer base – seniors who have made a lifestyle choice that includes paying for access to these services and facilities.

6 Demand for residential aged care

6.1 Background

As part of the master plan for Lourdes, it is proposed to replace the existing RACF, originally constructed as separate low and high care elements, with an integrated facility to contemporary standards. The RACF will continue to be operated by Opal Aged Care, with whom Stockland has partnered to provide the professional expertise required for a high-quality aged care service. The continued presence of an RACF on the site is a core part of the future vision for Lourdes, delivering the potential for village residents to age in place even if their health deteriorates to the point where residential care is necessary.

Across Australia in 2020 there were 845 RAC providers, formerly known as hostels (providing low care) and nursing homes (providing high care), providing 217,145 permanent places (Department of Health 2020a). The distinction between low and high care was abolished as part of wide-ranging reform of the aged care system (Department of Social Services 2014).

RACF places are subsidised by the Federal Government through their Aged Care Approvals Round application process which manages supply by allocating a restricted number of places to each region on a competitive project-by-project basis, allowing prospective and existing approved providers to apply for new places (Department of Health 2020a). However, it is anticipated that this system will, over time, be replaced by a market-based mechanism.

Current government policy is to support consumer preferences by expanding community-based care services (care delivered to the recipient's own home) that can help seniors to avoid the need to go into residential care. However, this will not result in a decline in the need for RACF places, because of the growth of the older population.

Consequently, several factors are driving contemporary demand for RACFs:

- » The older population is rapidly expanding, with particularly large growth in the number of people aged 75 or more, who make up the great majority of RACF users. Currently they represent 6.8% of the Australian population but by 2031 this will rise to 8.8% (ABS 2017). The following facets of demand are largely a by-product of this growth
- » A large and increasing proportion of RACF residents require high level care and have complex needs, while a decreasing number require low level care (which is now more often delivered at home). Access to specialist trained medical staff is therefore necessary but is often not viable in small facilities. Furthermore, older style hostels were not designed for the delivery of high-level health care
- » The increasing prevalence of dementia (399,800 persons in 2020, 40% over 85 years, expected to increase to 900,000 by 2050) is a major challenge as older RACFs are not equipped to service residents with dementia (Department of Health 2020a; Dementia Australia 2018)
- » Demand is now for single, private rooms in RACFs while many older facilities were designed with shared rooms
- » Government regulations are demanding higher facility standards. Most recently, this has included new requirements for sprinkler systems (DPI 2013), which are proving financially burdensome for many older facilities.

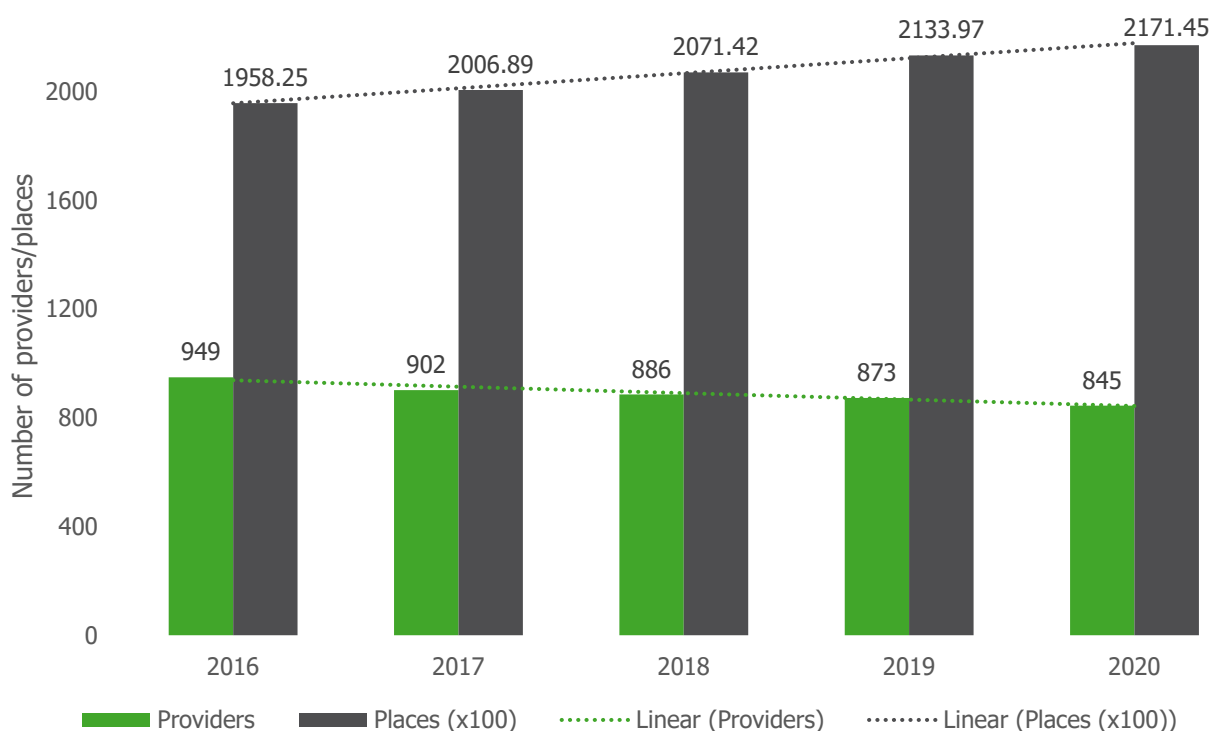
Traditionally most RACFs have been fairly small, and not adjoined to hostels and nursing homes. Most operators were also small. Such facilities now face an uncertain future, and some small facilities becoming unviable and being closed or redeveloped.

Larger more modern facilities are needed in order to cater to the more complex and high-level care needs of today's RAC residents, and to support viability in a sector which faces new demands for more sophisticated equipment and specialist staff. Large integrated facilities are being built to replace separate hostels and nursing homes. Facilities with single bedrooms and dementia facilities are in high demand. Older consumers and their

families are increasingly resistant to entry into old-style RACs, particularly those built as low care facilities, which often have an institutional feeling and shared rooms.

Colliers International (2015) in their *Healthcare and Retirement Living Report* highlighted a consolidation of the RAC sector in 2014. They note that the number of facilities will continue to fall, as smaller sites are closed, while the number of places will rise. The decline in number of facilities and increase in places is evidenced in data from the Department of Health (2020a) showing the number of RAC providers and number of places from 2016-2020, shown in Figure 9.

Figure 9 RAC providers and places in Australia, 2016-2020



Source: Department of Health 2020a: Report on the Operation of the Aged Care Act 2019-2020; Department of Health 2020b: Aged Care Service List, 30 June 2020.

Colliers International (2015) also see a continuing decline in the role of small and family operators, as larger specialist corporate entities take on the new demands for more sophisticated care provision. Data from the Federal Government Aged Care Financing Authority (ACFA) (2015), which funds RAC places, confirms these trends with their recent report on the financial performance of RACFs finding that the “scale of the facility is associated with financial performance”. Well over half of the facilities with less than 50 beds were in the worst performing category, while only 19% of those with 100 or more beds were categorised as worst performing (ACFA, 2015).

6.2 RACFs in Ku-ring-gai LGA

RAC funding is planned by the Government on a population basis, with growing population resulting in increased RACF places. The overall aged care provision target ratio for 2021-2022 is 125 operational places (ACFA 2020). The operational RAC target for 2021-2022 is 78.4 places per 1000 persons aged 70 and over (ACFA 2020). Between 2021-2036, the DPIE (2019) projects an additional 5,753 persons aged 70 and over in Ku-ring-gai LGA, suggesting the need for around 449 additional RACF places (approximately 90 places per year) within that period, as shown in Table 6.

Table 6 Population projections of persons aged 70+ in Ku-ring-gai LGA, 2021-2036

Age group	2021	2026	2031	2036	Total change 2021-2036
70-74 years	5,439	5,488	6,011	6,376	937
75-79 years	4,537	5,178	5,255	5,754	1,217
80-84 years	3,345	4,011	4,649	4,769	1,424
85+ years	4,179	4,487	5,268	6,354	2,175
Total 70+ years	17,500	19,164	21,183	23,253	5,753

Source: DPIE 2019: Population, Household and Implied Dwelling Projections by LGA (ASGS 2019).

As shown in Table 7, existing places in Ku-ring-gai LGA are spread across 17 facilities with varying number of places per facility. Current RACF provision suggests a slight oversupply of places, with 1,411 places for an estimated population of 17,500 persons aged 70 years and over (only 1,372 places required for 17,500 persons) (My Aged Care 2021; DPIE 2019).

Table 7 RACFs, Ku-ring-gai LGA

Suburb	Location	Facility	Places	Operator
Gordon	1 Ravenswood Avenue	Horton House	45 (female only)	Twilight House
Killara	95 Stanhope Road	Killara Glades Care Community (previously Opal Lourdes)	83	DPG Services Pty Ltd
	17 Greengate Road	Killara Gardens Aged Care	74	Pathways Aged Care Pty Limited
Lindfield	27 Tryon Road	Whitehall Nursing Home	76	Quinvil Pty Ltd
North Turramurra	34 Curagul Road	Turramurra House Nursing Home	58	Thompson Health Care Pty Ltd
	402 Bobbin Head Road	North Turramurra RAC	113	Southern Cross Care (NSW & ACT)
	10 Murrua Road	HammondCare	146	HammondCare
Roseville	16 Trafalgar Avenue	Archbold House Aged Care Facility	58	KOPWA Limited
	97 Ashley Street	Pathways Ashley House Pty Ltd	40	Pathways Aged Care Pty Limited
St Ives	120 Killeaton Street	Bupa St Ives	98	Bupa Aged Care Australia Pty Ltd
	251-257 Mona Vale Road	Uniting Kari Court St Ives	50	UNITING (NSW.ACT)
Turramurra	1322 Pacific Highway	Uniting Northaven Turramurra (low and high care)	104	UNITING (NSW.ACT)

Wahroonga	17 Pacific Highway	Wahroonga Place Care Community (previously Opal Netherby)	133	DPG Services Pty Ltd
	31 Pacific Highway	Wahroonga Nursing Home	130	Thompson Health Care Pty Ltd
	1614-1634 Pacific Highway	Thomas and Rosetta Agst Aged Care Facility	61	United Protestant Association of NSW Limited
	1 Myra Street	Tallwoods Corner Aged Care Service	76	I & E Klein Investments Pty Ltd
	35 Pacific Highway	Catholic Healthcare McQuoin Park	122	Catholic Healthcare Limiteds
	3-9 Woonona Avenue South	HammondCare – Wahroonga	57	HammondCare
Total places			1,411	

Source: My Aged Care 2021: Find a Provider, "Aged care homes"; Aged Care Guide 2021: Find providers; Department of Health 2020: Aged care service list: 30 June 2020.

Some of these RACFs were built a considerable time ago, and many include separate unintegrated high and low care buildings. Some do not meet current space standards for residents and several have not yet installed sprinkler systems. These issues will be resolved over time by a mixture of closures (especially older privately-owned facilities on small sites), redevelopments (where space allows), or upgrades (where existing buildings can be modernised and integrated).

Thus, while the existing facilities in the area have met the needs of previous generations, they will not meet the needs of future generations, either in terms of capacity or quality, unless redeveloped or upgraded. Trends, identified in the previous section, towards fewer large facilities have only just started to impact on Ku-ring-gai, but there is little doubt that the sector will look very different in ten years' time.

6.3 Summary of key needs

Old style hostels and nursing homes are increasingly unsuited to delivering aged care that meets current needs. Most residents now need specialist nursing care, and many have complex needs including dementia. Older people and their families demand greater amenity than in the past, and government demands higher standards. Redevelopment of the RACF at Lourdes will address the following issues:

- » In order to be viable and provide high care services, modern RACFs must be larger than in the past
- » The increased focus on nursing care, and the space requirements of modern equipment require a new approach to design
- » Seniors expect good amenity and personal space in care settings
- » RACF sites with space for expansion are a precious commodity in urban areas, where the lack of suitable sites has inhibited RAC provision
- » Based on projected population growth, Ku-ring-gai LGA will need approximately 31 additional places each year just to maintain RACF provision at current ratios.

7 Implications of COVID-19 for residential aged care

The COVID-19 virus is particularly worrisome for the elderly population, with the elderly (those aged 70 years and over) considered the most at risk of severe illness as a result of the virus, particularly those with other serious health conditions or weakened immune systems (Department of Health 2021b). Research from the Peter Doherty Institute for Infection and Immunity into the reasons that older age groups are more at risks suggest that it may be due to their repeated exposure to other seasonal coronaviruses (Roberts 2021). The lead researcher states that this immune memory may actually be counterproductive, as the new coronavirus strain is very different to those that have come before and requires different immune responses (Roberts 2021).

In 2018 a Royal Commission into Aged Care Quality and Safety (RCACQS) was launched following evidence of abuse and neglect in RACFs; in 2020 the Royal Commission turned its focus to the sector's response to COVID-19, with a special report released in September 2020 (RCACQS 2020a). The *Aged care and COVID-19: a special report* (RCACQS 2020a) recommended the following immediate actions:

- » Federal Government funding for adequate staffing to allow for a greater number of meaningful visits between residents and family members
- » Federal Government reform for allied and mental health services for residents of RACFs during the pandemic to prevent mental and physical deterioration; including removal of barriers (where appropriate) for allied and mental health professionals entering RACFs
- » Federal Government publication of a national aged care plan for COVID-19 and establishment of an advisory body
- » Federal Government deployment of accredited infection prevention and control experts into RACFs

It is evident from these findings that social isolation and infection control are of great concern for the effectiveness of RACFs in responding to the COVID-19 pandemic.

Research has identified several issues with RACFs and their response to the COVID-19 pandemic:

- » Increased cost of health
- » Declining occupancy resulting in decreased financial operational viability
- » Lack of well-trained, well-equipped, and permanent staff in RACFs; especially in regard to training on infection control
- » Social isolation for residents residing in RACFs during the height of the pandemic.

7.1 Cost of healthcare

The COVID-19 pandemic has resulted in widespread increased costs for individuals, businesses, and governments. With increased requirements for personal protective equipment (i.e. masks, gloves, etc), infection control, and so on, it is expected that RACFs are spending much more on preventative healthcare than ever before. Since the beginning of the pandemic to October 2020 the Federal Government spent \$1.6 billion on protecting senior Australians, workers in aged care, and support providers (Hunt 2020). The Hon Greg Hunt (2020), Minister for Health and Aged Care, noted that the 2020-2021 Budget included \$23.9 billion (an extra \$2.2 billion on the previous Budget) for aged care.

The pandemic has had indirect impacts on healthcare not directly related to the treatment and management of the COVID-19 virus. During 2020 there was increased use of mental health services, increased number of prescriptions for respiratory conditions, fewer people visiting emergency departments (particularly less with injuries), and a reduction in mammograms by BreastScreen Australia (AIHW 2021).

7.2 Declining demand for residential aged care

Given the higher risk of severe illness of elderly residents (those aged 70 years and over), it is expected that there may be greater demand for respite care (ACFA 2020). However, some aged care consumers may be more likely to remain at home or with younger family members rather than risking infection in an RACF to receive respite care (ACFA 2020). This has been apparent in the declining occupancy rates during the COVID-19 pandemic.

The decline in occupancy rates in RACFs over the past year is likely due to elderly Australians delaying their move to aged care or moving out of these facilities from fear of contracting the COVID-19 virus (Truu, 2020). Reports suggest that some residents have been removed from their place in RACFs by family members due to concerns of infection. These fears are likely based on major outbreaks in RACFs in Victoria, with 1,988 cases of COVID-19 in in Government-subsidised RACFs, and 655 of these resulting in deaths (Department of Health 2021). A further 61 cases (including 28 deaths) have been recorded for RACF residents in NSW (Department of Health 2021).

The Aged Care Industry Association suggests that lower occupancy may also be due to restrictions in place (particularly in South Australia) preventing people from viewing RACFs before moving in during the height of the pandemic, leading to reduced willingness to move without seeing where they would be living upfront (Truu, 2020).

The StewartBrown (2020) *Aged Care Financial Performance December 2020 Survey Sector Report* indicated a decline in occupancy between 92.3% in December 2019 to 91.0% in December 2020, a 1.3% drop. Decreasing occupancy is directly related to financial viability of RACFs, along with appropriate alignment of staffing hours and ability to train staff appropriately (StewartBrown 2020). Declining occupancy and hence declining financial performance of RACFs has led to impacts on "...the ability to provide training to direct care staff" (StewartBrown 2020).

7.3 Residential aged care response to COVID-19

In Australia, three-quarters of all deaths resulting from COVID-19 occurring in RACFs, giving Australia the highest rates worldwide of deaths in RACFs⁴. Experts attribute the high number of deaths experienced in RACs to systemic weaknesses (Cousins 2020). However, the share of care home residents whose deaths have been related to COVID-19 suggests a mortality rate of 0.25%, considerably lower than comparable countries such as Canada (1.5%) or the United Kingdom (5.3%) (RCACQS 2020a).

The head of Health Law and Ageing Research Unit at Monash University in Melbourne has stated that the failings of RACFs during the pandemic are largely due to weaknesses in the aged care workforce:

"There were not enough workers to start with; the workforce that exists doesn't have the training for a contemporary aged care system. They're not equipped to manage disease complexity and they're not equipped to deal with ethical human rights issues. So, then COVID-19 arrives and there are not enough staff, staff who don't know what they're doing, staff who haven't been trained in infection control" (Professor Joseph Ibrahim cited in Cousins 2020).

The blame for failings in the sector cannot, however, be put solely on the RACF providers, as majority of funding for the sector comes from the Federal Government, and health care delivery and public health emergencies is the responsibility of relevant State and Territory Governments (RCACQS 2020b; RCACQS 2020a).

⁴ as a percentage of total deaths

7.4 Social isolation during the pandemic

During the COVID-19 pandemic, public health directions have been issued by State and Territory Governments regarding visitors in RACFs, limiting 'care and support' visits to one per day, or restricting visits completely (RCACQS 2020a). Restrictions in RACFs have been much harsher than those endured by the wider community, leaving residents unable to spend meaningful time with loved ones and reducing their connection with life and the broader community (RCACQS 2020a).

As one of four immediate action recommendations from the Royal Commission special report on COVID-19, it is clear that social isolation during the pandemic has been a major concern for RACF residents. The Royal Commission report stated that "*the understandable restriction of visits between older people and their friends and families has had tragic, irreparable and lasting effects which must immediately be addressed as much as possible*" (RCACQS 2020a).

One example of the lasting effects of the lack of connection for residents during the pandemic was the death of a non-verbal Italian man living in RAC since June 2019 who relied on physical touch to communicate (RCACQS 2020a). He "...lost what he called his 'blood support'...without this, he did not have meaning" - his daughter believing that his death was the result of deterioration from having connection with his family denied to him (RCACQS 2020a).

It is clear from the findings of the Royal Commission that maintaining quality of life for residents in RACFs by ensuring residents remain connected to loved ones and the community is equally as important as ensuring they are prepared to respond to COVID-19 outbreaks (RCACQS 2020a).

8 Acronyms

Acronym	Description
ABS	Australian Bureau of Statistics
ACFA	Aged Care Financing Authority
AHURI	Australian Housing and Urban Research Institute
AIHW	Australia Institute of Health and Wellbeing
APRI	Australian Population Research Institute
DPIE	Department of Planning, Infrastructure and Environment
LGA	Local government area
NSW	New South Wales
RAC	Residential aged care
RACF	Residential aged care facility
RCACQS	Royal Commission into Aged Care Quality and Safety

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