

Proposed development at
Lourdes Retirement Village, Killara:

Lourdes Demand Study

Client:
Stockland Retirement Living

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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 and residential aged care facility, at the site of the existing Lourdes Retirement Village, at 95 Stanhope Road, Killara.

1.1 Background

Lourdes Retirement Village currently consists of 108 independent living units and 49 Serviced Apartments, operated and managed by Stockland Retirement Living, and a Residential Aged Care Facility, operated by Opal Aged Care.

Stockland have reviewed the village, including its future economic viability, and have concluded that full redevelopment is required, as the existing dwellings and infrastructure are already experiencing a decline in viability and cannot meet the expectations of the emerging baby boomer market, which differs significantly from the more modest demands of previous generations.

An indicative master plan has been prepared for the redevelopment. This is based around 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.

The key elements of the master plan are:

- » Approximately 266 new apartments, offering a variety of styles and sizes
- » A new village 'Main Street', Village Green and community events space
- » Existing hall and chapel with new community facilities
- » A new community hub offering a range of facilities for residents
- » Provision for a new 130 room Residential Aged Care Facility
- » Improved streetscape with existing trees retained to the northern boundary, and new entrance setting
- » 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.

1.2 Purpose of Report

This report has been prepared at the request of Stockland Retirement Living to accompany an application to Ku-ring-gai Council for amendments to floor space ratio (FSR) and height controls 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.

This 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, and subsequent sections consider demand in Ku-ring-gai LGA in more detail. The final chapter considers demand for Residential Aged Care. The report looks in particular 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 buildings and a larger number of dwellings.

2 Trends affecting demand for retirement village living

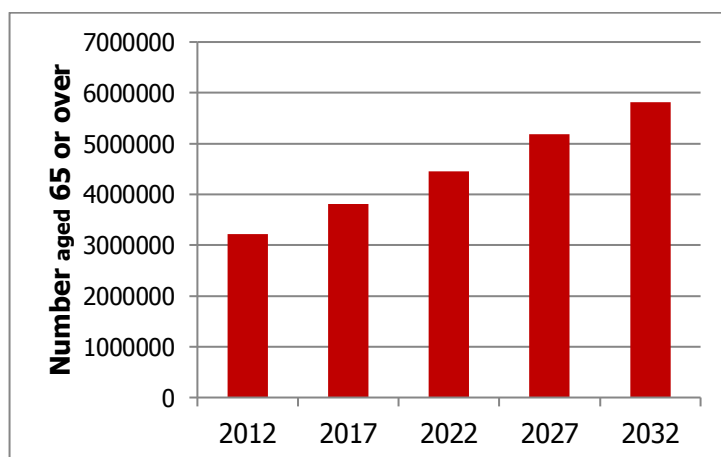
2.1 The underlying driver: the growing older population

Australians are living longer and have one of the longest life expectancies in the world. Between 1960 and 2013, life expectancy increased by 12 years for men and 10 years for women. 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 today.

Recent data shows that life expectancy for those *currently* aged 65 is 19.1 years for men and 22.0 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 future. The Australian Bureau of Statistics (ABS) projects¹ that the number of people aged 65 or more will increase from 3.2 million in 2012 to 5.8 million by 2032, as shown in Figure 1.

Figure 1 Number of people aged 65 or over 2012-2032, Australia



Source ABS: 3222.0 Population Projections, Australia, Series B. 2015

In addition to this, the proportion of the population aged 65 and over will continue to grow, approximately doubling over the next 25 years. By 2040, more than 1 in 5 people will be aged 65 years or over.

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.

¹ ABS: 3222.0 Population Projections, Australia, Series B. 2015

2.2 Cultural change: Baby boomers demand choice

Historically, older people were seen as dependent, 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. The change is a result of 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." ²

More concisely, National Seniors' chief executive Michael O'Neill concluded³: *"The key message is that baby boomers want choice"*.

Many services for older people are already being transformed. Under the banner of Consumer Directed Care (CDC), home care services for seniors have moved from a system in which the service provider decides what care should be provided to one 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 in today's society, choosing where to live is the most significant choice they make. This choice typically has to 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, housing etc. 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

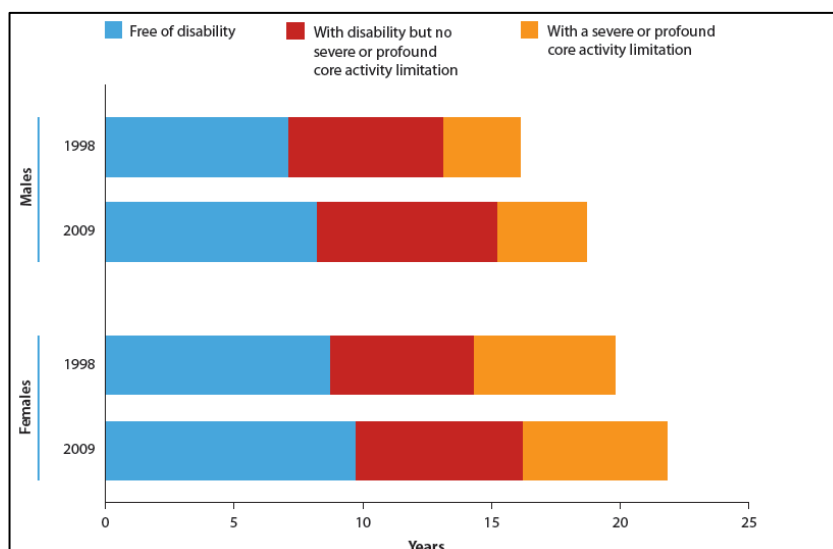
Not only can older people expect to live longer - they can also expect better health for longer. This fact is often lost in discussions about the cost of health care for older people. The steeply rising cost of health care is essentially due to the increasing population of seniors, the fact that most of them will live beyond 80 (when the prevalence of key forms of disease and disability increase rapidly), and the costs of increasingly sophisticated treatments. For most older people, however, the health outlook is better than it has ever been.

Figure 2 shows that on average, someone aged 65 today can expect to live another 15 years (male) or 16 years (female) without a profound or core disability. The chart shows averages: in practice, many people will live out their lives without a severe or core disability while others are less lucky.

² Kendig, H. & Neutze, M. 1999. *Housing implications of population ageing in Australia*. Productivity Commission and Melbourne Institute of Applied Economic and Social Research, 435-450.

³ Catholic Health Australia National Conference, Melbourne, 2009

Figure 2 Life expectancy and health outlook at age 65, 1998 and 2009



Source: AHIW: Australia's Health 2012

Older people who have significant concerns about their health are likely to want to live somewhere with good access to care and health services. Those in good health often prioritise recreational and lifestyle factors. This has led to some polarisation in retirement villages. At one end of the spectrum are the "first wave" villages, which were often simply an independent living adjunct to a Residential Aged Care home. 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, the Chief Executive of Stockland (which operates Lourdes) was interviewed about this by Ageing Agenda⁴. Noting that many aged care providers were focussing either on high care, or on independent living, this leaves "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."

2.4 Baby boomers have funds to pay for choice

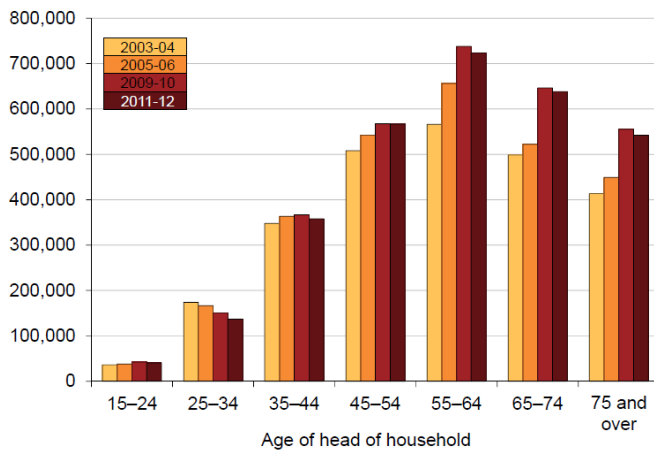
Baby boomers are by far the wealthiest generation of retirees in history, no more so than in affluent areas like Ku-ring-gai.⁵

While all age groups are on average wealthier than they were in 2003-04 (despite a temporary decline in the aftermath of the global financial crisis), the greatest beneficiaries from the increase in wealth over the last 20 years have been older households. For example, a 65 to 74 year old household was \$215,000 better off over in real terms in 2012 than the equivalent household in 2003, as shown in Figure 3. This represents 2.7 per cent annual growth, despite the GFC.

⁴ Ageing Agenda, 1 April 2015, accessed online at <http://www.australianageingagenda.com.au/2015/04/01/special-report-retirement-living-goes-full-service/>

⁵ Despite this, poverty in old age is still a very significant issue, despite the fact that only a minority of seniors are affected.

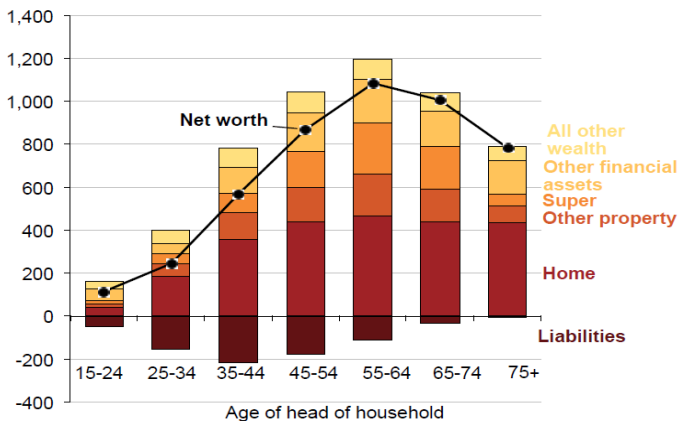
Figure 3 Median Wealth by age group, 2012



Source Grattan Institute analysis of ABS data

By far the biggest driver of this increase in wealth has been the increase in the value of residential property (see Figure 4). For those aged 55-74, the growth in superannuation has also made a large contribution.

Figure 4 Composition of household wealth, 2012



Source Grattan Institute analysis of ABS data

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 million⁶. 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 than the national average, suggesting that wealth in other forms (investment property, super, etc) is very likely to be greater.

The significance of this increase in wealth cannot be understated. According to social researcher Mark McCrindle, who runs the 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,

⁶ Quarterly NSW Rent and Sales Report, DoH, using Valuer General's data

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."

Some of this "wealthy generation" of retirees have 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 reports that, among those within the over 55 household cohort that move house, 35 per cent of them move "*primarily for lifestyle reasons*", and that this group of people place "*a high value on living with others of similar background, age and interests*". For some, therefore, 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*".⁷

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. It is assumed that, once he or she reaches retirement age, an older person 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

⁷ Matusic, M. 2011. *How Boomers Could Burst the Bubble*, [Online]. Available: <http://australianpropertyforum.com/topic/9277164/1/> [Accessed on 27 March 2012].

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 of the senior households that were surveyed by National Seniors Australia⁸ had moved house 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) ‘Decision based on choosing where I want to live for the rest of my life’ and (2) ‘Want a lifestyle change’. Retirement villages are a significant option for this latter group.

2.7 Choosing to move to a retirement village

Research for AHURI⁹ 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. Research has identified these key factors, which are in summary¹⁰:

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.

⁸ National Seniors Australia: *Moving or staying put: Deciding where to live in later life*. 2014

⁹ Bruce Judd et al: *Dwelling, land and neighbourhood use by older home owners*. AHURI, 2010

¹⁰ McCrindle Baynes: *Villages Census 2013*

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

3.1 Scale of demand

In 2014, about 184,000 Australians lived in retirement villages, representing 5.7 per cent of the over-65 population. The rate is significantly higher among those aged 75 or more, at over 8%. Within NSW, the proportion of seniors living in retirement villages, at 4.9%, is well below the national average: indeed, only Tasmania has a lower proportion. In 2014, NSW had approximately 42,600 retirement village dwellings, housing around 62,000 people.

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 per cent of over-65s by 2025. This increased rate, combined with the growing seniors' population, would mean 382,000 people living in a retirement village in 2025, which is more than double the number in 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 is considered in Chapter 4 of this report.

3.2 Changing nature of demand

In many areas (including Ku-ring-gai) a large proportion of the existing retirement village stock was built between 20 and 40 years ago to modest standards of design and amenity. When it becomes available for resale, the price is quite affordable by local standards. 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.

3.3 The need for space post-retirement

Recent research challenges simplistic assumptions about downsizing by older households. While it is clear 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 AHURI¹¹ found that the great majority of seniors prefer to live in a home with at least one spare bedroom.

¹¹ Australian Housing and Urban Research Institute: *What older people want: Attitudes to Options for Improving Housing Efficiency and Livability*. 2013

Unfortunately, the open market rarely addresses this preference, while traditional retirement villages are dominated by one bedroom units.

The AHURI study found that 95% of the older home-owner survey respondents had one or more bedrooms not used for sleeping by permanent residents of the dwelling. The vast majority said that they needed this extra space, the most common reasons being:

- » Accommodation for visiting family and friends, cited as their primary reason by over a quarter of respondents.
- » Space for home based activities (eg hobbies, office work, exercise), particularly as older people usually spend more time in the home. A third 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.
- » A couple's need for individual personal space, including space for reading.

Other respondents wanted a spare room for storage or because they had furniture they did not wish to dispose of. Among respondents with care needs and health problems, who were typically in the older age brackets, space for equipment, carer assistance and treatment, was also a priority.

Thus, the research shows that, just because bedrooms are not 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. 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 home owners in areas like Ku-ring-gai 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

The AHURI research previously referred to notes that a large proportion of older people who relocate, want to move somewhere where they can spend the rest of their lives, ie. age in place. Survey respondents therefore 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.

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, and in practice the great majority of homes will be difficult or impossible to adapt if handrails, wheelchair accessible doorways etc become necessary. Many 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 are able to 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 seen as undesirable. This typically means finding an attractive location that is conveniently accessible both for them 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 with 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 Residential Aged Care 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 residential care facility 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:

- » In 2011, there were just over 19,000 people aged 65 or more living in the LGA. This represents an increase of 12.2% in only five years, over the period 2006-11.
- » Importantly, there were a further 13,000 people aged 55 to 65, and all of these will enter the 65+ age group by 2021.

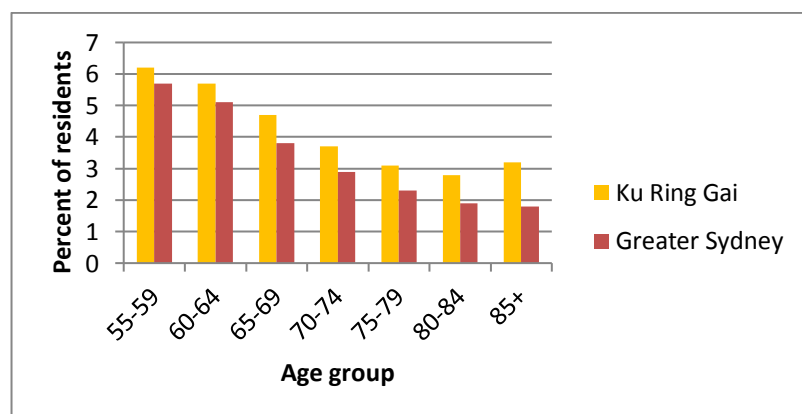
Table 1 Number of residents in older age groups, Ku-ring-gai 2011

Age Group	Number
55 to 59	6,785
60 to 64	6,254
65 to 69	5,103
70 to 74	3,994
75 to 79	3,386
80 to 84	3,055
85 and over	3,470
Total aged 65 or more	32,047

Source: Profile .id using ABS Census data

As a proportion of residents, the percentage of older people in Ku-ring-gai has also grown, and in 2011 people aged 65 or more made up 17.5% of the population. These figures are significantly higher than the average for the Greater Sydney region, as Figure 5 shows.

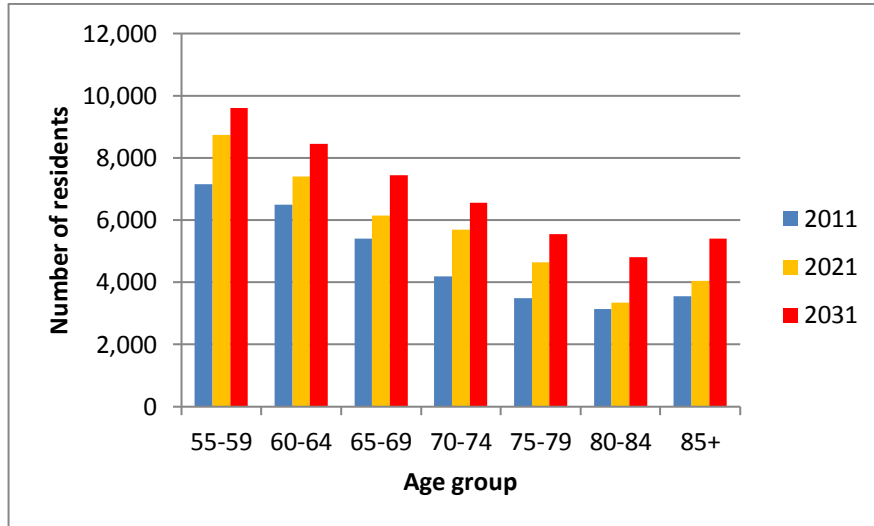
Figure 5 Percentage of residents in older age groups, 2011 Ku-ring-gai LGA compared to Greater Sydney



Source: Profile .id using ABS Census data

Recent projections of population growth for Ku-ring-gai LGA suggest that the number of older residents will continue to grow substantially – by 42% over the period to 2031, representing an additional 14,000 residents aged 65 or more.

Figure 6 Projected growth in the older population 2011-2031
Ku-ring-gai LGA



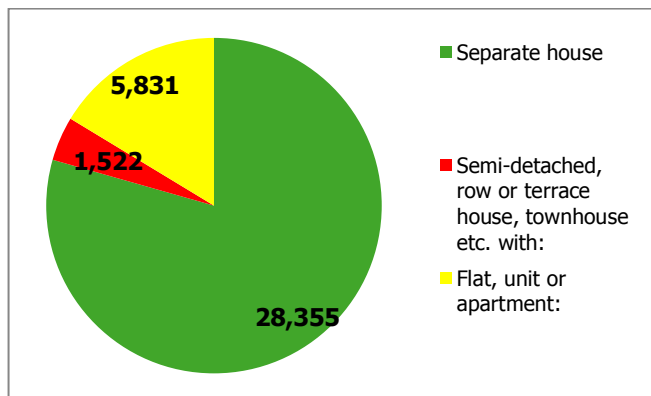
Source: Department of Planning 2014

Council has identified planning to meet the needs of this rapidly growing population of seniors as a top priority for Ku-ring-gai LGA ¹². The *Community Strategic Plan* also says that Council will work with other agencies to pursue a range of housing options for older people.

4.2 Limited housing options for older people in the LGA

Figure 7 shows that almost four out of five dwellings in Ku-ring-gai LGA are detached dwellings.

Figure 7 Private dwelling type, Ku-ring-gai LGA, 2011



Source: ABS Census 2011

¹²Ku-ring-gai Council, *Community Strategic Plan 2030*, page 6.

Older people in Ku-ring-gai are far less likely than the general population to occupy a small dwelling with 1 or 2 bedrooms. Only 0.5% of seniors live in a dwelling with only one bedroom, a figure that includes a significant number in retirement villages. Conversely, 94.5% of people aged 60 or more (including single person households) live in homes with 3 or more bedrooms, and nearly 60% live in homes with four or more bedrooms, rising to over 67% in the 60-69 age group.

Table 2 Number of bedrooms in dwellings, Ku-ring-gai LGA 2011

	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
All age groups	2.6%	12.3%	30.8%	35.9%	14.4%	3.0%
Seniors aged 65+	0.5%	5.0%	34.9%	42.4%	14.1%	3.1%

These figures raise questions about the match between the local housing stock and the make-up of the population.

As recently published research shows¹³, the majority of 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, it seems likely that some of the space in a 4 to 6 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 well 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. This is demonstrated in the next 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 over a million dollars to \$1.7 million in the March quarter this year¹⁴. The median varies from suburb to suburb, and in some areas is considerably higher than this.

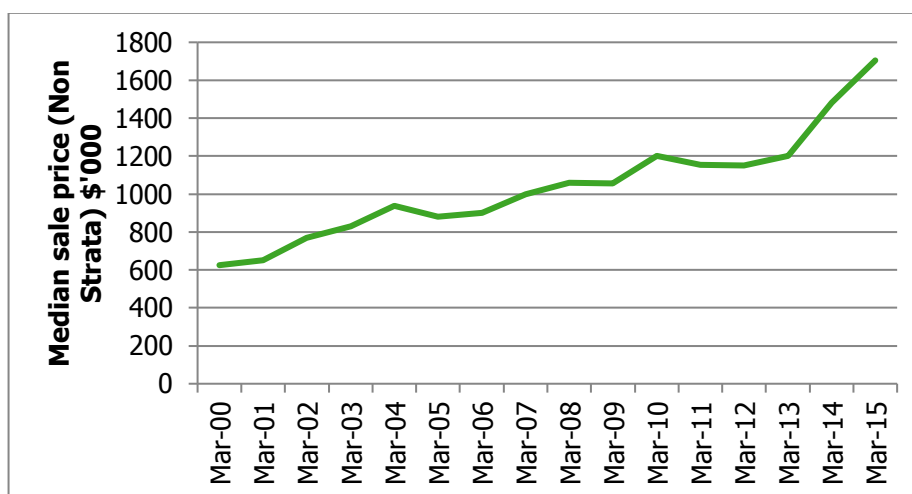
This rise in house values represents a huge increase in the wealth of the owners of this housing. Equally, it puts them in a position to buy a very high quality home if they choose to sell their existing house and move elsewhere.

As the previous section noted, a large proportion of the owner-occupiers of these high quality homes are older people. Many are retired, while others are semi-retired or working full time but approaching retirement. This section 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.

¹³ Bob Birrell and David McCloske: *The housing affordability crisis in Sydney and Melbourne (Report One: The demographic foundations)*, Australian Population Research Institute 2015

¹⁴ NSW Department of Housing for NSW Government: *Rent and Sales Reports*, quarterly.

Figure 8 Median sale price, non-strata houses, Ku-ring-gai LGA



Source: NSW DoH: Rent and Sales Reports, 2000-2015

4.4 Retirement villages in the LGA

According to data from the ABS Census, 1350 people lived in self-contained dwellings in retirement villages in the LGA in 2011. This number represents approximately 5.4% of people aged 60 or over. The likelihood of living in a retirement village increased with age, as the table shows.

Table 3 Number of people living in retirement villages
Ku-ring-gai LGA, 2011

<i>Age group</i>	<i>Total in age group</i>	<i>Number living in RVs</i>
100 years and over	33	3
90-99 years	1268	160
80-89 years	5294	706
70-79 years	7338	370
60-69 years	11200	111

Source ABS Census

An internet audit of retirement villages in the LGA indicates that there are approximately 18 villages in the LGA. However, most of these are quite small. There are only six villages that provide over 100 dwellings, as Table 4 shows.

Table 4 Major Retirement Villages in Ku-ring-gai (Over 100 dwellings)

<i>Suburb</i>	<i>Name</i>	<i>Operator</i>	<i>Description</i>
KILLARA	Lourdes	Stockland	Low rise, becoming dated. RACF on site
E LINDFIELD	Lindfield Gdns	Aveo	Modern, mostly 1 and 2 bedroom apts
ST IVES	Fernbank	Aveo	Modern, Mix of styles
TURRAMURRA	Rohini	ARV	Low density, mostly 2B apartments
N TURRAMURRA	The Landings	Sakkara	New apartments and villas.
N TURRAMURRA	Cotswold Village	Private	Leasehold, mostly 1B and 2B

Of these, three (Lourdes, Lindfield Gardens and Fernbank) provide a number of serviced apartments in addition to independent living. One, Cotswold Village, offers only leasehold tenure and limited communal and recreational facilities, while the others all provide these facilities.

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

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

<i>Suburb</i>	<i>Name</i>	<i>Operator</i>	<i>Description</i>
WAHROONGA	Rosetta Pk, and St Ermes	UPA (Charitable)	Co located sites adjoining RAC facility
WAHROONGA	Redleaf Serviced Apts	UPA (Charitable)	
WAHROONGA	Adventist Wahroonga	Adventist Church (Charitable)	Modern villas and apartments adjacent to RAC facility.
N TURRAMURRA	Houn Park	Private	Modern strata apartments with communal facilities
VARIOUS LOCATIONS	UCA Lindfield, W 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)
- » Low rise, older-style retirement accommodation
- » Good range of communal facilities on site. Aged care facility adjacent.

Lindfield Gardens and Fernbank

- » Affordable, especially compared to the local market (from \$380,000)
- » Modern low-rise living units with traditional design
- » Reasonable range of facilities on site. No aged care facility.

Rohini

- » Very affordable compared to local market (from \$244,000). Rentals available
- » 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
- » New village, mixture of villas and apartments
- » Lifestyle oriented. Excellent recreational facilities including clubhouse with fine dining restaurant.

Cotswold village

- » Affordable leasehold units, recent sales around \$300-400,000
- » 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. A majority of 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, demand generated within the LGA for additional retirement village dwellings will run at more than 40 dwellings per annum, but this is predicated on the products being offered meeting the requirements of the local market.

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 3 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 seniors market is starting to decline. In particular, 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 stressed the need to address such factors by redeveloping dated retirement villages. The number one question for village operators, according to the report, 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?"*¹⁵

The existing village is dated. Like a large proportion of other retirement village accommodation in the area, it provides mostly small, two level units to 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 in a position to purchase more luxurious housing.
- » Most of the existing units are too small to meet current expectations, which are mainly for 2 and 3 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 apartments 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 that comes from knowing they won't necessarily have 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, the CEO. 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.

¹⁵ Colliers International (Australia). *Retirement and Healthcare Report 2015*

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. 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. Apartments 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 starting to have problems moving around the home (eg 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 menu 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 residential aged care facility 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 community¹⁶.
- » *Community participation:* Retirement village residents have a high level of participation in the external community. In surveys, more than half said they were involved in external social and recreational organisations and a large proportion work as volunteers.
- » *Better health:* Retirement village residents make much less use of hospitals and doctors than non-residents¹⁷, and the benefits are greater in villages with good facilities. 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.

¹⁶ Grant Thornton: National overview of the retirement village sector, 2014

¹⁷ Ibid

- » *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. The Australian Institute of Health and Welfare's report, "Patterns in Aged Care Program Use 2002-03 to 2010-11" found that retirement village residents enter aged care on average five years later than those coming from a family home. Grant Thornton has calculated that this results in a saving to government of \$1.98 billion a year to the aged care budget¹⁸.

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.
- » 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

The proposed village will accommodate approximately 550 people¹⁹, 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

¹⁸ Grant Thornton: *National overview of the retirement village sector, 2014*

¹⁹ Excluding the residential aged care facility

- » Permit an extensive program of onsite activities
- » Support onsite staffing
- » Reduce costs to external care service providers who can assist a number of 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 Residential Aged Care (RAC) facilities, originally constructed as separate low and high care elements, with an integrated facility to contemporary standards. The RAC 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 RAC facility 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.

RACs provide approximately 180,000 permanent places ("bedspaces") in Australia. RACs were formerly known as hostels (providing low care) and nursing homes (providing high care). The distinction between low and high care has now been abolished as part of wide-ranging reform of the aged care system.

RAC places are subsidised by the Federal Government which manages supply by allocating a restricted number of places (once called bed licenses) to each region on a competitive project-by-project basis. 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 RAC places, because of the growth of the older population.

Consequently, several factors are driving contemporary demand for RACs:

- » The older population is rapidly expanding, and in particular there is very large growth in the number of people aged 75 or more, who make up the great majority of RAC users. Currently they represent 5.5% of the Australian population but by 2031 this will rise to 10%. The following facets of demand are largely a by-product of this growth.
- » A large and increasing proportion of RAC 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, which is most commonly found among those aged 80 or more, is a major challenge. Most older RACs are not equipped to deal with residents with dementia.
- » Demand is now for single rooms in RACs. Many older facilities were designed with shared rooms.

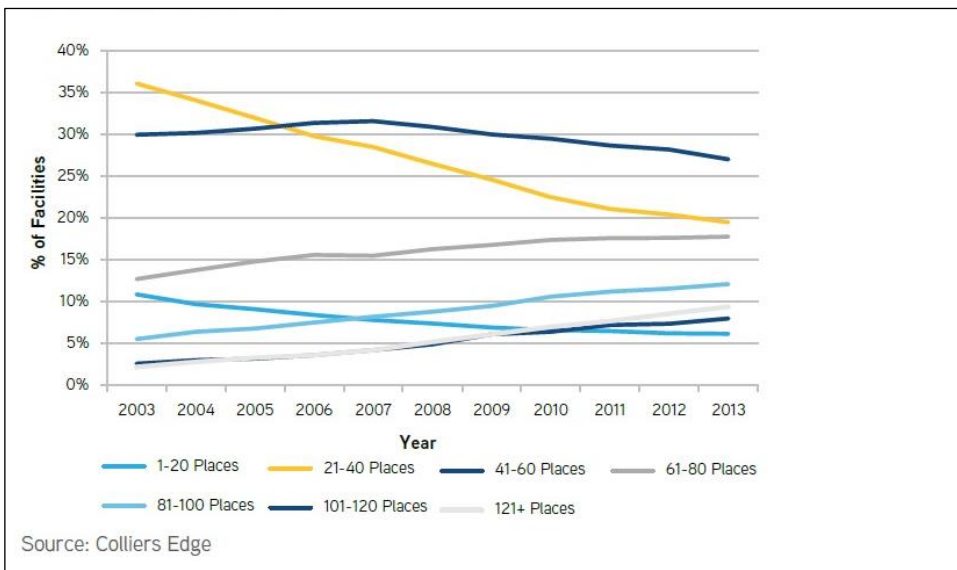
» Government regulations are demanding higher facility standards. Most recently, this has included new requirements for sprinkler systems, which are proving financially burdensome for many older facilities.

Traditionally most RACs have been fairly small, and hostels and nursing homes were separated. The majority of operators were also small. Such facilities face now an uncertain future, and some small facilities are becoming unviable and are 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 air and shared rooms.

Colliers International, in their latest *Healthcare and Retirement Living Report*,²⁰ highlight a consolidation of the RAC sector which has only just begun. 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 small facilities and rise in larger facilities is shown in the flowing graph, which is taken from the report.

Figure 9 Trends in number and size of residential aged care services



Colliers 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, which funds RAC places, confirms these trends. Their recent report²¹ on the financial performance of RACs found 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 in this category.

²⁰ Colliers Intl, Healthcare and Retirement Living Report 2015:

²¹ Australian Government Aged Care Financing Authority: Factors Influencing the Financial Performance of Residential Aged Care Providers, 2015

6.2 RACs in Ku-ring-gai

Age care funding is planned by the Government on a population basis. The Residential Aged Care target is 80 places per 1000 persons aged 70 or over. Over the period 2011-2031, it is projected that there will be an additional 8,000 people aged 70 or over in Ku-ring-gai, suggesting a need for around more 640 places in residential aged care.

Table 6 Number of people aged 70 and over, Ku-ring-gai LGA

Age group	2011	2021	2031
70-74	4,200	5700	6,550
75-79	3,500	4650	5,550
80-84	3,150	3350	4,800
85+	3,550	4050	5,400
Total 70+	16,411	19771	24,331

Source: Department of Planning 2014

Current provision is slightly below the level of 80 places per 1000. As the table shows, existing places are spread across a considerable number of facilities.

Table 7 Residential Aged Care facilities, Ku-ring-gai LGA

<i>Name</i>		<i>Suburb</i>	<i>Places</i>	<i>Operator</i>
<i>Opal Lourdes</i>	95 Stanhope Road	KILLARA	83	DPG Services (now Opal Aged Care)
<i>Killara Gardens Aged Care</i>	17 Greengate Road	KILLARA	105	Pathways Aged Care Pty Limited
<i>Archbold House Hostel</i>	16 Trafalgar Avenue	ROSEVILLE	61	KOPWA Limited
<i>Southern Cross Apartments North Turramurra</i>	402 Bobbin Head Road	NORTH TURRAMURRA	113	Southern Cross Care (NSW & ACT)
<i>Northaven Retirement Village</i>	1322 Pacific Highway	TURRAMURRA	49	The Uniting Church in Australia Property Trust (NSW)
<i>Turramurra House Nursing Home</i>	34 Curagul Road	NORTH TURRAMURRA	58	Thompson Health Care Pty Ltd
<i>HammondCare</i>	10 Murrua Road	NORTH TURRAMURRA	146	HammondCare
<i>Bupa Roseville</i>	26 Pacific Highway	ROSEVILLE	45	Bupa Care Services Pty Limited
<i>Ashley House Pty Ltd</i>	97 Ashley Street	ROSEVILLE	39	Ashley House Pty Ltd
<i>Whitehall Nursing Home</i>	27 Tryon Road	LINDFIELD	76	Quinvil Pty Ltd
<i>Belvedere & Netherby Aged Care</i>	9-17 Pacific Highway	WAHROONGA	133	Aquarius Aged Care Pty Ltd
<i>Thomas and Rosetta Agst Aged Care Facility</i>	1614-1634 Pacific Highway	WAHROONGA	61	United Protestant Association of NSW Limited
<i>Tallwoods Corner Aged Care Service</i>	1 Myra Street	WAHROONGA	76	I & E Klein Investments Pty Ltd
<i>Roden Cutler Lodge</i>	10 Edward Street	GORDON	165	Anglican Retirement Villages

Data provided by Australian Department of Social Services, updated to June 2015
Data shows approved places: some approved places may not be operational

Some of these RACFs were built some considerable time ago, and many of them include separate high and low care buildings which are not integrated. 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 closure (especially older privately owned facilities on small sites), redevelopment (where space allows) or upgrade (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 of quality. Trends, identified in the previous section, towards fewer and larger facilities have only just started to impact on Ku-ring-gai, but there is little doubt that 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 RAC at Lourdes will address the following issues:

- » In order to be viable and provide high care services, modern RACs 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
- » RAC 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 31 additional places each year just to maintain RAC provision at current ratios.



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