

Final Report

Independent living units: the forgotten social housing sector

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The logo for AHURI (Australian Housing and Urban Research Institute) features the acronym 'AHURI' in a bold, black, sans-serif font. A red curved line arches over the letters 'H' and 'U'. The letter 'i' is lowercase and has a red dot. Below the acronym, the full name 'Australian Housing and Urban Research Institute' is written in a smaller, black, sans-serif font.

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ABBREVIATIONS

ACSA	Aged and Community Services Australia
APHA	Aged Persons' Homes Act 1954
CACP	Community Aged Care Package (Victoria)
CCP	Community Care Package (all States except Victoria)
CHO	Community Housing Organisation
CSHA	Commonwealth-State Housing Agreement
EACH	Extended Aged Care at Home
ESO	Ex-Service Organisation
HACC	Home and Community Care (Program)
ILU	Independent living unit
LGA	Local government area or municipality
NFP	Not-for-profit (organisation)
RACF	Residential Aged Care Facility
SHA	State Housing Authority
VAHEC	Victoria Association of Health and Extended Care

GLOSSARY OF TERMS

Bedsitter: A self-contained dwelling that does not have a separate bedroom. It generally consists of two rooms: a bathroom and a room containing a kitchenette for dining, sitting, sleeping etc.

Community housing: A form of social housing provided by or managed by a community housing organisation.

Community housing organisation (CHO): A not-for-profit organisation that provides or manages social housing. CHOs include housing associations, housing cooperatives, local government, church organisations and welfare organisations.

Entry contribution: Another term for 'incoming contribution' (see below).

Extra allowable amount: The difference between the Centrelink non-homeowner and homeowner assets tests. According to current Centrelink provisions, where a resident of a retirement village or a granny flat pays an incoming contribution equal to or less than the 'extra allowance amount', they are assessed as a non-homeowner and may qualify for rent assistance. At July 2003, the extra allowable amount was \$108,000.

Founder donation: The capital contribution (in the form of a donation) paid by the first resident in a unit subsidised through the Aged Persons' Homes Act 1954. It was generally the difference between the capital cost of the unit (land and construction costs) and the funds raised by the organisation (including APHA subsidies).

Fully resident-funded units: ILUs where the full cost of the development and operation of the unit is covered by incoming contributions from residents and other fees.

Independent housing for older persons: Self-contained dwellings where an older person can live independently. It is a term used in this report to denote a range of housing options for older persons. It has a broader scope than ILUs (as defined below) and includes a range of other options such as resident-funded units and housing provided by SHAs and CHOs.

Independent living unit (ILU): Generally understood to be a self-contained dwelling where an older person can live independently. In this Report, however, it has a particular meaning. It refers to self-contained dwellings:

1. Which are managed by a not-for-profit organisation that has received subsidies for some units under the Aged Persons' Homes Act 1954;
2. Where capital funds have not come from State Housing Authorities but include a broad range of sources such as incoming contributions from tenants, donations and internal sources;
3. Which are accessible to older persons with low incomes and low value assets, thus the incoming contribution is less than \$100,000.

ILU organisation: An organisation or that part of a larger organisation that manages ILUs.

Ingoing contribution: An amount of money paid by a resident on entry to a unit within a retirement village. This can be in the form of a donation, a loan, purchase of shares in a company or the purchase price of a unit.

Premium: Queensland term for 'incoming contribution' (see above).

Public housing: A form of social housing provided in each State and territory by the State or territory government.

Social housing: Forms of housing which are financed, owned and managed for the purposes of meeting social objectives. It includes public housing, community housing, indigenous housing, affordable housing and ILUs.

EXECUTIVE SUMMARY

Public and community housing are well documented as housing options for older people with relatively low value assets and low incomes. However, other not-for-profit (NFP) organisations also provide housing for this group. Commonly known as independent living units (ILUs), they are provided mainly by organisations within the aged care sector.

Most of these organisations and the stock they manage developed as the result of subsidies provided by the Australian government between 1954 and 1986 under the Aged Persons' Homes Act (APHA). They have largely been forgotten as a key social housing sector providing housing for older persons.

The aims of the project (Section 1.1)

The ILU project aimed:

- To ascertain the significance and status of ILUs as an affordable and appropriate housing option for older people, particularly those who have low value assets and low incomes;
- To fill an information gap about ILUs;
- To identify current changes, issues and strategies in the ILU sector;
- To explore the potential, opportunities and disadvantages for the provision of aged care services linked with ILUs.

Definition and scope (Section 1.2)

The term 'independent living unit' (ILU) is widely used in the aged care sector and its use does not always correspond with its usage in this report. The term refers to those units which are provided by NFP organisations and which are targeted at older persons with relatively low incomes and low value assets. This can be clarified further with a brief historical note, by a comparison with community housing and by specifically excluding some housing options for older persons.

A brief historical note

Between 1954 and 1986, eligible organisations such as churches, charitable bodies and institutions received subsidies from the Australian government under the APHA to construct independent housing for older persons. Three different ILU organisations are described in Section 2: Lionswood, Catholic Homes for the Elderly and Melbourne Citymission. Others included the Brotherhood of St Laurence, Anglican Homes, Southern Cross Homes, the RSL, Lions, Masonic Homes and local governments. It was through this Act that many NFP organisations first became involved in providing services for older people – first ILUs, then hostels and nursing homes. During this time these organisations constructed over 30,000 ILUs. This marked the first phase of the retirement village industry.

In addition to Australian government subsidies, NFP organisations raised capital funds from various sources: public appeals, grants or leases of land from State and local government, bequests and donations from residents.

After 1986, when APHA subsidies ceased, many of these organisations continued to construct units using these same sources of funds as well as funds from residents (either as donations or loans). Residents now have access to many of these units at well below their market value.

ILUs and community housing (Section 1.3)

From 1968, the Australian government also provided funds to the States for older persons housing and this continues through the Commonwealth-State Housing Agreement (CSHA). This parallel movement now constitutes the mainstream of social housing with two different forms: public housing and community housing.

ILUs and community housing have some important common characteristics. They are both provided by NFP community organisations which:

- primarily target households with relatively low incomes and low value assets;
- have a primary goal of providing good outcomes for residents;
- provide supportive management and supportive environments for residents;
- support residents by linking them in with a range of other organisations providing other community and support services.

While community housing organisations (CHOs) provide housing solely on a rental basis, ILU organisations provide housing on both a rental basis and through residence agreements which require residents to make an upfront ingoing financial contribution to the cost of the home. Thus, many but not all ILUs are managed under various Retirement Village Acts.

Exclusions

The ILU project excluded (i) private sector retirement villages, (ii) commercial retirement villages owned by NFP organisations where the entry contribution was more than \$100,000, and (iii) social housing units funded through the CSHA.¹

Methodology (Section 1.4)

The project has been completed in four stages:

- A review of the literature, in particular, the history of ILUs, subsequently published by AHURI as a Positioning Paper (Section 1.5 is a summary);
- A national survey of NFP organisations providing independent housing for older persons which filled an information gap about ILUs and identified current changes, issues, challenges and strategies (Section 4 outlines the key findings);
- An analysis and mapping of ILUs in Victoria on a municipality basis in relation to the location of public housing, the location of older people and the location of older people with low incomes (Section 3 outlines the results of this analysis);
- A series of interviews, workshops and case studies, mainly in Victoria and New South Wales, with key people from ILU organisations, aged care peaks and Australian Government and State officers. These complemented the national survey, highlighting the complexity of the ILU sector and the differences between States. Section 2 and Section 4 incorporate the key findings.

The importance of ILUs (Section 3)

The importance of ILUs as a social housing option for older persons is hardly recognised in policy debate about housing options for older low income people, hence the subtitle to this report 'The Forgotten Social Housing Sector'. Section 3 highlights their significance:

¹ Figure 1 on page 4 situates ILUs within the broader aged housing sector.

- Australia-wide it is estimated that there are 34,700 ILUs that constitute approximately 27% of social housing specifically for older persons;
- An estimate of ILUs in each State is more difficult: NSW with 13,600 ILUs has the largest number; Victoria 6,200; Queensland 4,200; South Australia 3,200; Western Australia 6,400; and Tasmania 1,100. As a proportion of older persons, ILUs are more significant in Western Australia where there are 32 ILUs to every 1,000 older persons;
- ILUs can be particularly important at a local level as illustrated by the analysis of Victorian municipalities. In some municipalities they constitute more than 50% of social housing for older persons. Another interesting feature is that the distribution in metropolitan Melbourne indicates an offset between the location of ILUs and the location of public housing. ILUs are mostly located in the east and southeast of Melbourne, while public housing for older persons tends to be located in the inner city and the north and west of Melbourne.

The importance of ILUs lies not just in the number at national, State and local levels but also in the types of social housing offered to older people. ILU organisations provide a broad and diverse range of social housing options. However, across this diversity, there are some particular characteristics which distinguish ILUs from other social housing options:

- ILUs provide segregated housing for older people and thus provide a sheltered community or village environment;
- ILUs are predominantly cottages. In some States, notably New South Wales and Victoria, the predominant form of public housing for older persons is flats;
- ILU organisations not only provide housing but a range of other services such as a meeting room, an emergency alarm in each unit, and an on-site caretaker/manager;
- Most ILU organisations also provide residential aged care services and thus can link residents with these services. On many sites, ILUs are co-located with residential aged care services;
- ILUs are often located in areas which provide good amenity for residents.

A changed context over the past two decades

The Positioning Paper outlines how both the social and organisational context within which ILUs are provided has changed dramatically over the past two decades.

A changed social context

- Older persons have different and higher expectations of their housing and living environment.
- There is a strong emphasis on older people ageing in place – in their own homes and in their own communities.
- Community care programs such as HACC, CACPs, linkages and community options are continuing to expand.
- The priorities of the Australian government have changed with a particular focus on residential aged care and community care programs – ILUs are no longer a high priority.
- The priorities of State governments have also changed, again with a particular focus on community care programs. ILUs have never been a priority, and State governments through their State Housing Authorities (SHAs) have focused primarily on 'mainstream' social housing funded through the CSHA.

- ILUs are part of the retirement village industry but play ‘second fiddle’ to the more vibrant part which is expanding by gearing itself at older people with significant assets – both for-profit and NFP providers.
- ILU organisations now face competition from new private developers in rental villages for older people, e.g. Village Life.

A changed organisational context

- Most ILU organisations also provide residential care. This is a major focus of these organisations, particularly achieving accreditation and certification by 2008.
- For 36% of organisations in the national survey, ILUs were not a high priority but just one of a range of services or a peripheral service.
- The traditional three-tiered system of care – independent living, hostel and nursing home – has broken down, with access to residential aged care based on an aged care assessment rather residency in an ILU.
- There have been extensive changes in the legal responsibilities of organisations with new legislation covering Occupational Health and Safety, the new taxation system, residential rights (Retirement Village Act and Residential Tenancies Act), privacy, corporate, financial and auditing requirements etc.

Key findings, issues and strategies (Section 4)

Broadly, ILU organisations face critical issues in five areas: housing market/target group; housing stock; financial viability; management and governance, and linkages with support/community care services. Section 4 identifies and focuses on the key findings, issues and strategies in each area. The extent to which an issue is relevant to any particular ILU organisation is variable. ILU organisations are very diverse: some have actively dealt with the issues; some are currently dealing with them; some are dealing with them to varying extents, and some have little awareness of them.

Target group (Section 4.2)

The target group is a first-order issue for ILU organisations. It relates to their purpose and responsiveness to the needs of the local community.

Key findings

ILU providers have a diversity of target groups, many specifically targeted according to locality, ex-service personnel, ethnicity, religious affiliation etc. Overall they tend to accommodate what might be described as the ‘genteel’ older person, i.e. those who can live independently, fit in with the culture of the village and present few problems for managers. Most target pensioners who do not own their own home but the balance of allocations between this group and others is unclear. Some target older people who are homeless or have complex needs.

Analysis and key issues

Many ILU organisations, notably ex-service organisations (ESOs) and rural organisations, have experienced a drop in demand from their traditional target groups. This reduced demand seems to be associated with a number of interrelated factors:

- Older persons have higher housing expectations than the size and quality of ILU being offered;
- Older owner-occupiers are remaining in their own homes longer;
- The ageing of a specific population, e.g. ex-service personnel are ageing and increasing the demand for residential aged care rather than independent housing.

This raises the question about their future housing market or target group.

On the other hand many ILU organisations do not appear aware that the number of older persons with unmet housing needs has increased dramatically within two particular groups:

- Those who rent privately but only have some limited or even no assets and can no longer afford high rents;
- Those who are homeless or have complex needs.

Possible strategies and considerations

The primary challenge for ILU organisations is to reaffirm or revise their vision and mission in the light of their changing situation. One strategy is to investigate local housing needs and develop a greater awareness about demand from groups of older people outside their traditional target group. They will also develop a greater awareness of the skills and linkages which enable other organisations to meet the needs of these groups.

For those ILU organisations whose primary target groups are pensioners who own their own homes or pensioners with some assets, this may highlight a major dilemma: either they redevelop their stock to meet the changing expectations of their target group, or they move into new territory and reorient their organisation around a new target group.

Housing stock (Section 4.3)

ILU organisations face major challenges in relation to their current housing stock. It is primarily this issue which has forced many to stop and reflect on their future directions and role as a provider of ILUs.

Key findings

Much of current ILU stock is relatively small, more than 20 years old, below current standards and in need of upgrading. Already some organisations have begun upgrading and reconfiguring stock, demolishing stock, and even transferring the ownership/management of stock to another organisation.

Analysis and key issues

ILU organisations have three major issues in relation to their stock.

First, as a result of a major shift in expectations of older persons, ILU organisations not only have to upgrade dwellings to contemporary building and technological standards, but they also have to meet higher expectations in relation to size, design, facilities and use. In assessing the future potential of their stock, this change in expectation must be taken into account.

Second, ILU organisations with small housing portfolios have little capacity to manage property risks such as costs associated with upgrading stock. Those with larger housing portfolios can spread their risks across more ILUs.

Third, encumbrances, such as past agreements with the Australian Government under the APHA, or lack of clarity around encumbrances, may prevent them from making major changes in the housing stock.

Possible strategies and considerations

At the point when the size, age and condition of their stock is no longer acceptable to new residents, ILU organisations have to stop and think not only about the future of their housing stock but also about their future as an ILU provider. They can adopt one or more of a number of strategies:

- **Redesign and/or upgrade units** (both internally and externally) where their current stock is structurally sound, where the size of units can reasonably meet the expectations of their target group and where the upgrade and redesign will provide units which can be adapted to the changing needs of residents and the requirements of support services as well as extend the life of their stock for another 20 years;
- **Redesign and/or upgrade site** (including providing additional units) where the site layout can meet the needs of residents, can be integrated into the local area and facilitate the use of local amenities by residents, and where the usage of the site is reasonable;
- **Reconfigure stock** where the site and the condition of current stock allow for extensions/conversions which can reasonably meet the expectations of their target group. Reconfiguration of stock is usually accompanied by the redesign and/or upgrade of both the units and the site;
- **Demolish units and redevelop the site with new ILUs** where current units are structurally unsound, where the size, condition and age of units is such that they can no longer be upgraded to meet the reasonable expectations of the target groups, and where the site is under-utilised. Many ILU organisations own sites which have not only increased in value over the past decades but now provide opportunities for construction of units for older persons in good locations and with excellent amenity;
- **Sell part of a site and reinvest funds** in the part of the site retained;
- **Sell some or all units on a site** (either existing or newly constructed) and reinvest funds in developments on other sites.

Financial viability (Section 4.4)

While the current condition of stock has forced ILU organisations to stop and reflect on their future role, their future target groups as well as the future of their housing stock, it is the financial issues that largely drive these future directions, setting the parameters for what they may or may not be able to do.

Key findings

A prevailing view among many ILU organisations is that the provision of ILUs is no longer financially viable. This statement of the broad prevailing view/feeling among ILU organisations runs contrary to the experience of both SHAs and CHOs which currently provide housing to low income households at concessional rentals.

Entry contributions in the form of donations or loans and the retained portion of loans and interest on loan investments serve a number of different, mainly capital, purposes.

The typical level of ongoing charges is relatively low, with most organisations charging less than \$100 per week and a high proportion charging less than \$50 per week. ILU organisations use a broad range of methods to calculate the level of ongoing charges (both income-related and those based on other factors) but end up with similar ongoing charges.

Analysis and key issues

ILU organisations face four key financial issues.

First, whether they are collecting sufficient revenue to meet both the short- and long-term costs of providing units.

Second, the tension between providing ILUs which are affordable and maintaining their financial viability in the long term.

Third, with higher housing expectations, ILU organisations have to increase the size of units and provide substantial improvements to units over and above that in the normal upgrading/ refurbishment cycle. Thus, they face abnormal capital requirements to ensure that they meet the reasonable expectations of their residents. This may be further complicated by their liabilities for refunding previous ingoing contributions from residents.

Fourth, ILU organisations not only face major demands for capital for their ILUs but also for their residential aged care facilities (RACFs).

Possible strategies and considerations

Subject to limitations imposed by legislative requirements, ILU organisations can improve their **revenue** situation, in particular, by maximising their capture of Commonwealth rent assistance.

ILU organisations can gain access to **capital** for upgrade, refurbishment, reconfiguration or redevelopment of their stock through one or more of four methods.

- The **traditional resident-funded strategy** is to increase the level of resident contributions as a way of raising the capital required. This can be further supplemented by the revenue strategies above, by using accumulated funds and by borrowings. This strategy may provide them with sufficient capital to upgrade, reconfigure or redevelop their stock. On the other hand, depending upon their capital requirement, it may dramatically increase their ingoing contributions and/or charges, thus dramatically changing their target group. For many ILU organisations this is not an acceptable option because it makes it very difficult for them to target older persons with low value assets and low incomes. Thus a variation on this strategy is to provide some units on a means-tested basis. This allows the ILU organisation to maintain some units for older persons with low value assets and low incomes. The extent to which units can be means-tested will depend upon the extent to which the ingoing contribution can be increased on other units.
- The **consolidation strategy** involves a reduction of ILU stock. It can take two forms: reducing or consolidating the portfolio by selling units and using the proceeds on retain stock, or demolish existing units, redevelop for a new upmarket target group and dramatically increase their ingoing contributions for most applicants but where possible provide some units to older people with low value assets on a means-tested basis.
- Such a strategy may recognise that the organisation is shifting from expansion (using resident contributions) to a steady-state mode where the primary focus is maintaining existing stock.
- The **withdrawal strategy** involves the ILU organisation reviewing its role in the provision of ILUs and divesting itself of some or all its stock. The proceeds from sales can be invested in RACFs or some other venture such as development capital for up-market fully resident-funded retirement units.
- The **joint venture** strategy involves the ILU organisation seeking a partner in the provision of ILUs. This partner could play a number of roles: manage current stock on behalf of the ILU organisation; finance part or all upgrading of stock, reconfiguration of stock or redevelopment of sites. The expectations of the partner will be important to the outcomes achieved. A social investor such as local government, state government, church or community organisations, and primarily seeking social outcomes, may provide capital without expectation of ongoing returns on capital (though they may have some expectations in relation to target group, terms of the arrangement, management and shared equity). A private investor such as a retail investor or institutional investor would be seeking ongoing returns on the investment and/or capital gains. These expectations would change the target group for ILUs as ongoing payments would have to increase to meet these expectations.

Management and governance (Section 4.5)

Over recent years, many ILU organisations have transformed themselves in response to the new cultural imperatives such as the rights of residents, respect for and promotion of their independence and a recognition that many older people have active lives outside the retirement village. However, some are only slowly becoming aware that their current style of management is at odds with these cultural changes. Some are only belatedly responding to this changing environment.

Key findings

First, as organisations, ILU organisations have diverse characteristics:

- Ranging from stand-alone housing organisations to those providing a broad range of aged care services (in particular, residential aged care services);
- Ranging from small organisations to very large and diverse organisations;
- Ranging from organisations managing a couple of units on a single site, or managing 20 to 50 units on a single site, to organisations managing units over a large number of sites;
- Diverse target groups;
- Diverse management arrangements.

Second, ILU organisations manage relatively small housing portfolios, with 54% managing less than 50 units.

Analysis and key issues

Three broad issues are of note. First, ILU organisations are moving into a third phase. In the first phase, they established themselves as organisations and found the resources to construct their units. In the second phase, they consolidated their organisation and its administrative systems and managed a stable and cohesive group of older persons as well as a housing stock in a good state of repair. The third phase is a phase of renewal where the organisation must forge a new role in a new environment. They must confront the challenges of renewing their stock and strategically planning their future. They need new skills to confront an array of complex issues.

Second, some ILU organisations are struggling to manage their ILUs properly:

- They lack a good knowledge of the primary legal framework under which they operate;
- They have difficulty managing their broader legal responsibilities;
- They have inadequate written policies and procedures.

Moreover, they are struggling to meet the challenges of changing approaches to older persons and a new culture of the rights of residents.

Third, many ILU organisations are isolated from one another and from developments in the broader social housing sector.

Possible strategies and considerations

Three possible strategies are proposed.

First, ILU organisations need to address their capacity for strategic planning. They could collectively establish an asset management organisation with the particular skills required. Alternatively, they could amalgamate housing portfolios so that they can achieve a size where they can employ the required expertise.

Second, rather than operating under the Retirement Villages Act, ILU organisations could consider an alternate management framework. CHOs operate under a management framework which does not require entry contributions. However, it does have other conditions and implications for ILU organisations.

Third, if ILU organisations are to continue developing, then they need to create or tap into existing infrastructure support which will deliver:

- Meeting places to share experiences, solutions and strategies;
- Education and training for volunteers and paid staff to build their knowledge, competence and skills, particularly in tenancy management and asset management;
- Accreditation and codes of practices which assure both residents and other interested parties that the organisation is delivering quality services;
- Policy and systems development shared across organisations and building upon their cumulative experience and creative innovations.

Linkages with community care and other support services (Section 4.6)

As older persons age in place, the need for community care and other support services increases.

Key findings

- 42% of ILU residents are 80 years or more;
- 25% of residents have occupied their units for ten or more years;
- 43% of organisations indicated that 25% or more of their residents required assistance from others such as formal or informal support, practical assistance, personal care or home nursing.

Analysis and key issues

Many organisations require that residents, as a condition of entry and continued residency, are able to live independently. But what does 'independent living' mean today given the advent of Home Care, CACPs and even EACH?

With the advent of more community care services and an emphasis on ageing in place, the traditional emphasis on the capacity of residents to live independently has become increasingly irrelevant. The requirement that residents move to other services when incapacitated has become an infringement on their rights.

Possible strategies and considerations

In this new environment, ILU organisations need to review their 'independent living' policies and clarify their role in relation to support and community care services for their residents.

ILU organisations could take a number of approaches:

- Leave the issue of support and care to the residents themselves;
- Provide low level monitoring of residents;
- Refer residents to services as and when needed;
- Advocate for and broker services for residents;
- Directly provide services for their residents.

Policy implications (Section 5)

The future of ILUs for older persons provided by not-for-profit organisations is at a watershed. They are a unique and particularly important social housing option for older persons with no assets or relatively low value assets. At around 34,700 units Australia-wide, ILUs provide approximately 27% of social housing for older persons.

Over the next decade, ILU organisations face some major challenges:

- To reaffirm their vision and their mission;
- To find ways to regenerate their stock and meet the new expectations of older people and communities;
- To update their management and governance practices;
- To explore the potential, opportunities and disadvantages of linking ILUs and aged care services;
- To adopt a more strategic approach to their future and respond to local housing needs.

Unless they meet these challenges, the number of ILUs will dramatically decrease, with major implications for Australian Government and State programs for older persons. Already some organisations have withdrawn from providing ILUs. Others are seriously considering withdrawing. Others have not yet become attuned to the emerging issues.

ILU stock is not only ageing but in many instances no longer meets the current needs and expectations of older persons. For this reason, many organisations have been compelled to stop and reconsider their future role in providing independent housing for older persons. However, what is forcing the direction of decisions about the future is not so much the condition of their stock, but rather access to capital funds with which to upgrade, reconfigure and redevelop ILUs to meet the changing expectations.

Any extensive reduction in ILUs will have a dramatic impact on the housing options of age pensioners, particularly those in the private rental market. Stable and secure housing is an essential prerequisite if community aged care services are to sustain older persons in their homes longer. The Australian government, as part of the National Strategy for an Ageing Australia has taken few steps as yet to address the housing options of age pensioners in the private rental market. ILUs could play a major role in providing a stable and secure setting for the delivery of community aged care services.

Any extensive reduction in ILUs will also have a major impact on SHAs whose primary role is to meet the housing needs of this target group. Currently, SHAs face similar stock issues to ILU organisations – ageing, undersized stock in poor condition. Most CSHA funds are now committed to the pressing demands for the upgrade, renewal and redevelopment of SHA housing stock. There is virtually no capacity for SHAs to address the pressing issue of ILUs. Within the current fiscal environment they have little capacity to expand the supply of housing to fill the gaps left by ILU organisations. They have little capacity to assist ILU organisations to retain units in areas with very good amenity.

If left to them, many ILU organisations will have no option but to withdraw their stock. It is time that peak aged care organisations, Australian government, state and local government begin to work together and preserve this valuable resource. They have an important role in facilitating decisions by ILU organisations, facilitating their links with mainstream social housing and finding ways in which ILU organisations can access the necessary capital funds.

1 INTRODUCTION

Public and community housing as housing options for older people with relatively low value assets and low incomes are well documented. However, other not-for-profit (NFP) organisations also provide housing for this group of older people. Commonly known as independent living units (ILUs), they are provided mainly by organisations within the aged care sector.

Most of these organisations and the stock they manage developed as the result of subsidies provided by the Australian government between 1954 and 1986 under the Aged Persons' Homes Act (APHA).

1.1 The aims of the ILU project

Little is known or documented about ILUs and the role they play in providing affordable and appropriate housing for older people. They are a forgotten social housing sector. The ILU project sought to address this lack of knowledge.

The aims of the project were:

- To ascertain the significance and status of ILUs as an affordable and appropriate housing option for older people, particularly those who have low value assets and low incomes;
- To fill an information gap about ILUs;
- To identify current changes, issues and strategies;
- To explore the potential, opportunities and disadvantages for the provision of aged care services linked with ILUs.

1.2 Definition and scope

The 'older persons housing sector' provides a range of housing options which can be distinguished according to:

- the type of organisation providing the housing;
- The capital funding arrangements;
- The type of housing and support model.

An initial issue for the project was to define what is meant by an ILU and thus determine the scope of project. Which housing would be included and which would be excluded? Given the complexity of the older persons housing sector, this presented some difficulties.

The term ILU is used throughout Australia in relation to independent units for older persons. In its original meaning it referred to those units funded through the APHA. It later came to be used in relation to various types of units funded through different sources. For the purposes of this project, an ILU has a specific meaning and is defined as an independent unit for older persons which meets three particular criteria:

- The unit is owned and managed by a NFP organisation which has received subsidies for some units through the APHA;

- The unit is primarily provided to or can be targeted to older people with relatively low value assets (cannot pay more than \$100,000 as an entry contribution)² and low income (those in receipt of a full or part age pension);
- The unit has not been funded or partly funded through CSHA funds.

This definition (and thus the scope of the project) can be further clarified by considering Figure 1 below which provides a schematic representation of the older persons housing sector according to both types of organisations providing housing and the type of unit (where type primarily refers to the source of capital funds). The purpose of this particular representation of the sector is to highlight the scope and definition of ILUs for this project and distinguish them from other units for older persons.

Four types of organisations are distinguished: for-profit organisations, NFP organisations, local government and SHAs. NFP organisations can be further divided into those which received Australian government subsidies through the APHA, community housing organisations (CHOs) which developed under the auspices of SHAs over the past 25 years, and other NFP organisations.

Within NFP organisations receiving Australian government APHA subsidies, we can distinguish between three major types of units: those where the capital funds for the units are fully provided by the residents; those where the capital funds for the units are partly funded by residents; and rental units where the residents do not provide any capital funds.

Units within the first group, fully resident-funded units, are excluded because almost all require an entry contribution greater than \$100,000. While operated on a NFP basis, they are managed in a similar way to those within the for-profit sector and are generally out of the reach of older people with relatively low value assets. As noted specifically in Figure 1, some were originally subsidised by the Australian government but due to the costs of major refurbishment they are now operated on a fully resident-funded basis.

Units within the second group, partly resident-funded units, are accessible to older people with relatively low value assets. They can be further divided according to the type of ingoing contribution made by the resident: those that involve an upfront donation (donor funded units) and those that involve a relatively large loan (loan-license units). These units have been constructed with funds from a variety of sources: public donations, local government land bequests, Australian government subsidies under the APHA and contributions from residents. Some would have been constructed without Australian government subsidies. Some would have been funded on a fully resident-funded basis. However, over time, the real value of the loan amount required to 'turn over' the loan reduces, such that the current entry contribution is less than \$100,000 or the market value of the unit.

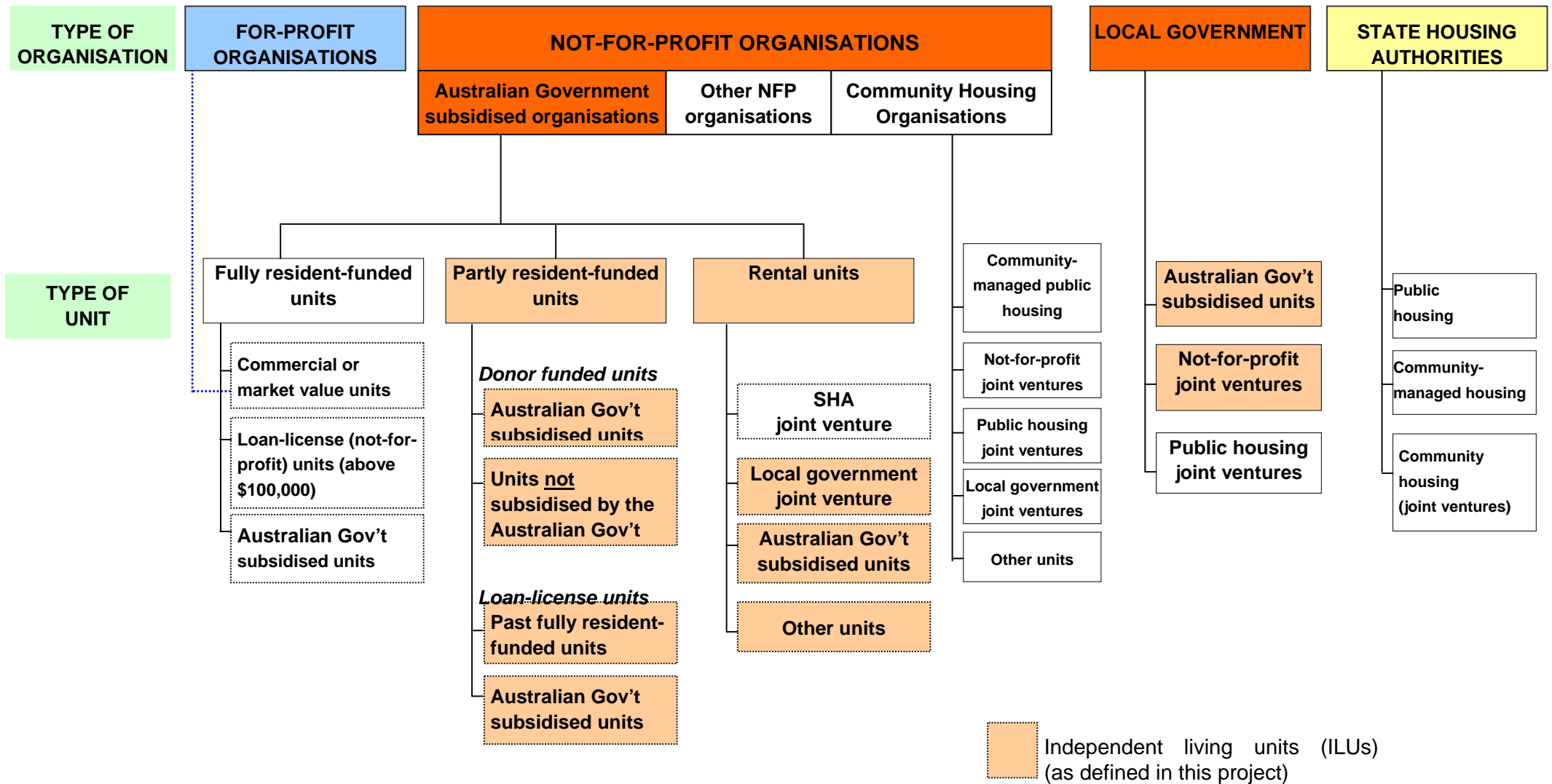
Units within the third group, rental units, are also accessible to older people with relatively low value assets. These have also been funded through a variety of sources: public donations, local government land bequests, Australian government subsidies under the APHA and past donations from residents. However, they currently require no ingoing contribution from residents. Those that involve joint ventures with a SHA are excluded from the scope of this project as they are funded through CSHA funds.

² Residents paying an entry contribution less than \$108,000 (at July 2003) are eligible for Commonwealth rent assistance.

Local government has also played a role in developing ILUs. In 1967, they became eligible for Australian government subsidies. In addition, prior to 1967 some councils leased on a long-term basis or sold land at a nominal rate to NFP organisations for the purpose of building ILUs. These units meet the definition above and are included in the scope of the project.

Figure 1 also indicates various types of units funded through SHAs. This includes public housing units, some of which are managed by NFP organisations, particularly CHOs, and community housing units funded through a variety of sources over the past 25 years. These units are funded using CSHA funds and are therefore excluded from the scope of the project.

Figure 1: Older persons' housing sector



1.3 ILUs and community housing

In different parts of this paper, ILUs are compared with community housing. For some this may appear a strange comparison. A brief discussion of their common characteristics and their differences will provide some context for these later comparisons.

The CSHA is the major program through which the Australian government and the States/Territories provide funds for public housing and community housing. The first CSHA was made in 1945 and thus precedes the APHA. However, it was not until 1969 that the Australian government began to provide funds to the States specifically for older persons housing through the States Grants (Dwellings for Pensioners) Act. This funding was eventually incorporated into the CSHA in 1978. This parallel movement now constitutes the mainstream of social housing with two different forms: public housing and community housing.

ILUs and community housing have some important common characteristics. They are both provided by NFP community organisations which:

- Primarily target households with relatively low incomes and low value assets;
- Have a primary goal of providing good outcomes for residents;
- Provide supportive management and supportive environments for residents;
- Support residents by linking them in with a range of other organisations providing other community and support services.

While CHOs provide housing solely on a rental basis, ILU organisations provide housing on both a rental basis and through a residence agreement which requires the resident to make some upfront ingoing contribution. Thus, many but not all ILUs are managed under various Retirement Villages Acts.

In the past two decades, SHAs have invested significant resources in the establishment of infrastructure for the community housing sector. Despite many common characteristics, ILU organisations continue to operate largely outside this current framework being established for community housing.

1.4 Methodology

This project has developed through four stages.

Stage 1 involved a review of the literature, in particular, the history of ILUs. The results of this stage have been published by AHURI as a Positioning Paper (McNelis and Herbert 2003) and are summarised in Section 1.5 below.

Stage 2 consisted of a national survey of NFP organisations providing independent housing for older persons. Held in October and November 2002, the survey sought to cover all NFP organisations within the aged care sector providing independent housing for older persons throughout Australia. Its purpose was to fill an information gap about ILUs and, in a more limited way, identify current changes, issues, challenges and strategies. It covered a broad range of areas: ILU organisations, their services, governance and priorities; housing stock; legal and financial arrangements; characteristics of occupants; management practices, and linkages with support services. The key findings are included in Section 4 of this report.

Stage 3 sought to determine the role and significance of ILUs as a housing option for older people with low income and low value assets. In one State, Victoria, where the data was available, this stage involved mapping ILUs on a municipality basis in relation to the location of public housing, the location of older people and the location of older people with low incomes. The results of this analysis are outlined in Section 3 below.

Stage 4 of the project involved a series of interviews, workshops and case studies, mainly in Victoria and New South Wales. Twenty-eight interviews were undertaken, some in person but most by phone with key people from ILU organisations, aged care peaks and Australian government and State officers.³ Five workshops with ILU organisations were held – three in Victoria (including one in a rural area) and two in New South Wales. Further work was also undertaken with particular ILU organisations. These interviews, workshop and case studies complemented the national survey by exploring issues and challenges in more depth. They also served to test the views and perspectives of the researchers as they sought to understand the ILU sector and its future directions. The researchers were particularly interested in synthesising the different views and perspectives of the participants. The key findings resulting from this qualitative data have been incorporated into Section 2 which briefly describes different types of ILU organisations and into Section 4 as it identifies the key findings, issues and strategies facing ILUs. The interviews and workshops highlighted both the complexity of the ILU sector and the differences between States. The particular issues identified in Section 4 and their discussion have been based largely upon interviews and workshops in Victoria and New South Wales.

1.5 Positioning Paper

In Stage 1, this project developed a Positioning Paper (McNelis and Herbert 2003) which reviewed the literature on older people with low incomes and low value assets, the literature on ILUs, the issues impacting on the future of ILUs and the international literature on housing models with similar characteristics. It concluded by summarising the key research issues.

1.5.1 Older people with low incomes and low value assets

Within the particular target group for this project, older persons with relatively low value assets and low incomes, the Positioning Paper distinguished four subgroups:

- Older persons who are currently owner-occupiers but do not have sufficient assets to access other accommodation options as their housing and support/care needs change;
- Older persons who rent privately but have some limited assets;
- Older persons who rent privately but have no assets or virtually no assets;
- Older persons who are homeless or at risk of homelessness.

The paper concluded that most literature around the housing needs and preferences of older people focused predominantly on owner-occupiers, with little research on the other three subgroups. Yet an understanding of their housing needs and preferences will be critical to the future of ILUs and their role and significance as a viable housing option.

1.5.2 Independent housing within the aged care sector

The aged care sector has a complex history with competing approaches within a context of increasing demand and changing expectations. Over the past five decades, ILUs have developed within four interrelated aged care strands which characterise the sector:

³ See Appendix I for the list of those interviewed.

- The provision of aged care in large institutions prior to Australian government involvement in 1954;
- The evolution of the APHA as the primary vehicle for Australian government involvement in aged care. It began as a vehicle for independent housing but soon evolved into a vehicle for funding residential aged care among NFP organisations;
- The development, amalgamation and consolidation of residential aged care, with the Australian government seeking to contain its costs;
- The evolution of community care beginning in 1969 with a series of Acts providing funds to the States, consolidating and expanding these programs within the Home and Community Care Program (HACC) in the 1980s and 1990s, and developing a range of programs to deliver hostel level care in the home and other services in the 1990s.

Between 1954 and 1986, the Australian government subsidised 32,971 ILUs through the APHA, with the major growth occurring between 1966 and 1975. The Australian government provided subsidies (for the most part at the rate of \$2 for each \$1) to eligible NFP organisations – church organisations, service organisations and other charities. The APHA was a Australian government housing program outside the mainstream CSHA. It promoted a new form of independent housing for the aged, viz. retirement villages.⁴ Few strings were attached to subsidies, with the major condition being that organisations intended to use the dwellings permanently as homes for older persons.

The APHA was not without its criticisms. Many of these were addressed through changes to the Act or administrative decisions. The Committee of Inquiry into Aged Persons Housing of the Social Welfare Commission conducted the first major review of the APHA in 1973, nearly 20 years after its inception. Its main concerns were echoed in subsequent reviews and included:

- Developments did not occur on a planned basis;
- Founder donations (where the first residents made a contribution to the capital for the housing project) served to exclude those who did not have sufficient funds;
- Access to units was not based on needs or means-tested;
- There was inadequate administration of the APHA, in particular, the lack of agreements and the poor management practices of some ILU providers;
- The Australian government was losing control over the use of dwellings by providing subsidies as grants.

In the 1970s, the context within which the APHA operated changed dramatically: the Australian government shifted its focus towards hostels as a way of containing nursing home costs; means-testing of services became a key theme of government; and the Australian government began to view the CSHA as the main conduit for housing funds. With criticisms of the APHA continuing, the Australian government reduced subsidies in the mid-1970s and finally ceased providing them in 1986.

4 Throughout this report, the term 'retirement village' is used in the colloquial sense of a group of units for older retired persons. This should be distinguished from the legal definition as contained in the various Retirement Village Acts. Thus, a retirement village as used in this report is a broader notion and most ILUs are within retirement villages but may not be covered a Retirement Village Act.

However, voluntary organisations still sought to expand their independent housing without Australian government or State government involvement. Thus began the second phase of retirement villages as these organisations developed a new financial model which required residents to contribute all or most of the capital costs.

1.5.3 *Issues impacting on the future of ILUs*

The Positioning Paper identified nine issues which have the potential to impact on the future of ILUs:

- **Role and significance of ILUs:** ILUs provide older people with low incomes and low value assets with a particular housing and support/care option. It is estimated that they constitute approximately 27% of social housing stock specifically constructed for older persons and, moreover, may be located in areas with relatively low numbers of other social housing stock.
- **Housing stock: adequacy, appropriateness and condition:** Nearly all dwellings within the scope of the ILU project were constructed 20 to 40 years ago. Providers face the challenge of providing ILUs which meet new housing standards, as well as higher expectations of residents for larger dwellings with better amenities.
- **Housing market/target group:** The changing nature of the housing market brings with it a challenge to providers to make decisions about their future target groups. The older persons' housing market has changed dramatically in the past 40 years. Many providers now face the prospect of reduced demand from their 'traditional' market, that is, owner-occupiers with assets. However, the demand from more vulnerable groups such as older people with low incomes and low value assets is increasing.
- **Legal arrangements and tenure:** Current legal arrangements range from the relatively straightforward, such as a tenancy agreement, to the more complex which involve a number of interrelated parts: a contract about financial arrangements, a licence to occupy a unit, and a management agreement.
- **Financing:** It is unclear to what extent ILU providers are dependent upon ingoing contributions for capital purposes. Raising capital funds for current and future upgrade or redevelopment of stock is a major concern. On the other hand, ingoing contributions exclude older people without assets or with limited assets.
- **Future directions for managing ILUs:** ILU providers largely operate out of an aged care framework which contrasts with the current framework for CHOs. Each sector has developed its own culture and practices. Deciding upon a management framework is central to the future of ILU providers.
- **Linkages with formal support/care services:** Most older people do not require formal support/care services and particularly value their independence. Housing managers can play a key role in providing support for residents, through the design of dwellings, buildings and site, and by facilitating supportive communities. Where older people do require support/care services, the level and type will vary over time, and better coordination or linkage between the housing and support/care providers is necessary.
- **Governance:** Nearly all ILU organisations were formed in the 1960s and 1970s with the support of local communities. Organisations endure where they sustain the vision and maintain close links with their local communities.
- **Encumbrances to sale and redevelopment of stock:** ILU providers may be subject to certain encumbrances that prevent the sale and/or redevelopment of stock.

1.5.4 *International literature*

The review of international literature in the Positioning Paper focused on housing models which had similar characteristics to ILUs, viz. independent housing specifically for older people with low income and low or limited assets and provided by NFP and non-government organisations.

The literature on housing models with these particular characteristics is quite limited, and few overseas models met these criteria. Five models from the United Kingdom, France, Denmark, New Zealand and the United States were discussed.

A review of the literature indicated that many countries are still grappling with the issue of housing for older persons as they experiment with various types of arrangements, but a number of common themes do emerge.

- Housing and support/care options tend to reflect the outcomes of two competing paradigms:
 - Older persons ageing in place in their local communities;⁵
 - Older persons moving from one housing setting to another, with changing types and levels of support/care service as they become more frail;
- The major emphasis is on community care over institutional care by avoiding building institutions and redirecting resources away from institutions. However, the dominance of one or other competing paradigm is associated with different housing policies:
 - Where ageing in place predominates – generally in Northern European countries with large social housing sectors – the emphasis within housing policy is on making all housing accessible and unbundling the delivery of support/care services from the provision and management of housing;
 - Where the predominant paradigm is moving older persons from one housing setting to another –as in the United States with its very small residualised social housing sector – the emphasis within housing policy is the development of special purpose-built housing, e.g. independent living communities and assisted living;
- The linkages between housing and support/care services are of particular importance and can no longer be treated as separate domains;
- Where countries separate the delivery of housing and support/care services, they also recognise that such services can be delivered in a range of different housing settings;
- Debates about ‘age-specific housing’, ‘age-segregated housing’ and ‘age-integrated housing’ are as yet inconclusive, with each claiming high levels of satisfaction among residents.

1.5.5 *Concluding remarks*

The review of literature highlighted how little has been written in the last decade about ILUs. While retirement villages are promoted as an important housing option for the future – usually for those with extensive assets – the particular issues facing ILUs that constituted the first phase of retirement villages have not been canvassed.

5 Ageing in place has a variety of meanings. Within residential aged care it is understood as ageing within one residential facility. In its original meaning, however, it means an older person ageing within their own home and local community. This is its meaning throughout this report.

The Positioning Paper noted that ILUs have a long history in Australian social housing. However, they are largely the forgotten and neglected sector. It concluded that the role and significance of ILUs will depend on the future directions of both social housing and aged care, in particular, community care. What priority will the Australian government and State governments give to the maintenance and development of a range of housing options for older persons? What priority will they give to the implementation of the new paradigm and vision of community care based on ageing in place?

1.6 Structure of this Final Report

This first section of the Final Report has introduced the ILU project by:

- Presenting an overview of the project including its objectives and methodology;
- Locating and defining ILUs within the older persons housing sector;
- Outlining the multiple and complementary methodologies used to gain a better understanding of the ILU sector;
- Providing background and summarising issues identified in the Positioning Paper.

Section 2 describes some different types of ILU organisations in order to illustrate their diversity. Section 3 presents the results of Stage 3, the mapping of ILUs in Victoria highlighting their significance as a housing option for older persons. Section 4 outlines the key findings, issues and strategies for ILU organisations. It draws on an analysis of the national survey, the interviews and workshops. Section 5 reflects upon the importance and future of ILUs. It highlights the policy implications of this research for older persons, for ILU organisations, for the delivery of aged care services in Australia, for the Australian government and for SHAs. The future of ILUs depends upon coordinated strategies among the key players. This section concludes by outlining some ways forward. The report concludes with some remarks about future research on ILUs and the broader context within which they will operate.

2 ILU ORGANISATIONS

ILU organisations take various forms. This section introduces three different ILU organisations to provide an example of the diversity among ILUs and briefly traces developments within them as they sought to address the emerging issues.

2.1 Lionswood Village, Ringwood

Lionswood Village is a small organisation providing approximately 50 ILUs on a single site in Ringwood, an outer eastern suburb approximately 40 minutes by train from central Melbourne. These units are provided on a rental basis (under the Residential Tenancies Act) to low income disadvantaged residents.

Until recently, Lionswood Village was an incorporated association with a committee of management comprising predominantly residents from the local area. Established in 1960 by the Ringwood Lions Club with support from the Richmond Lions Club, it built units in two stages on land donated by local council, then the City of Ringwood, for the purpose of building homes for older disadvantaged persons within the local area. Units in the first stage were completed in the early 1960s and the second in the early 1970s.

The site includes a meeting room for residents. Until recently, Lionswood Village was managed by the committee of management and a part-time resident caretaker who in return for rent-free accommodation liaises with residents, undertakes gardening, cleaning and low level maintenance and generally provides low level monitoring of residents' wellbeing.

Ringwood is part of the City of Maroondah, which is predominantly a residential suburb. Just over 10% of the population are older persons, with a significant proportion of these living in the Ringwood area which is an established and ageing area with good access to public transport routes and a diversity of retail facilities. At 30 June 2001, 638 older persons within the city were in receipt of rent assistance. Social housing specifically for older persons numbers around 410 units, with public housing providing 253 units (62%) and ILUs providing 157 units (38%).

In the mid- to late 1990s, the management committee of Lionswood Village began to recognise that, after more than 35 years, their housing stock was no longer meeting residents' needs and expectations. Since that time they have progressively developed strategies to address these issues.

Their initial action was to allocate some past savings to the refurbishment and conversion of six bedsitter units into 1-bedroom units. However, they soon realised that more was needed, and engaged an architect to develop a master plan for their housing stock. Working with the committee of management, the architect developed a master plan which called for:

- The conversion and extension of bedsitter units into 1-bedroom units;
- The refurbishment/upgrade of all units;
- The construction of new units on vacant land to replace those lost in conversions/extensions

The master plan also provided an indicative cost for the proposed works.

The key issue that now faced the committee of management was one of capital funding. Lionswood Village was in a sound financial position. It had accumulated some surplus and could use these to progressively undertake works. The committee, however, concluded that this process would be very slow in a context where the condition of units was expected to deteriorate significantly over the next ten years.

Thus, the committee engaged Ecumenical Housing to provide advice on funding their capital requirements. After reviewing their financial position and performance, Ecumenical Housing recommended that Lionswood Village raise rents for refurbished units to the equivalent of public housing rents (25% income) plus the resident's entitlement to rent assistance. This effectively doubled rents without a major impact on residents' after-housing income. With increased rental revenue, Lionswood Village could either substantially increase their surplus funds which could then be allocated towards capital requirements (the low risk strategy) or they could use this increased rental revenue to support borrowings (a higher risk strategy). Ecumenical Housing also proposed that Lionswood Village apply for capital funds under the Victorian government's Social Housing Innovations Project (SHIP) for the construction of six units on the site.⁶

Lionswood Village subsequently applied for SHIP funding and were successful in gaining nearly half a million dollars to construct six 1-bedroom units. In this joint venture, the Victorian Office of Housing provided capital for the construction of units while Lionswood Village contributed land on which these units could be built in an area where housing for disadvantaged older persons is in scarce supply.⁷ Access to SHIP funds has been particularly important to Lionswood Village, not simply because they provided an additional six units, but more importantly these funds were a base whereby Lionswood Village could rapidly convert/ extend bedsitter units and refurbish units over the next ten years, and minimise the impact of these works on current residents by facilitating an orderly and limited relocation.

What began as a concern for the adequacy of stock moved one step further as the committee of management recognised their need for expert advice and for changed management practices. They began to expand their horizons by joining both the Community Housing Federation of Victoria, the peak community housing organisation, and the Victorian Association of Health and Extended Care, the peak aged care organisation. These provided them with linkages with other housing and aged care organisations, enabling them to build upon their experience and understanding of managing housing for older persons.

In addition, the committee of management was aware of two other Lions organisations in the local area: Wilana, a site with 12 bedsitter and one 1-bedroom units on land leased from the local council, and Lionsbrae, a 53 bed low care RACF. With committee of management members in common across all three organisations, they recognised the synergies between them and that an amalgamation would benefit them all consolidating and strengthening their governance and providing better management. Thus in 2003, the three organisations formed Ringwood Area Lions Aged Care Group Inc.

6 Ecumenical Housing also made a range of other recommendations in regard to: formalising tenancy agreements under the Residential Tenancies Act; the impact of the Good and Services Tax, including conditions under which Lionswood Village could provide GST-free accommodation; the difficulties and complexities regarding upgrading and how to mitigate their impact on current residents; and employment of a part-time staff member.

7 Funds from the Victorian Office of Housing are provided as a loan amortised over a 40 year term with no capital and interest repayments required. This 40-year term reflects the economic life of the units. The loan is secured through a first mortgage over the land on which the units were constructed, which required some realignment of one of three title boundaries for this site. Lionswood Village is responsible for managing the units, including refurbishment when required (usually after 20 to 25 years).

2.2 Catholic Homes for the Elderly, Melbourne

Catholic Homes for the Elderly (CHE) is an agency of the Catholic Archdiocese of Melbourne. It provides a range of accommodation and care services:

- 337 independent living units;
- 19 resident-funded units;
- 276 low level residential aged care places in six facilities;
- 90 high level residential aged care places in three facilities.

Established in 1960 as the Catholic Housing Guild, CHE constructed 20 bedsitter units, 304 1-bedroom units and 13 2-bedroom units between 1961 and 1977 on land that it had purchased and with subsidies from the Australian government under the APHA. These units were built on 21 sites, 16 of which have less than 20 units. The largest site has 40 units.

ILUs were CHE's sole business until 1989. As a result of the demand from residents and the community, it then became involved in low care residential aged care. In the 1990s it established a further five low care RACFs as well extending into high care residential aged care in three of these facilities.

In recent years, CHE began developing resident-funded units. Already two small developments of nine and ten 2-bedroom units have been completed, and another two developments have commenced. Two of these resident-funded sites have been developed as joint ventures with local parishes. CHE recognised a need for such units among the Catholic population and assessed that they had the capacity to general a surplus for other services with CHE.

The ILUs are located in inner Melbourne (Richmond, Clifton Hill and Middle Park) and the middle eastern ring of Melbourne from Heidelberg and Doncaster in the north to Mentone in the south.

Their primary target group are 'retired people with limited financial means', with no restrictions on entry based on religious denomination, gender or ethnic origin.

Most of the ILUs are in single storey blocks, with a few in double storey blocks. Most blocks have shared laundries. By 1996, CHE recognised that their stock required major works. They thus adopted a renovation and upgrade plan. Over the past decade, they have undertaken a major external upgrade of all sites. This is now nearing completion. Internal upgrades are undertaken prior to reoccupancy and over half their units have now been completed. In order to fund these upgrades, CHE has ingoing contributions ranging from \$5,000 to \$35,000 depending upon the size of the unit, its layout and location. No ingoing contribution applies to the bedsitter units. Ongoing charges or rent ranges from approximately \$70 to \$90 per week again depending upon size, layout and location.

ILUs are managed under the Retirement Villages Act and each resident signs a residency agreement that provides them with a life tenancy.

CHE is an incorporated association with a board of directors appointed by the Catholic Archbishop of Melbourne.

2.3 Melbourne Citymission

Melbourne Citymission (MCM) was established in 1854 by the first Anglican Bishop of Melbourne as an outreach ministry of the city churches. It sought to meet the needs of homeless women and children and to address the increasing levels of poverty evident in the new colony.

Now a large multi-service agency operating in the north and west of Melbourne, it provides a broad range of services including:

- **Aged services:** ILUs, hostels, nursing homes, volunteer visitors and day therapy;
- **Children and family services:** day care, kindergarten, foster parents, residential care for children with disabilities, support for children with severe disabilities, crisis accommodation, family mediation, family reconciliation, support to families who have a child with special needs/disabilities and support for single teenage mothers;
- **Disability and special needs services:** early intervention for young children, respite care for teenagers, training for young adults, accommodation, support for people with acquired brain injury, case management and volunteer friends;
- **Employment, education and training services:** school programs, intensive training support, mentoring and private tutoring;
- **Homelessness services:** emergency relief and aid, crisis accommodation for teenagers and young single parents, refuges, outreach and legal and health service;
- **Palliative care:** medical and nursing care, family counselling, spiritual care and volunteer bereavement support.

MCM employs around the equivalent of 500 full-time staff and 400 volunteers, with the equivalent of one full-time worker managing their ILUs. ILUs are a small but important element of their business.

MCM provides 122 ILUs within a single village situated on a large bushland site in Eltham on the outskirts of Melbourne – 65 bedsitter units, 30 1-bedroom units and 23 2-bedroom units. The ILUs were constructed in 1955 on land purchased by MCM for low income and homeless older persons using subsidies from the Australian government under the APHA.

Having been constructed over 40 years ago, most of these ILUs require major refurbishment. Currently MCM charges a means-tested ingoing contribution up to a maximum of approximately \$100,000. The average contribution is \$52,000, with approximately 65% of residents not required to make a contribution. These units are managed under the Retirement Villages Act.

Over the past decade, long-standing residents have grown increasingly frail. MCM has provided additional staffing and personal care supports. In addition, a limited number of care packages have been introduced into the village.

MCM is currently working through a range of issues associated with their ILUs. Residents are now staying longer in the ILUs. This has two consequences: an increasing number of residents are frail aged, and the reduced turnover of impacts on the availability of capital from residents for upgrade and refurbishment. Building upgrade, refurbishment and redevelopment is a major issue, in particular, finding capital for redevelopment. MCM is currently planning to increase the number of residents paying some form of bond as well as the amount of the bond. This will allow them to cross-subsidise those unable to make an ingoing contribution. The long-term aim is to maintain more than 50% of non-bond paying residents.

Co-located within the village are other aged care services: two hostels providing low level care to 75 residents, a nursing home providing high level care to 45 residents, and a day therapy centre which provides physiotherapy, occupational therapy, podiatry, speech pathology and nursing to residents within the local area. MCM also manages two other RACFs in inner Melbourne which provide high level care for 50 residents and low level care for 48 residents.

MCM is an incorporated association with a well-established professional board of directors.

2.4 Concluding comments

ILU organisations are very diverse in their organisational context, their governance structure, their linkages with the local community and the complexity of their operations. The above examples give an indication of how they differ:

- Lionswood Village is a very small local service organisation with loose connections to a network of other service organisations. With support from outside organisations, it worked with the local council to acquire land and used APHA subsidies to construct units. ILUs are its sole business. It manages a small number of ILUs on one relatively small site;
- Catholic Homes for the Elderly is a church-based agency formed specifically to construct ILUs for older persons using APHA subsidies. It is a relatively small ILU organisation whose units are scattered across many small sites, mainly in the middle eastern ring of Melbourne. It has only recently begun to expand into other areas of aged care;
- Melbourne Citymission is a church-based agency providing a broad range of services to diverse population groups. ILUs are but a small part of a larger aged care service which itself is a small part of a multi-service organisation. MCM provides ILUs in a single village in a bushland site on the edge of Melbourne. They are co-located with many of its other aged care services. It is an incorporated association with a well-established professional board of directors.

3 THE SIGNIFICANCE OF ILUs AS A FORM OF SOCIAL HOUSING

One of the aims of this project is to ascertain the significance and status of ILUs as an affordable and appropriate housing option for older people, particularly those who have low value assets and low incomes.

The role and significance of ILUs will depend upon a number of factors such as:

- The size of the ILU sector relative to other social housing models;
- The particular characteristics of this social housing model;
- The extent to which ILUs provide appropriate housing for older persons.

This section explores the first two of these factors. The third factor which includes the size, age, condition and quality of the stock, their target group and their management is explored in more detail in Section 4 which reflects upon the results of the national survey of independent housing for older persons provided by NFP organisations.

The size of the ILU sector relative to other social housing models can be explored on a number of levels: Australia-wide; State/Territory by State/Territory, and at the local area. The first subsection below discusses the overall size of the ILU sector relative to other social housing options for Australia as a whole. The second subsection discusses the distribution of ILUs between States/Territories relative to the population of older persons.⁸ The third subsection assesses the significance of ILUs at a local area level, looking at each municipality in Victoria.⁹

3.1 The significance of the ILU sector within social housing in Australia

Table 1 below presents an estimate of the number of social housing units specifically for older persons by type of organisation.

Table 1: Indicative social housing for older persons

<i>Type of organisation</i>	<i>Social housing units</i>		<i>Units per 1,000 older</i>
	<i>#</i>	<i>%</i>	
State Housing Authorities (public housing)	83,000	65%	36
Community housing organisations	10,000	8%	4
ILU organisations	34,700	27%	15
<i>Total</i>	<i>127,700</i>	<i>100%</i>	<i>55</i>

Sources: Howe (1992, p. 19) Aged Care Australia (1999)¹⁰

8 Throughout this report, an older person is defined as one who is 65 years of age or more.

9 Victoria is the only state in which the data was readily available in a form that allowed for such an analysis at the local area level. This type of analysis could be repeated for other States/Territories on municipality/local area basis if extensive work was undertaken on building up a comparative basis between ILUs and public housing for older persons. This Victorian analysis highlights the importance of ILUs in particular municipalities and may be indicative of its importance at the local area level in other States/Territories.

10 The reliability of the figures outlined in the table is variable and, without further research, should only be taken as indicative. (i) The figure for public housing is the most reliable. However, it is an over-estimate because it includes not only older person households living in public housing units

Footnotes continued on the next page

On these figures, it is estimated that ILUs constitute somewhere in the order of 25 to 30% of all social housing stock in Australia specifically constructed for older persons. While public housing provides 36 units per 1,000 older persons, ILU organisations provide 15 units per 1,000 older persons.

3.2 Distribution by State

Table 2 below compares the number of ILUs subsidised through the APHA as at June 1984 with an estimate of the current number of ILUs in each State/Territory. The largest number of ILUs were subsidised in NSW, Victoria and South Australia. However, since 1986 when APHA subsidies ceased, ILUs seem to have expanded, particularly in Queensland, NSW and Western Australia, with a marked reduction in South Australia.¹¹

Table 2: Distribution of ILUs by State/Territory

<i>State/Territory</i>	<i>APHA ILUs</i>		<i>Current ILUs</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
New South Wales/ ACT	9,857	30%	13,628	39%
Victoria	7,543	23%	6,207	18%
Queensland	2,498	8%	4,202	12%
South Australia/NT	6,717	21%	3,184	9%
Western Australia	4,612	14%	6,352	18%
Tasmania	1,276	4%	1,098	3%
<i>Total</i>	<i>32,503</i>	<i>100%</i>	<i>34,671</i>	<i>100%</i>

Sources: Australia. Department of Social Security (1984, p. 157) Aged Care Australia (1999)

Note: Percentage totals may not add to 100 due to rounding.

constructed specifically for older persons, but also those households who have aged in 'family' units.

(ii) The figure for community housing could only be described as a calculated guess. While many joint venture arrangements have been targeted at older persons, this is also most likely an over-estimate.

(iii) The figure for independent housing within the aged care sector is based on data provided on the Aged Care Australia website in 1999. This figure is based on data from members. It is unclear to what extent the ILUs counted in this data meet the definition of ILUs as defined in this paper. The data seems to include not only ILUs subsidised through the APHA but also fully resident-funded units. In addition, the data is from members of the peak aged care organisations in each state. Thus it does not include an unknown number of ILUs subsidised through the APHA and managed by organisations which are not members of the peak organisation. The extent of coverage seems to vary from state to state. For example, the Victorian peak aged care organisation, the Victorian Association of Health and Extended Care, does not have coverage of many ILU organisations which do not provide aged care services. However, the NSW peak aged care organisation, Aged and Community Services Association of NSW & ACT, seems to cover more ILU organisations which do not provided aged care services but still does not cover all these organisations.

11 See the previous footnote. One explanation for the differences between the States may relate to the different levels of coverage of ILU organisations by peak aged care organisations. This could in part explain the indicative decrease in stock in Victoria, South Australia and Tasmania.

Table 3 compares the proportion of ILUs in each State/Territory with the population of older persons and outlines the number of ILUs per 1,000 older persons in the State/Territory. The largest number of ILUs are in NSW, Victoria and Western Australia but relative to the older population, the highest numbers of ILUs are in Western Australia where there are 32 ILUs per 1,000 older persons. This is approaching the national figure for public housing of 36 units per 1,000 older persons.

Table 3: Current ILUs by the population of older persons for each State/Territory

<i>State/Territory</i>	<i>Current ILUs</i>		<i>Population of older persons</i>		<i>ILUs per 1,000 older persons</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	
New South Wales/ ACT	13,628	39%	828,800	36%	16
Victoria	6,207	18%	608,800	26%	10
Queensland	4,202	12%	408,400	18%	10
South Australia/NT	3,184	9%	216,700	9%	15
Western Australia	6,352	18%	200,800	9%	32
Tasmania	1,098	3%	63,900	3%	17
<i>Total</i>	<i>34,671</i>	<i>100%</i>	<i>2,327,400</i>	<i>100%</i>	<i>15</i>

Sources: Aged Care Australia (1999) Australia, Australian Bureau of Statistics (2002)

Note: Percentage totals may not add to 100 due to rounding.

3.3 The local significance of ILUs

The significance of ILUs will vary from local area to local area. To highlight this, the project undertook an indicative in-depth analysis of the significance of ILUs for each local government area (LGA) in Victoria. In Victoria, the major form of social housing for older persons is public housing, with the Office of Housing providing 17,574 units (approximately 70% of social housing). ILUs are the second largest form of social housing, with ILU organisations providing 7,056 units (approximately 30% of all social housing stock). However, the distribution of both public housing and ILUs varies across LGAs, with ILUs as a proportion of social housing higher in rural Victoria than in Melbourne (33% compared with 26%). Victoria has 78 LGAs, 47 in rural Victoria and 31 in metropolitan Melbourne.¹²

3.3.1 Overview

In the following analysis, the local significance of ILUs is addressed progressively on a number of levels.

A first indication is the number of ILUs in each municipality. This is illustrated in Figure 2 ((a) for rural Victoria and (b) for Melbourne). However, raw numbers such as these do not indicate the context within which these ILUs are provided. On the supply side, the number in each municipality will be more significant where there is little other social housing. Figure 3 highlights those municipalities in which ILUs are a significant proportion of social housing in the LGA. On the demand side, ILUs will be significant in those municipalities where firstly the number of older persons relative to the number of ILUs is high (Figure 4) and secondly, the number of older persons with relatively low

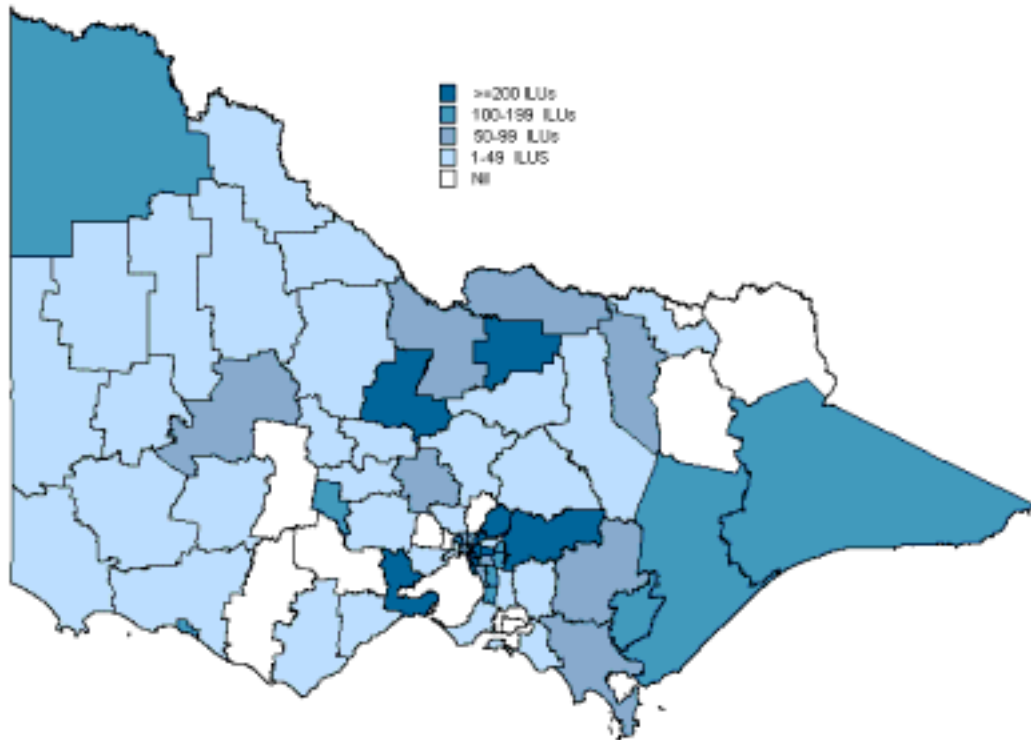
¹² Appendix III A provides a map of the LGAs with associated names for comparison with the maps below.

incomes and low value assets (the target group) relative to the number of ILUs is high (Figure 5). Of even more significance is the location of ILUs in municipalities where the demand from the target group is relatively high and the supply of other forms of social housing is relatively low (Figure 6).¹³

3.3.2 Analysis

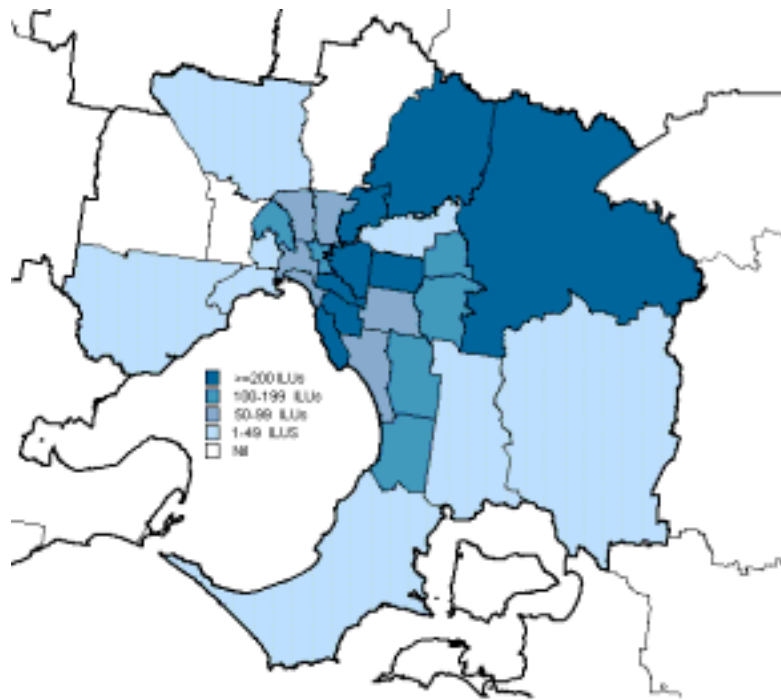
Figure 2 (a) and (b) maps the number of ILUs (within specified ranges) by municipalities. Within rural Victoria (Figure 2 [a]), nine of 47 municipalities have more than 100 ILUs. Those with the largest number are Greater Geelong (467), Greater Shepparton (303), Greater Bendigo (206) and Warrnambool, Wellington, East Gippsland, La Trobe, Ballarat and Mildura, with just over 100 units in each. Seven municipalities including the rural city of Wodonga do not have any ILUs.

Figure 2: Number of ILUs by municipality
(a) Rural Victoria



¹³ Appendix III B provides the base data used in the analysis below.

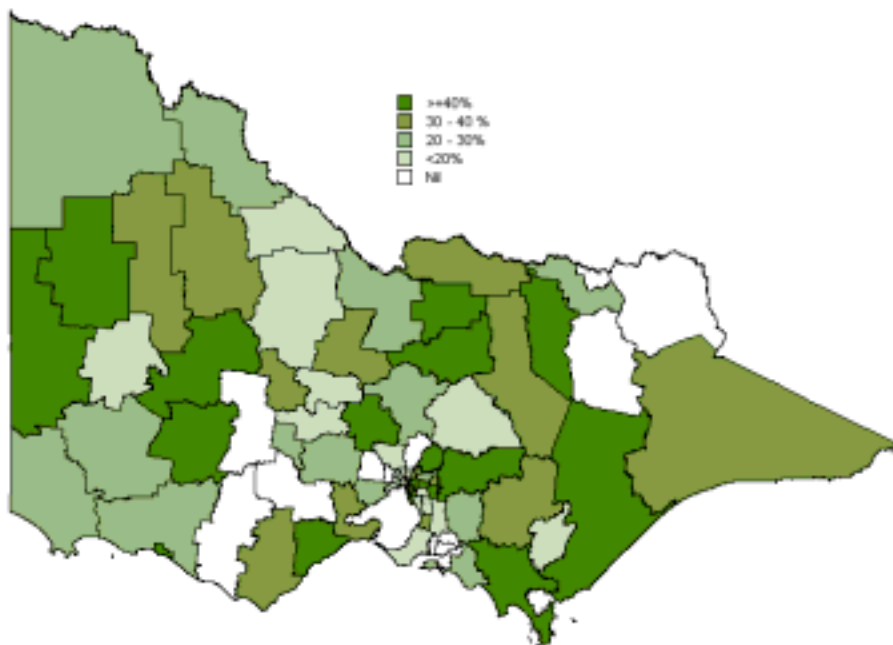
(b) Melbourne



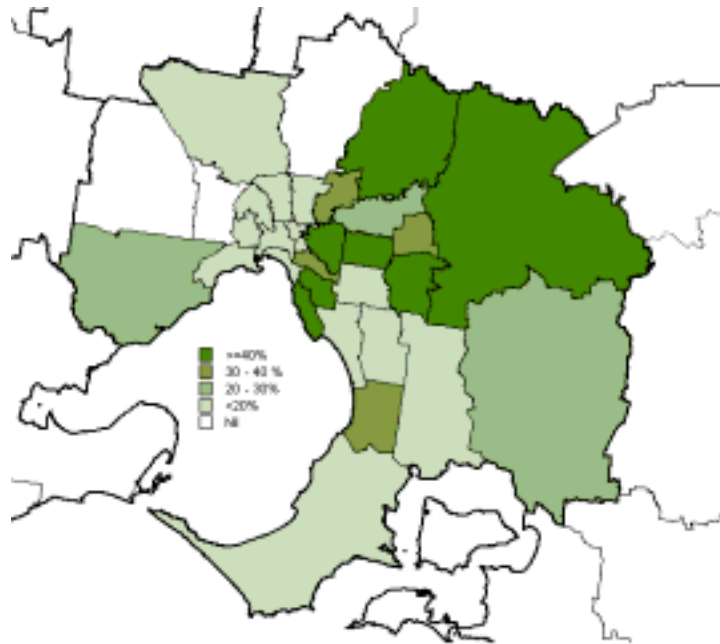
Within Melbourne (Figure 2 (b)), 14 of 31 municipalities have more than 100 ILUs. Those municipalities with the largest number are Boroondara (570), Whitehorse (466), Bayside (346), Glen Eira (308) and Stonnington (301). Banyule, Nillumbik, Yarra, Frankston, Knox, Maroondah, Moonee Valley and Greater Dandenong are other municipalities with just over 100 units in each. Three municipalities in the north and west – Melton, Brimbank and Whittlesea – do not have any ILUs.

Figure 3 (a) and (b) below maps ILUs as a proportion of social housing by municipality. The darkest areas are those where ILUs constitute more than 40% of all social housing.

Figure 3: ILUs as a proportion of social housing by municipality
(a) Rural Victoria



(b) Melbourne

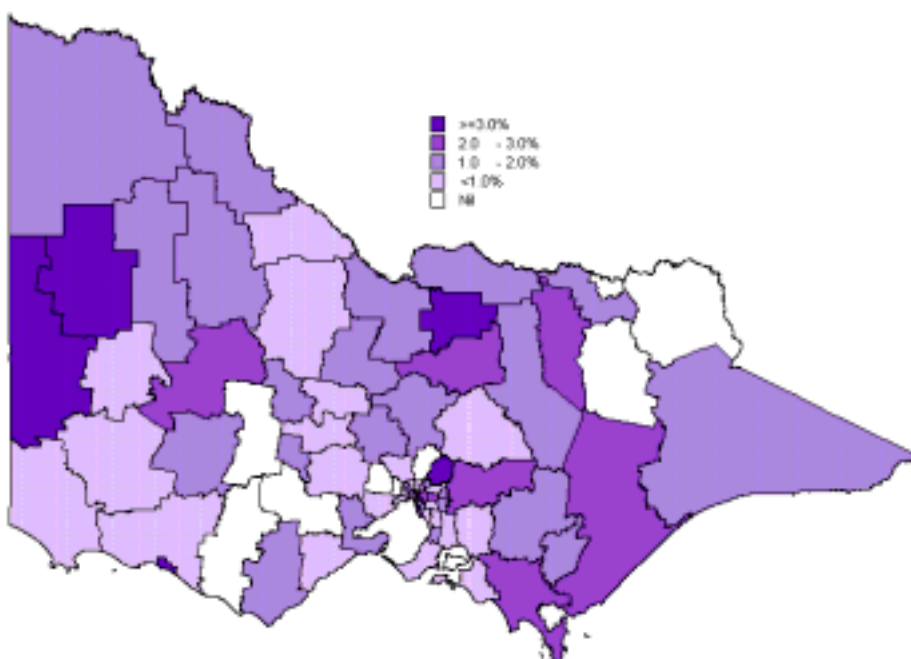


In rural Victoria (Figure 3 (a)), ILUs constitute more than 40% of social housing in 12 of 47 (26%) municipalities. Among the highest are Hindmarsh (77%), West Wimmera (77%), Macedon Ranges (63%), South Gippsland (57%), Greater Shepparton (57%), Strathbogie (56%), Northern Grampians (54%) and Surf Coast (52%).

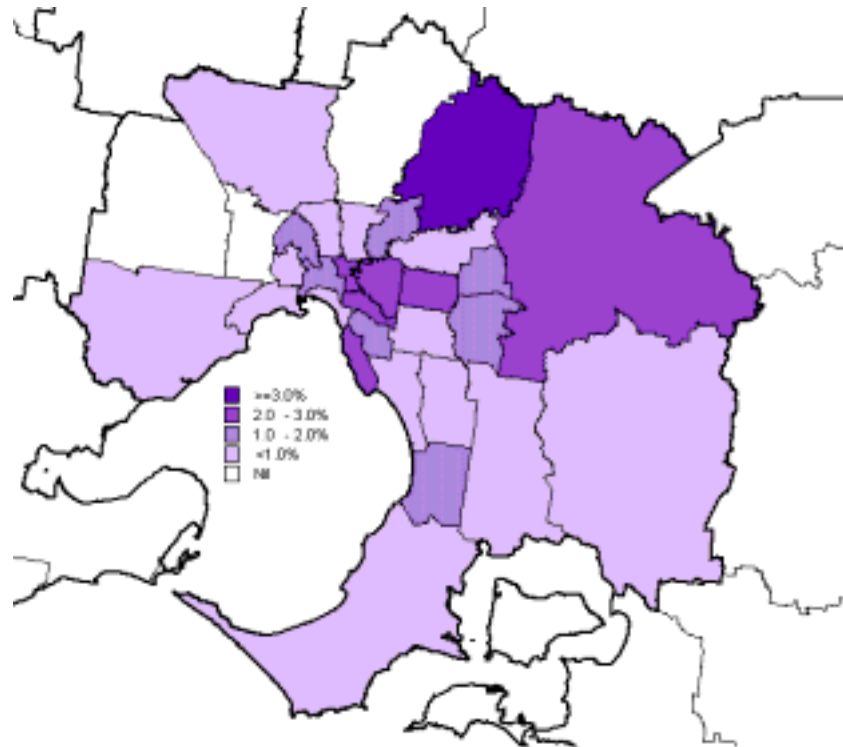
In Melbourne (Figure 3 (b)), ILUs constitute more than 40% of social housing in seven of 31 (23%) municipalities. Among the highest are: in the north – Nillumbik (81%); in the east – Yarra Ranges (71%), Boroondara (70%), Whitehorse (54%) and Knox (42%); and in the south-east – Glen Eira (64%) and Bayside (49%).

Figure 4 (a) and (b) below maps the significance of ILUs in relation to demand for housing from older persons within each municipality. The darkest areas are those municipalities where the proportion of ILUs to older persons is relatively high and ILUs meet a significant level of the demand.

Figure 4: ILUs in relation to demand from older persons
(a) Rural Victoria



(b) Melbourne



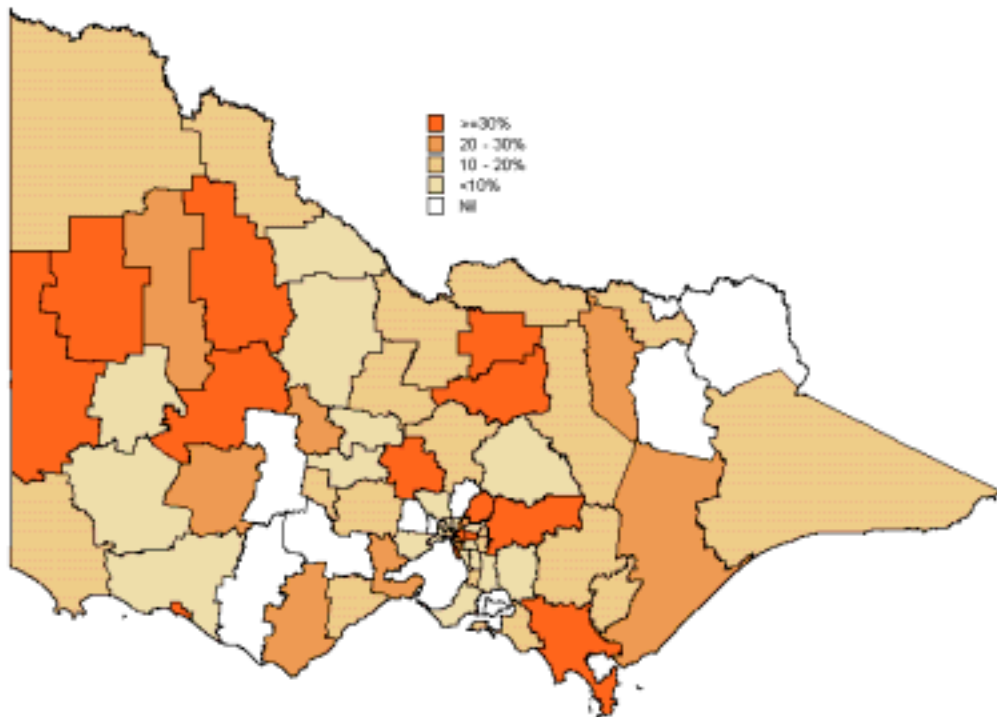
In rural Victoria (Figure 4 (a)) ILUs meet 3.0% or more of the demand from older persons in four municipalities: in western Victoria – Warrnambool, Hindmarsh and West Wimmera; and in northern Victoria – Greater Shepparton. In five other municipalities, ILUs meet between 2% and 3% of the demand from older persons: in western Victoria – Northern Grampians; in northern Victoria – Strathbogie and Wangaratta; and in eastern Victoria – South Gippsland and Wellington.

In Melbourne (Figure 4 (b)) ILUs meet 3.0% or more of the demand from older persons in only one municipality: Nillumbik in the north-east. In six other municipalities, they meet between 2% and 3% of the demand: in the east – Yarra, Boroondara, Whitehorse, Glen Eira and Yarra Ranges; and in the south-east – Bayside.

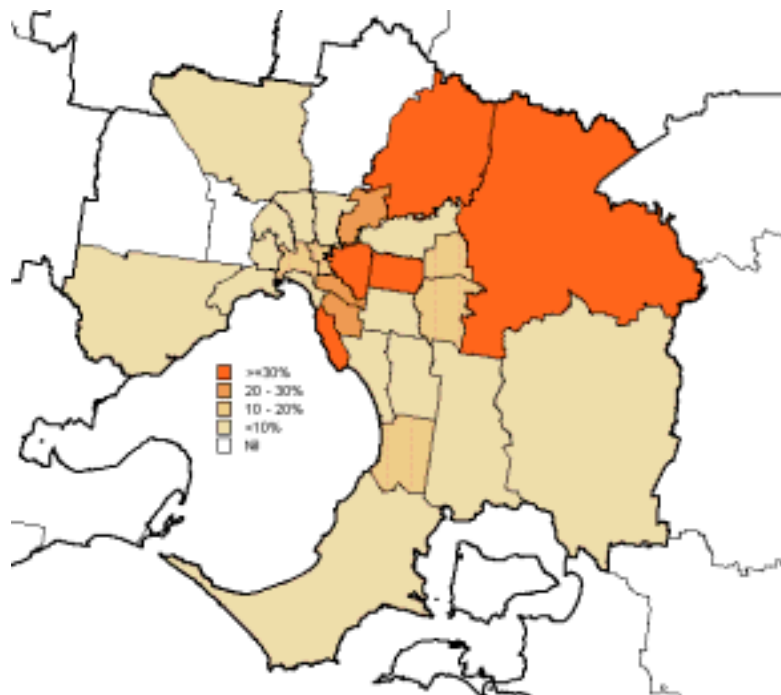
Figure 5 (a) and (b) below maps the significance of ILUs in relation to older persons with relatively low incomes (the specific target group).¹⁴ The darkest areas are those municipalities where the proportion of ILUs to older persons within the target group is relatively high. In these areas, ILUs are meeting 30% of the demand from the target group.

¹⁴ For the purposes of these maps, this is defined as older people receiving the Age Pension who are renting and in receipt of Commonwealth rent assistance.

Figure 5: ILUs in relation to demand from the older persons target group
(a) Rural Victoria



(b) Melbourne



In rural Victoria (Figure 5 (a)), ILUs meet 30% or more of the demand from the target group in nine municipalities (19%): in western Victoria – Warrnambool, West Wimmera, Hindmarsh, Northern Grampians and Buloke; in central Victoria – Macedon Ranges; in northern Victoria – Greater Shepparton and Strathbogie, and in eastern Victoria - South Gippsland. In another seven municipalities, ILUs meet between 20% and 30% of the demand from the target group.

In Melbourne (Figure 5 (b)), ILUs meet 30% or more of the demand from the target group in five municipalities (16%): in the north-east – Nillumbik; in the east – Boroondara, Yarra Ranges and Whitehorse; and in the south-east – Glen Eira. In another three municipalities, ILUs meet between 20% and 30% of the demand.

Finally, the significance of ILUs in meeting the demand for housing from the target group will also depend upon the extent to which other forms of social housing meet this demand. For instance, ILUs will be more significant in areas where the demand is high, ILUs are meeting a significant proportion of this demand and there are few other social housing options. Figure 6 (a) and (b) maps this significance. The data on ILUs and demand from the older person target groups (as presented in Figure 5 (a) and (b) above) are adjusted according to the availability of other social housing (i.e. public housing) within each municipality.

In rural Victoria (Figure 6 (a)), ILUs have very high significance in eight municipalities (17%): in south-western Victoria – Surf Coast; in western Victoria – West Wimmera, Hindmarsh and Northern Grampians; in central Victoria – Macedon Ranges; in northern Victoria – Greater Shepparton and Strathbogie; and in eastern Victoria – South Gippsland. It has high significance for another nine municipalities (19%)

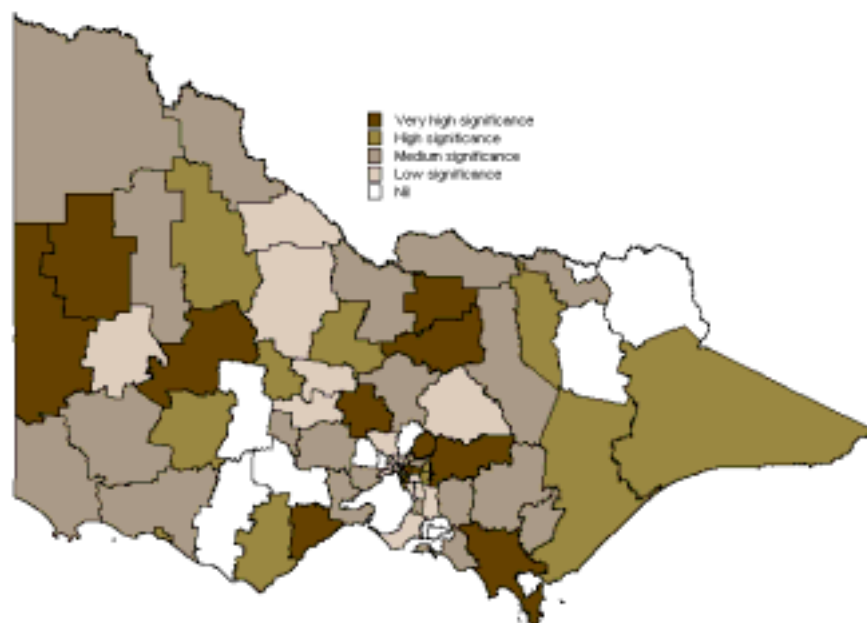
The significance of ILUs in many municipalities remains unchanged. However, in rural Victoria their significance increases due to the relatively low levels of public housing: in south-western Victoria – Surf Coast and Moyne; in western Victoria – Southern Grampians; in central Victoria – Greater Bendigo; and in far-eastern Victoria – East Gippsland. In other municipalities it decreases in significance due to relatively higher levels of public housing: Warrnambool in the south-west, Buloke and Yarriambiack in the north-west, and Greater Geelong.

In Melbourne (Figure 6 (b)), ILUs have very high significance in five municipalities (16%) in the eastern areas of Melbourne: in the north-east – Nillumbik; in the east – Boroondara, Whitehorse and Yarra Ranges; and in the south-east – Glen Eira.

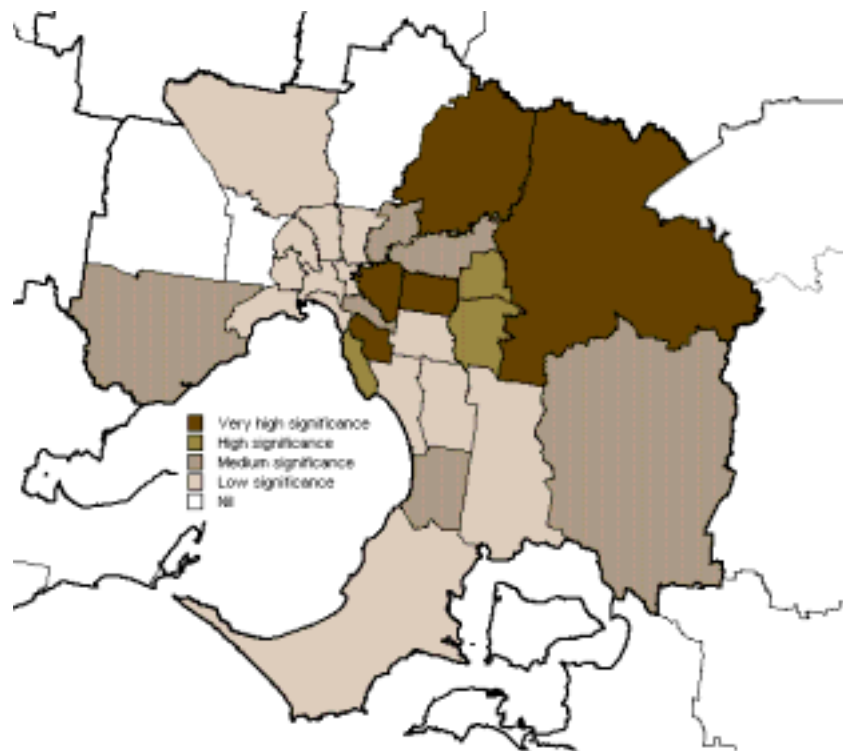
In Melbourne, their significance increases due to low levels of public housing in: Wyndham in the south-west; Manningham, Maroondah and Knox in the east; and Glen Eira and Cardinia in the south-east. In other municipalities, it decreases in significance: Banyule in the north-east, and Bayside and Stonnington in the south-east.

Figure 6: ILUs in relation to demand from the older persons target group adjusted for public housing supply

(a) Rural Victoria



(b) Melbourne



3.4 ILUs as a particular form of social housing

ILU organisations not only provide independent housing for older people, but do so within a particular social context. As such, they provide older people with a broad and diverse choice of social housing models. However, across this diversity, there are some common but particular characteristics which distinguish it from other social housing options for older people such as public housing:

- ILUs often form segregated housing for older people and thus provide a sheltered community or village environment. Most, but not all, were constructed during the first phase of retirement villages. This first phase which extends into the early 1980s was dominated by NFP organisations. At the cessation of subsidies through the APHA, NFP organisations moved into resident-funded retirement villages, a move that was soon picked up by the private sector;
- ILUs are predominantly cottages. In some States, notably NSW and Victoria, the predominant form of public housing for older persons is flats;
- ILU organisations not only provide housing but a range of other services such as a meeting room, an emergency alarm in each unit, and an on-site caretaker/manager;
- ILU organisations offer a different style of management which is much more attentive to what is happening within a village;
- Most ILU organisations also provide residential aged care services and thus can link residents with these services. On many sites, ILUs are co-located with residential aged care services;
- ILUs are often located in areas which provide good amenity for residents.

Thus, the significance of ILUs lies not just in their number, particularly in local areas, but also in the form of social housing offered to older people which differs significantly from the public housing model.

4 KEY FINDINGS, ISSUES AND STRATEGIES

ILU organisations have been around for many years – some for over 40 years. Initially they received some subsidies from the Australian government and some support, particularly land on lease, from local government and State government. Since then, however, they have largely operated as autonomous organisations with few formal ties among themselves. Unlike residential aged care and community care, ILUs have had little ongoing implications for the Australian government budget. The Australian government largely ignores them and now views them as a state responsibility because they operate under state jurisdiction. Other than their legal responsibilities, state governments have also ignored them, focusing instead on providing housing for older persons through SHAs and CHOs. ILUs have become the forgotten social housing sector.

This section begins with a very brief overview of the changing context within which ILU organisations operate. It then proceeds to:

- Outline the key findings of the national survey, the interviews and the workshops;
- Analyse these findings, identifying the key issues;
- Outline some possible strategies and other considerations for ILU organisations.

These are undertaken under five headings:

- Housing market/target group;
- Housing stock;
- Financial viability;
- Management and governance;
- Linkages with support service.

It is important to note, however, that all issues do not affect all organisations, and the extent to which they are issues will vary markedly from state to state.

4.1 Background: a changed context¹⁵

Over the past two decades the context within which ILU organisations are operating has changed dramatically, for example:

- Older persons now have different and higher expectations of their housing and living environment;
- A strong emphasis on older people ageing in place – in their own homes and in their own communities;
- The ongoing expansion of community care programs such as HACC, CCPs/CACPs, Linkages and Community Options;
- A vibrant retirement village industry consisting of both for-profit and NFP organisations, expanding particularly for older people with significant assets;
- Recent interest by private developers in rental villages for older people.

15 These issues are explored more fully in McNelis and Herbert (2003).

4.2 Target group

For an ILU organisation, their target group is a first-order issue which relates to their purpose and mission. As a community organisation they exist to serve and be responsive to the needs of the local community rather than interests of the organisation. Thus, the primary determinant of their target group is the level and type of the demand from older persons in the local area.

4.2.1 Key findings

ILU organisations have a diverse range of target groups. 72% (managing 82% of ILUs) target pensioners who do not own their own homes, while 49% and 47% respectively target pensioners who own their own home and self-funded retirees. For some ILU organisations, their primary target group is older persons from the local area, a specific ethnic group, ex-service personnel and/or their spouses. 10% target older persons who are homeless or have complex needs. The survey data does not indicate the relative weighting given to each of these groups. However, it does indicate that 32% (managing 13% ILUs) only target pensioners who do not own their own homes.

For the most part, then, the traditional groups targeted by ILU organisations could be described as 'genteel' older persons, those who can live independently, fit in with the culture of the village and provide few problems for managers.

84% of ILU organisations have waiting lists, with a median waiting list of 14 applicants and a median waiting time of 18 months. 14% have more than 100 applicants on their waiting list, and 42% have an average waiting time of more than 24 months.

On the other hand, through the qualitative research, some ILU organisations were also reporting that they were having difficulty finding residents to occupy units.

4.2.2 Analysis and key issues

Despite long waiting lists, some ILU organisations have experienced a drop in demand with changes in their traditional target groups.

The extent of this drop and the reasons for it are unclear. The reasons seem to vary between organisations, depending upon the makeup of their traditional target groups. It seems that two particular types of ILU organisations have experienced this drop in demand: ex-service organisations (ESOs) and rural organisations. Over the past decade, not only has the number of older ex-servicemen reduced but they have aged, thus increasing the demand for residential aged care. In the light of these changes, some ESOs are reassessing their role as providers of independent housing, with some withdrawing altogether.¹⁶

[Our] membership is ageing with current average age at 79 years... Self-care housing is becoming less viable and less appropriate as our members continue to age and the demand from members decreases. [We are] planning a gradual withdrawal from housing. (NSW)

The new units are in demand. Our older units are often left empty for a while. (Vic)

Consumer expectation and demand is greater and therefore housing has to meet that need. Buildings are over 20 years old and supply a different clientele. (NSW)

Increased demand increased waiting list – high priority continues but no land available to expand. (WA)

16 Stan Manning and Associates (2002).

For other ILU organisations and rural organisations in particular, reduced demand seems to be associated with two interrelated factors: the size and quality of their housing stock, and reduced demand from older owner-occupiers.

The past two decades have seen some major changes in the traditional target groups of ILU organisations. Most older persons prefer to 'age in place'. Indeed, as a result of the extensive development of community care programs, they can now maintain themselves in their own homes longer.

Among pensioners who own their own homes, the movement to a retirement village is often associated with a particular crisis such as the death of a partner or a sense of insecurity about the future and/or with planning for a time when they will be unable to look after themselves. This now happens in later years. Thus, this group of older persons is delaying their entry into a retirement village.¹⁷

Moreover, many older people within this group have higher expectations of their housing conditions and its environment. Many ILU organisations cannot meet these expectations with their current housing stock. Depending upon the value and location of their home, this group of older persons may have the capacity to choose among a broader range of options including private sector retirement villages.

Thus, it appears that the level of the demand from pensioners who own their own homes, a traditional group housed by ILU organisations, is decreasing, partly for reasons outside the organisations' control.

Among pensioners who do not own their own homes, we have previously distinguished two groups:¹⁸

- Older persons who rent privately but have some limited assets;
- Older persons who rent privately but have no assets or virtually no assets.

For these groups, retirement and the consequent drop in income brings about a housing crisis. Those with savings can continue to maintain their housing in the private rental market for some time. At same time, however, they have the option of moving into an ILU or public housing before their savings disappear.

Those with no savings are the most vulnerable group and are unable to sustain their housing without severe financial stress. Moreover, many within this group not only have no assets but are at risk of becoming homeless or have complex needs associated with mental illness, drug or alcohol abuse, disabilities, chronic illness, problem gambling and isolation from families. Over the past two decades, demand from this group has increased dramatically.

4.2.3 *Strategies and considerations*

The primary challenge for ILU organisations is to reaffirm or revise their vision and mission in the light of their changing situation. However, some do not appear aware of the high demand from those pensioners with little, if any, assets living in private rental dwellings, in particular, those who are homeless or at risk of homelessness and those with complex needs due to dementia, mental or chronic illness, alcohol or drug abuse or behaviour disorders.

17 ILU organisations also report that, in the past, some older people sold their house, moved into a retirement village (paying an entry contribution which was relatively low compared with their asset base), and spent the remaining funds on travelling etc. The extent to which this practice continues is unclear.

18 McNelis and Herbert (2003, p. 4).

One possible strategy for reaffirming or revising their vision and mission is to investigate local housing needs. Through this process they will not only develop a greater awareness about demand for housing from older people outside their traditional target group, but they will also develop a greater awareness of the skills and linkages which enable other organisations such as local public housing managers and CHOs to meet the needs of these groups.

For those ILU organisations whose primary target groups are pensioners who own their own homes or pensioners with some assets, this may highlight a major dilemma: either they redevelop their stock to meet the changing expectations of their target group or they move into new territory and reorient their organisation around a new target group.

ILU organisations provide older persons with a particular housing and social model. A secondary determinant of their target group is this model in relation to other housing options provided by other 'competitors' such as public housing managers, CHOs or the private sector. For example, one emerging competitor is the option of rental villages for older people provided by private sector organisations such as Village Life.

An ILU organisation seeking to make a decision about their primary target group must not only come to terms with the changing housing market for older persons, but must also take into account a range of other factors:¹⁹

- The extent to which it can access sufficient capital funds at low interest rates or even at zero rates to fund its asset management strategy (upgrade, reconfiguration or redevelopment of housing stock);
- Whether it can maintain its ongoing financial viability and raise sufficient revenue from ongoing payments from pensioners to meet both their current costs and provisions for the future;
- The limitations of its existing dwellings and site design;
- Its capacity to manage different target groups;
- Its capacity to develop linkages with support services, where these are required.

A decision about a target group sets a direction. While the above factors are secondary to this decision, they may test the creativity, resolve and limitations of this direction. Ultimately, these considerations may make the decision about the target group unviable and require the ILU organisations to rethink their direction.

4.3 Housing stock

ILU organisations face major challenges in relation to their current housing stock. It is primarily this issue which has forced many of them to stop and reflect about their future directions and role as a provider of ILUs. It is this issue which is discussed in this section. A second related issue, capital requirements to upgrade, reconfigure and redevelop housing stock, is discussed in Section 4.4 below.

4.3.1 Key findings

Bedroom size

According to the national ILU survey, most ILUs (63%) are 1-bedroom units. Bedsitter units and 2-bedroom units constitute 16% and 18% respectively of all ILU stock.

30% of ILU organisations own bedsitter units, which are a particular concern. The general consensus among housing managers is that bedsitter units are too small by today's standards.²⁰ Often it is difficult to find new residents.

¹⁹ Some of these factors are explored more fully in the sections below.

Age

The national ILU survey sought information about the age, condition and standard of ILUs. For 57% of ILU organisations (managing 71% of ILUs), more than 50% of their ILUs were more than 20 years old, while for 48% of organisations (managing 53% of ILUs) more than 75% of their ILUs were more than 20 years old.

Condition and standard

In an overall assessment of the quality of their housing stock, 32% of ILU organisations (managing 35% of ILUs) rated it as below current community standards, while only 15% of organisations (managing 8% of ILUs) rated it as above current community standards.

Extent of upgrading required

The national ILU survey asked participants to estimate the proportion of their stock requiring a major upgrade or refurbishment. Nearly one-third indicated that none of their stock required a major upgrade/refurbishment while 8% indicated that all their stock required a major upgrade/refurbishment.

Based on the estimates of participants, 34% of ILU stock throughout Australia requires upgrading. This ranges from 12% and 19% of stock in Tasmania and Queensland respectively to 52% of stock in Western Australia.

Changes over the past ten years

Over the past ten years ILU organisations have made considerable changes to their housing stock:²¹

- Demolitions:
 - 35 of the 169 organisations in the survey (21%) have undertaken demolitions and have demolished 427 units, an average of 12 units per organisation;
 - The major reason for demolitions was that units were too small.
- Reconfiguration:
 - 38 organisations (27%) have reconfigured 309 units, an average of eight units per organisation;
 - 212 of the reconfigured units were extensions from 1-bedroom units to 2-bedroom units;
 - 97 of the reconfigured units were conversions or extensions of bedsitter units to 1-bedroom units.
- Purchase and transfer from other NFP organisations:

Our self-care units will need major upgrading to cater for residents with disabilities. (NSW)

Independent housing for older people within our organisation has changed, mainly from having only one bedroom to units now having two bedrooms. Up until the late 1980s the only units built were one bedroom. All our units now consist of two bedrooms regardless of whether there are one or two tenants in these units. (SA)

It is now realised that the failure to refurbish and redevelop over the past ten years has left us with building stock that is not meeting the needs of residents. (Vic)

Many units have baths with shower over. Many bathrooms are too small for effective assistance with showers etc. (SA)

20 It is for this reason that some SHAs such as the Victorian Office of Housing are converting bedsitter units to 1-bedroom units.

21 It is important to keep in mind that the median number of units among ILU organisation is 31 units.

- 118 units were sold to two organisations from other NFP organisations;
- Ownership of 271 units was transferred to 11 organisations from other NFP organisations;
- Management of 53 units was transferred to four organisations from other NFP organisations;
- Most of these transfers occurred in Victoria where the ownership and management of 289 units was transferred to 11 organisations from other NFP organisations.

Planned changes over the next five years

Some ILU organisations are also planning changes in their housing stock over the next five years:

- Upgrading:
 - 67% of organisations plan to upgrade/refurbish units over the next 5 years;
 - 8% of organisations plan to upgrade/refurbish all their 466 units, an average of 36 units per organisation;
 - Another 28% of organisations (who indicated the number of units) plan to upgrade/refurbish 24% of their units (1,629 out of 6,702), an average of 34 units per organisation.
- Demolitions:
 - 27% of organisations plan to demolish units over the next five years;
 - Four organisations plan to demolish all 101 units, an average of 25 units per organisation;
 - Another 27 organisations (16%) (who indicated the number of units) plan to demolish 15% of their units (709 out of 4,867), an average of 26 units per organisation.
- Reconfiguration:
 - 21% of organisations plan to reconfigure 479 units over the next five years;
 - 14% of organisations (who indicated the number of units) plan to reconfigure 14% of their units (479 out of 3,453) over the next five years;
 - 16 organisations plan to convert or extend bedsitter units to 397 1-bedroom units;
 - 11 organisations plan to extend 1-bedroom units to 82 2-bedroom units.
- New stock:
 - 23% of organisations (39) plan to acquire new housing stock;
 - 20 organisations plan to acquire 441 units, an average of 22 units per organisation.

In summary, the national survey paints a picture of a sector where a significant proportion of stock is below current standards and where ILU organisations are significantly reconfiguring their stock.

The workshops and interviews also highlighted a major divergence between ILU organisations: on the one hand, many are increasingly concerned about their stock and its condition; on the other hand, many have not yet begun to consider the condition of

their stock.²² This divergence, in conjunction with a median portfolio of just 31 units, further highlights the extent of recent and planned changes in housing stock among ILU organisations.

4.3.2 *Analysis and key issues*

In the normal course of events, most ILU organisations could most likely deal with upgrading their units as part of the cyclical process of renewal and decline. However, three things have further complicated this 'normal' process.

First, as noted above, is the major shift in older persons' expectation in relation to the size, standard and condition of their housing. Not only are ILU organisations having to upgrade dwellings to contemporary building and technological standards, they have to meet expectations in relation to the size of units and a major change in the use of units, viz. provide housing which can be adapted to support older persons as they age and require formal supports.

Moreover, this shift in expectations is not consistent among the different target groups. An older person's housing history has a marked impact on their expectations. For example, a 'middle-class' owner-occupier will have different expectations from a 'rural' owner-occupier or, more particularly, someone who has lived in private rental or transient accommodation such as private hotels or rooming houses.

One trend among ILU organisations is to convert or extend bedsitter units into 1-bedroom units. But this is not universal and it may be pre-emptive for an organisation to decide to reconfigure their stock in this way. Some housing managers have put a contrary argument that there is still a role for bedsitter units: many men prefer bedsitters, and, within or on the edges of the CBD as well as within in inner urban areas, bedsitters are more acceptable forms of housing.

But the issue of size is not just about bedsitter units. In some ILU organisations their 1-bedroom units are too small. Indeed, some have decided that they will only build two-bedroom units in future. Older persons want larger units so that grandchildren and others can stay for short or even longer periods. They need more space for activities such as crafts, entertaining and access to the internet. As retired persons, many spend long periods of time in the unit each day. This is particularly so with increasing frailty. Space is also required for support services.

Second, ILU organisations with small housing portfolios have little capacity to manage property risks. 54% of ILU organisations have housing portfolios of less than 50 units and only 13% have more than 200. Those with large portfolios have a greater capacity to manage the risks of property management. The costs of upgrading and reconfiguring units as well as the costs of redeveloping a site can be spread over a larger portfolio and over a longer timeframe. The relatively small size of portfolios as well as the short timeframe in which units were constructed has resulted in a major call on capital funds in a short timeframe.

Third, in the national survey, approximately one-third of ILU organisations indicated they are subject to various encumbrances which may prevent them from making major changes in the housing stock. Some noted that these encumbrances involved the Australian government. Clarification of the status of arrangements under the APHA seems an important issue for organisations seeking to make major decisions about the future of their ILUs.

22 Though some ILU organisations have recently begun to consider their housing stock in the light of the questions asked in the national ILU survey, the discussions in the workshops and the work of various Aged and Community Services Australia and state committees.

4.3.3 *Strategies and considerations*

The three issues above raise particular questions for ILU organisations. The size, age and condition of their stock forces them to stop and think about their future as an ILU provider and the future of their housing stock.

What can they do with their current stock? How does this fit with the organisation's vision and mission? How does it fit with their current target group and with the needs of their local community? What are their options?

An initial strategy for ILU organisations is to rigorously assess their housing stock and its capacity to meet future requirements for their target group. Very old ILUs which have been regularly upgraded and maintained can still provide good quality housing. But, at the point where an organisation is making a decision about the future of their stock, among the important considerations are a number of design elements:

- The extent to which dwellings can be upgraded to current dwelling standards for older persons and the cost of this upgrade;
- The extent to which dwellings have a capacity for adaptation in the future to meet the changing needs of older persons (e.g. ramps, grab rails, floor coverings, shower access) and the cost of these adaptations;
- The extent to which dwellings have the capacity for the easy and safe provision of support services and can incorporate assistive technologies such as remote-control oven appliances, movement sensors and voice reminders;
- The extent to which the layout of the site itself meets residents' needs,
- The extent to which the layout of the site facilitates its integration within the local area and the use of local amenities by the residents.

A second strategy is to consider a broad range of options or some combination of options such as:

- Redesign and/or upgrade units (both internally and externally) where their current stock is structurally sound, where the size of units can reasonably meet the expectations of their target group, and where this will provide units which can be adapted to the changing needs of residents and the requirements of support services as well as extend the life of their stock for another 20 years;
- Redesign and/or upgrade the site (including providing additional units) where the site layout can meet the needs of residents, can be integrated into the local area and facilitate the use of local amenities by residents, and where the usage of the site is reasonable;
- Reconfigure stock where the site and the condition of current stock allows for extensions/conversions which can reasonably meet the expectations of their target group. Reconfiguration of stock is usually accompanied by the redesign and/or upgrade of both the units and the site;
- Demolish units and redevelop the site with ILUs where current units are structurally unsound, where the size, condition and age of units is such that they can no longer be upgraded to meet the reasonable expectations of the target groups, and where the site is under-utilised. Many ILU organisations own sites which have not only increased in value over the past decades but now provide opportunities for construction of units for older persons in good locations and with excellent amenity;
- Sell part of a site and reinvest funds in the part of the site which is retained;
- Sell some or all units on a site (either existing or newly constructed) and reinvest funds in developments on other sites.

These options assume that the ILU organisation is committed to maintaining its role as a provider of independent housing for older persons. Where it does not, it would consider the last three options above in terms of alternative uses of a site or alternative uses of the proceeds for the sale of units, for example, the development of a RACF.

A critical question underpinning any of the options above is: how does the ILU organisation raise the capital required to undertake these works? We turn to this question in the next section.

4.4 Financial viability

While the current condition of ILU stock has forced ILU organisations to stop and reflect on their future role as providers of ILUs, their future target groups as well as the future of their housing stock, it is largely the financial issues that drive these future directions, setting the parameters for what they may or may not be able to do.

This section therefore discusses two interrelated issues: the capital requirements of ILU organisations, and their revenue requirements if they are to meet the short-term and longer-term costs of providing ILUs.

The past and current financial arrangements within ILU organisations are fairly complex and the following provides a very brief historical perspective in order to highlight particular aspects.

Over the past 50 years, the structure of capital funds has varied but two broad structures seem to predominate. First, during the period of Australian government subsidies through the APHA (1954-86), ILU organisations raised funds from a variety of sources in order to meet the matching requirements of the Australian government – for most of this period the Australian government provided \$2 for every \$1 raised by the ILU organisation. However, the Australian government had a limit on the level of funds it would provide for each unit. Thus, in addition to these matching funds, ILU organisations had to provide additional funds to meet the full cost of a housing project. Initially they sought funds through public appeals, donations, bequests, local government (particularly grants or long-term leases of land) and state government (particularly long-term leases of Crown land). Where these were inadequate they raised the funds through founder donations or donations from residents entering existing ILUs.

During the second period, after Australian government subsidies through the APHA had ceased, ILU organisations had to raise significantly higher levels of capital funds themselves in order to fund new projects. They continued to do so from a variety of sources as described above. However, the extent of the gap was now much larger. ILU organisations thus adopted a number of strategies to fill the capital gap: some extended the requirement for donations beyond founder donations to all entrants into ILUs, and some required entrants to new ILU projects to pay an entry contribution in the form of an interest free loan which was partly or fully repaid on exit.

It is important to note that within this basic structure for capital funding, ILU organisations meet their capital requirements such that the costs of capital were zero and the call on their operating revenue was zero.

4.4.1 Key findings

Capital funds

ILU organisations have met their capital requirements for new stock through a variety of sources including: donations or bequests of cash, land or dwellings (43%); internal funds from ILU organisations, either surplus funds from operations or capital funds (36%); loans and donations from residents (32% and 24% respectively); public appeals and philanthropic grants (26% and 14% respectively); State government (26%), Australian government (23%) and local government (14%).²³

Currently 42% of ILU organisations (managing 23% of ILUs) do not charge an entry contribution for the majority of their ILUs. The two major types of entry contribution used are:

- A loan which is partly repaid on exit (25% of organisations managing 31% of ILUs);
- A donation (8% of organisations managing 24% of ILUs).

The national survey did not seek information about the typical level of current ingoing contributions. However, a brief review of entry contributions in Victoria based on the Directory of Independent Living Units indicates that most ILU organisations tend to fit within three bands: the first band consists of many organisations which do not charge any ingoing contributions; the second band are those organisations which charge a relatively small ingoing contribution, often means-tested, in the range of \$500 to \$20,000, and the third band consists of a small number of organisations which charge a relatively large ingoing contribution ranging from \$20,000 upwards.

Initially the major purpose of entry contributions was capital for new housing projects; it usually filled the gap between the available capital and the capital required for the construction of units. They now serve a number of different purposes, including:

- As capital for the long-term upgrade of ILUs, particularly when a resident exits, or for redevelopment and reconfiguration of properties (77% of organisations);
- Investment in financial institutions (37%);
- To replace finance capital provided by previous residents, allowing the organisation to repay these residents (34%);
- As capital for the construction of RACFs (27%).

Up to five to seven years ago ILUs were considered a prime source of revenue for accumulating funds for residential care development. Insufficient priority was given to ageing stock and increasing competition. (WA)

The next three to five years will see an upgrading of 50% of our independent housing. This will be financed by the development of up to 50 new retirement units which will be built to promote independent living and access for in-home services such as CACPs. (SA)

The board and staff are concerned that we have had to move to higher contributions/premiums from new residents to pay for refurbishments which were not appropriately dealt with over the years. The board is making provision for some units to be rented to enable low income people access. It is developing policies to allow for reduction in the ingoing premium in cases of hardship/low income. (SA)

²³ Our expectation was that nearly all organisations had received subsidies through the APHA, but responses to the question seem to contradict this. However, unlike all other questions in the survey, this is a historical question, asking about something that happened 20 to 40 years ago. Thus, the accuracy of responses may be questionable and would require some further investigation.

Ongoing payments

ILU organisations meet their operating expenses through an ongoing service charge or rent. They use a range of methods to calculate the level of these. 38% of organisations (managing 33% of ILUs) base it solely on the income of the resident using a variety of methods, in particular, flat amount base on the pension (22%), 25% or less of age pension (16%), 25% or less of age pension plus rent assistance (16%), and 25% or less of income (14%). Where an organisation uses other methods to determine the level of ongoing charges, they use a variety of factors, the principle one being the costs of providing units (74% of organisations).

The typical level of ongoing charges is relatively low. Most ILU organisations are charging less than \$100 per week for a unit, with a high proportion charging less than \$50 per week.

Other information

The workshops and interviews supplemented this information with two points in relation to ongoing payments and the viability of ILUs.

First, the low level of ongoing payments is possible because ILU organisations have few commercial debts. In addition, until recently some have either ignored the longer-term costs of providing units such as upgrading/refurbishment or continue to fund these through entry contributions.

Second, a prevailing view among some ILU organisations is that the provision of ILUs is no longer financially viable.²⁴

4.4.2 Analysis and key issues

ILU organisations face four key financial issues.

The first issue for many is whether they are collecting sufficient revenue to meet both the short-term and long-term costs of providing units. Revenue for ongoing payments must cover not only annual operating costs such as administration, rates, insurance, ad hoc maintenance and other site costs, but also the longer-term costs of cyclical or programmed maintenance (such as the costs of painting every five to ten years, replacing hot-water services every ten years and replacing stoves every 15 years). They also need to make adequate provision for future upgrading or refurbishment of units, particularly bathrooms and kitchens. Where they have borrowed funds, they will have to meet interest costs.

It seems that in the past some ILU organisations have not provided for future upgrading/ refurbishment of ILUs. Rather, they have relied upon the turnover of residents to provide them with sufficient funds through donations or deferred management fees and have only undertaken major upgrading on the arrival of a new resident. As a result, until recently many have failed to make adequate provision for a major upgrade or refurbishment of their stock.

This issue is further complicated by (i) residency agreements which were signed many years ago which prevent any significant increases in ongoing payments, (ii) increasing annual costs as ILU organisations shift from relying upon volunteers to paid staff to manage dwellings, and (iii) compliance with retirement village legislation such as requirements in NSW that operators disclose and obtain approval from residents for annual budgets.

²⁴ This statement of the broad prevailing view among ILU organisations runs contrary to the experience of both SHAs and CHOs which currently provide housing to low income households at concessional rentals. Before any strategies can be proposed it is important to unpack this issue in some detail.

The second issue for ILU organisations is the tension between providing ILUs which are affordable while maintaining their financial viability in the long term. What is an affordable payment for residents? Do they have sufficient income to make payments which are affordable to them while also providing sufficient revenue to the ILU to maintain its financial viability? Residents who have only had irregular increases in ongoing payments are often resistant to large increases which may occur when the ILU organisation realises that it needs additional funds to cover the long-term costs of providing units.

Thirdly, as outlined in Section 4.3 above, not only are ILU organisations faced with the normal cycle of upgrading/refurbishing units, they are also faced with higher housing expectations with increased demand to increase the size of units and provide substantial improvements to units over and above that in the normal upgrading/refurbishment cycle. Thus, they face abnormal capital requirements to ensure that they meet the reasonable expectations of their residents. This may be further complicated by their liabilities for refunding previous ingoing contributions.

Fourthly, many ILU organisations provide a range of aged care services. Many of these are confronted not only with demands for capital for their ILUs but also major demands for capital for their RACFs. Many NFP organisations would regard the current capital arrangements for RACFs as very inadequate, leaving them with a capital shortfall. This is particularly critical at a time when they are seeking to upgrade their facilities to meet certification requirements by 2008. ILU organisations faced with a call on capital for both RACFs and ILUs may consider RACFs as their priority and sell or redevelop and sell ILUs as a way of raising the capital they require. This may be undertaken with the tacit or explicit support of the Australian government (which may be required if the land is subject to encumbrances under the APHA). For the Australian government this is one way of resolving an emerging political issue – NFP organisations' call for capital for RACFs – at the expense of independent housing for older persons (which is largely the responsibility of State/Territory governments).

4.4.3 Strategies and considerations

ILU organisations, then, require significant capital injections supported by adequate revenue flows at least sufficient to meet both the short-term and long-term costs of providing ILUs. So how then can they raise significant funds, maintain their financial viability in the long term and continue to provide ILUs which are affordable for their residents? ILU organisations have introduced a set of related strategies to address these issues.

Operating revenue

Since the early 1980s, Commonwealth rent assistance (CRA) has changed extensively:

- It has expanded its scope to cover a broader range of groups;
- It has been restructured with different rent thresholds before eligibility and different level of benefits for different household types;
- The taper rate has increased from 50¢ for each \$ above the threshold rent to 75¢.

Older persons not renting from a SHA are now receiving far higher levels of CRA. Some ILU organisations have begun to adjust their ongoing payments so that they can maximise the extent to which they capture CRA while continuing to provide affordable housing for their residents. Under the current CRA policy provisions, residents who have contributed less than the 'extra allowable amount'²⁵ (\$108,000 at July 2003) are assessed as non-homeowners and may be eligible for CRA. At July 2003, an older person paying more than a threshold rate of \$41.40 per week was eligible for CRA which is paid at the rate of 75¢ for each \$ above the threshold rate up to a maximum of \$46.60 per week. This maximum is payable for any ongoing payment above \$103.50 per week. For older couples, the threshold rate is \$67.40 with the maximum CRA payable of \$44.00 per week for ongoing payments above \$126.50 per week.

While ILU organisations need to raise their ongoing payments or rents substantially to capture CRA (in some instances, double them from approximately \$50 per week to approximately \$100 per week), they can do so without a major impact on affordability, with their residents having the same or very similar after-housing incomes as public tenants.

In addition, by maximising their capture of CRA, ILU organisations and CHOs can maintain their financial viability under certain conditions. The rule of thumb for SHAs is that where they charge a rent based on 25% income, rent revenue is sufficient to meet operating costs (administration, maintenance – both ad hoc repairs and cyclical maintenance – rates and insurance). However, revenue is not sufficient to meet the costs of capital (such as interest on borrowings) nor allow them to make provision for major upgrading or refurbishment of properties. Public housing tenants are not eligible for CRA but community housing tenants are. By setting rents in ways which maximise the capturing of CRA, CHOs have generally found that their revenue is sufficient to allow them to make provision for major upgrading or refurbishment.²⁶ Alternatively, it can allow an ILU organisation to undertake some limited borrowings.²⁷

A second strategy is to ensure that revenue increases as costs increase. The strategy adopted by SHAs is to regularly adjust rentals (at least twice annually) by small amounts around the time that Centrelink payments are adjusted by CPI.

A third strategy would be to consider ways in which the ILU organisation can maintain some flexibility in their ongoing payment arrangements, in particular, that increases in ongoing payments are linked to increases in CPI.

A fourth strategy is to consider variations in ongoing payments based upon the income of residents (rather than upon the age pension). This alternative may in some circumstances increase revenue but is more difficult to administer. The maximum level of ongoing payment is, however, limited by 'market values', i.e. what a resident is prepared to pay rather than move to another unit.²⁸

25 See the Glossary on page vii for an explanation of this term.

26 For a discussion of revenue and operating costs within CHOs, see McNelis, Hayward and Bisset (2002a).

27 This can be viewed as the reverse of making a provision for upgrading/refurbishment – rather than making a provision for the replacement, it is paying for the current dwelling. By maximising their capture of CRA, an ILU organisation can support approximately \$20,000, at current interest rates of 6% over 20 years.

28 This type of system operates within public housing where rents are based upon a proportion of the tenant's income up to a maximum rent which is the market rent for that dwelling.

Capital funds

ILU organisations will require high levels of capital, but where will they find these funds? Their response to this question will largely determine the future of their stock. The strategies that are or could be adopted by ILU organisations fit into four categories: the traditional resident-funded strategy, the consolidation strategy, the withdrawal strategy and the joint venture strategy.

The traditional resident-funded strategy is to increase the level of resident contributions as a way of raising the capital required. This can be further supplemented by the revenue strategies above, by using accumulated funds and by borrowings. This strategy may provide ILU organisations with sufficient capital to upgrade, reconfigure or redevelop their stock. On the other hand depending upon their capital requirement, it may dramatically increase their ingoing contributions and/or charges, thus dramatically changing their target group. For many ILU organisations this is not an acceptable option because it does have this impact and makes it very difficult for them to target older persons with low value assets and low incomes. Thus a variation on this strategy is to provide some units on a means-tested basis. This allows the ILU organisation to maintain some units for older persons with low value assets and low incomes. The extent to which units can be means-tested will depend upon the extent to which the ingoing contribution can be increased on other units.

The consolidation strategy involves a reduction of ILU stock. It can take two forms:

- An ILU organisation could reduce or consolidate its portfolio by selling some or all of its units and use the proceeds to upgrade/reconfigure/redevelop retained stock or acquire units on new sites; or
- An ILU organisation could demolish existing units, redevelop for a new upmarket target group and dramatically increase their ingoing contributions for most applicants, but where possible provide some units to older people with low value assets on a means-tested basis.

Such a strategy may recognise that the ILU organisation is shifting from expansion (using resident contributions) to a steady-state mode where the primary focus is on maintaining existing stock.

The withdrawal strategy involves the ILU organisation reviewing its role in the provision of ILUs and divesting itself of some or all its stock. The sales proceeds can be invested in RACFs or some other venture such as development capital for up-market fully resident-funded retirement units.

The joint venture strategy involves the ILU organisation seeking a partner in the provision of ILUs. This partner could play a number of roles: manage current stock on behalf of the ILU organisation; finance part or all upgrading of stock, reconfiguration of stock or redevelopment of sites. The partner's expectations will be important to the outcomes achieved. A social investor such as local government, state government, church or community organisation, which is primarily seeking social outcomes, may provide capital without expectation of ongoing returns on capital (though they may have some expectations in relation to target group, term of arrangement, management and shared equity). A private investor such as a retail investor or institutional investor would be seeking ongoing returns on the investment and/ or capital gains. These expectations would change the target group for ILUs as ongoing payments would have to increase to meet these expectations.

4.5 Management and governance

Over recent years, many organisations have transformed themselves in response to the new cultural imperatives such as the rights of residents, respect for and promotion of their independence and recognition that many older people have active lives outside the retirement village. However, some are only slowly becoming aware that their current style of management is at odds with these cultural changes and are belatedly responding to this changing environment.

4.5.1 Key findings

The national ILU survey sought information about the current management environment and practices of ILU organisations: the management framework under which they operate; both the legal framework and the code of practice; strategic planning; financial planning; management of waiting lists; management of stock, including vacancies and turnover; contractual arrangements; and asset management. The following presents the key findings in four areas:

- Characteristics of ILU organisations;
- Size of stock portfolios;
- Management framework;
- Governance.

Characteristics of ILU organisations

Responses to a broad range of questions in the national survey reveal that ILU organisations have diverse characteristics:

- They range from stand-alone housing organisations to those providing a broad range of aged care services (in particular, RACFs);
 - 80% are involved in low level residential care (and manage 91% of ILUs);
 - 60% are involved in high level residential care (and manage 81% of ILUs);
- They range from small organisations to very large and diverse organisations;
- While most are incorporated organisations (59%), others are incorporated under a specific Act of Parliament (18%), as a company limited by guarantee (15%) and other legal entities.

Size of stock portfolios

Most ILU organisations manage relatively small housing portfolios:

- The median portfolio is 31 units;
- 54% of organisations manage less than 50 units;
- only 13% of organisations manage more than 200 units.

Management framework

The management framework of ILU organisations has to take into account a number of factors:

- They range from organisations managing a couple of units on a single site, or 20 to 50 units on a single site, to those managing units over a large number of sites;
- They range from organisations operating in a local area to those operating statewide;
- They have a diversity of target groups;

- They utilise different management arrangements; 72% manage some or all of their sites under the Retirement Villages Act, while for 25%, the major form of tenure is a tenancy agreement under a Residential Tenancies Act;
- 37% of organisations employ less than one equivalent full-time worker;
- For 40% of organisations (managing 54% ILUs), ILUs are core business or central to their business, while for 36% of organisations (managing 25% ILUs), ILUs are just one of a range of services or peripheral or incidental to their business;
- 26% of organisations provide fully resident-funded units in addition to ILUs.

The workshops, interviews and responses to the national survey did, however, raise some issues about the management practices within some organisations:

Priority has reduced over the past ten years as the organisation has grown much faster. Therefore aged care housing is a small and decreasing proportion of our organisation's total work. This can be expected to continue over the next five years. (NSW)

Increased responsibility for residential [hostel and nursing home] has left fewer resources for independent housing... Hostel/nursing home receives highest priority – the needs are great (financial/human)... [We] expect the priority [of ILUs] to continue to decrease... [and] move management to another organisation. (NSW)

The organisation's strategic plan of ten years ago placed a significant emphasis on development of independent living units. Over that time there have been a number of developments within the town and surrounds offering independent and hostel type accommodation. The emphasis of the organisation's strategic plan has changed to concentrate more on the provision of residential care and community care services. There is, however, the potential to move back into independent living in the future if community needs are not being adequately met. (Qld)

The focus has moved from independent housing being a second cousin to Residential Aged Care Services (nursing home) to being an equal priority. (SA)

- Some ILU organisations seem unaware of the primary legal framework under which they operate, whether that is the Retirement Villages Act or the Residential Tenancies Act. In some States, NFP organisations can seek exemptions from some or all sections of the Retirement Villages Act. However, some organisations seemed unclear about the extent of their exemptions and their responsibilities in relation to these exemptions. Some organisations operate without reference to either Act.
- Some ILU organisations, particularly smaller ones who rely solely on volunteers, were having difficulties keeping pace with, understanding and acting upon their broader legal responsibilities. In the past decade, the sector has seen major legislative changes regarding occupational health and safety, the new taxation system (including the introduction of GST), privacy legislation, financial and auditing requirements under the corporations law, etc. Some organisations have ignored or do not understand the implications of these legislative changes. Some are floundering under the additional administrative burden, particularly smaller volunteer-based organisations.
- Some, if not many, ILU organisations do not have adequate written policies and procedures and some were using outdated and unsuitable resident agreements. Such policies and procedures often clarify the relationship between management and residents. Some managers rely solely upon their informal relationships with residents and, as a last resort, their contractual arrangements, some of which have not been reviewed for decades. Thus, they find themselves in difficult situations with residents who have different expectations of management. The lack of written policies and procedures has been highlighted where an ILU organisation recognises that it needs to upgrade stock or even taken urgent action in relation to

the structural soundness of buildings but has no policies and procedures in relation to moving and/or re-housing the resident. Thus, an ILU organisation may resort to the blunt instrument of the contractual arrangement.

Governance

The national ILU survey sought information about the roles undertaken by the board of directors or committee of management, the regularity of meetings and the recruitment of new members:

- In over 75% of organisations, the board of directors undertook the key governance roles of approving annual business plans, providing strategic direction, monitoring aims and purposes, and approving key policies;
 - 15% of organisations indicated that 'the organisation relies on individuals to keep the organisation going';
 - 84% of boards/committees met once every month;
 - 59% recruited at least one new member every couple of years.
- [ILUs are] no longer our priority because:*
- ▶ *We see ourselves as essentially providers of care services;*
 - ▶ *Alternative housing options are available to the community via government and private initiatives;*
 - ▶ *Targeting the community who can't afford the real cost of housing is unviable;*
 - ▶ *Housing initiatives without a strong mantle of care provision creates long-term problems. (WA)*
- We have seen a fairly rapid increase in the waiting list. We are currently in the process of doing a full review of our ILUs with a view to upgrading/replacing older building stock with more appropriate housing. This review is looking at a cycle of managing over a 30 to 35 year process. We are also looking at fee structures etc., all with the assistance and input of an experienced consultant. (VIC)*

4.5.2 Analysis and key issues

The issues which ILU organisations face vary from one to another. Clearly, some have transformed their management and governance practices as their environment has changed. Others, however, have not done so, but without further research it is difficult to estimate the number of ILU organisations for which current management and governance practices are issues.

Through the national survey, but more particularly through the interviews and workshops, a broad range of issues emerged. It is not possible to discuss all of them here. Rather, the following briefly discusses three broad issues: capacity for strategic planning, management framework and governance. These are core issues for the future, with the first two of general relevance and the third of relevance to some ILU organisations, particularly smaller local organisations whose only business is providing ILUs.

Capacity for strategic planning

Over the past two or more decades, ILU organisations have been through two major phases – development and consolidation – and are now entering a third phase, renewal.

Phase 1: Development: In its first phase an ILU organisation focuses on its development which involves four major tasks:

- Establishing the organisation: determining its purpose and objectives, gathering support in the local community and finding people willing to develop and maintain the organisation;
- Finding resources: raising funds through public appeals, donations and bequests, land from local councils, subsidies from the Australian government, funds from new residents etc.;

- Designing and constructing new dwellings;
- Developing administrative systems which underpin the continued provision of ILUs and capacity to deal with issues as they arise.

Phase 2: Consolidation: In the second phase, an ILU organisation moves into consolidation. It has largely financed and constructed its initial housing stock. It has well-established basic administrative systems and stable operating finances. In this phase, the organisation is managing both a stable and cohesive target group of older persons and a housing stock which is in a good state of repair.

Phase 3: Renewal: In the third phase, with the evolvement of a new environment, with new requirements and new expectations, the purpose and vision of the ILU organisation is under challenge. It must renew itself. The source of the challenge may vary from organisation to organisation. For many, it comes from the size, age and condition of their current housing stock, the changing directions of the organisation as a whole, changes in the capacity of management/governance to provide the required services, changes in the lives of older persons, the competing requirements and challenges of RACFs, etc.

These challenges go to the heart of an ILU organisation. How it responds will determine its long-term viability as a provider of housing for older persons. To effect renewal, an ILU organisation needs to work through and make decisions about a complex array of issues. It needs to strategically plan its future. Such planning requires a broad range of new skills involved in activities such as assessing the changing environment, investigating and understanding the changing housing needs of older persons in the local areas, assessing the appropriateness of the stock; developing a strategic asset management plan and managing processes of change with residents. Implementation of these plans also requires new skills beyond just the day-to-day management of the organisation, the stock and the residents.

Despite the emerging challenges, many ILU organisations do not seem prepared for this new phase. Many do not seem to have the capacity for strategic planning and the implementation of these plans.

Management framework

ILU organisations can operate within one or both of two basic management frameworks: under the Retirement Villages Act or under the Residential Tenancies Act in their state. However, as noted above, the interviews and workshops highlighted a number of areas where some ILU are having difficulties.

Underlying these particular questionable management practices is the isolation of some ILU organisations. Some do not belong to any peak organisation and have very little contact with other organisations. Others do belong to a peak organisation in their state but, until recently, their publications and various meeting places (such as working groups, workshops and conferences) did not address ILU issues. In this way these organisations lost contact with the learned experience of other organisations and changing management practices in their field.

As a result, some ILU organisations are now struggling to become aware of and meet the challenges of changing approaches to older persons. Their traditional management culture has relied primarily upon the personal relationship between managers and residents, a relationship which is often based upon dependence. In some organisations it has changed very little and they are only slowly becoming aware that their current style of management is at odds with cultural changes that respect and value the rights of residents, promote their independence and recognise the diversity of interests and cultures among older people.

Future of governance

The national ILU survey sought to gain some basic information about ILU governance. This, however, is not sufficient to make an assessment of the strength of governance among ILU organisations. The survey indicates that most boards/committees met regularly, recruited new members and undertook their key roles. It does not provide a basis for assessing how well organisations undertook these tasks.

Without strong governance, an organisation's future viability is at risk. This is not just financial viability, but also viability as a dynamic and responsive NFP organisation seeking to fulfil its purpose within the community.

The future of governance among some organisations may be a concern where:

- The organisation relies upon individual board/committee members to keep it going in an increasingly complex environment;
- A long-standing organisation formed 30 to 40 years ago still has the same persons on the board/committee, with few processes for handing over responsibilities to younger members;
- The organisation is isolated and out of contact with developments within their field;
- The ILU business is marginalised from the core business of the organisation.

4.5.3 Strategies and considerations

It is not possible nor would it be appropriate for this report to outline how ILU organisations could improve their governance and management strategies. This section of the report does, however, seek to address a particular core issue: how can ILU organisations promote the ongoing development of their governance and management capacity?

ILU organisations are autonomous bodies. Most have been left to themselves to get on with the job of managing their stock and their residents. Most, however, seem quite isolated, even those operating within larger aged care organisations. If they are to address the issues of governance and management, ILU organisations need to overcome this isolation, improve their capacity for strategic planning and asset management, and develop links with other housing managers. The following seeks to address this in three ways. First, by proposing that ILU organisations work collaboratively together. Second, by proposing that ILU organisations review the framework within which they manage their stock. Third, by proposing that the ILU sector develop supportive infrastructure in some key areas.

Collaborative strategic planning

As noted above, ILU organisations have entered or are now entering a new phase, that of strategic planning. This will require a broader range of skills and greater capacity. While those with small portfolios are viable during the second phase of their development, consolidation, they will find it very difficult to bring together the range of skills required for developing and implementing strategic plans, in particular, asset management.

To meet this issue, ILU organisations will need to develop some new strategies. This could take the form of collaborative arrangements whereby they collectively establish an asset management organisation with the particular skills required.²⁹ Other strategies adopted by ILU organisations in Victoria to achieve a size where they can employ the required expertise include the following:

29 There are some examples of this type of organisation in the community housing sector. Common Equity Housing Cooperatives in Victoria manage on a voluntary basis small portfolios of 7 to 20
Footnotes continued on the next page

- One organisation handed its stock over to another to form an ILU organisation with a larger housing portfolio;
- Another amalgamated with a likeminded ILU organisation in their local area to form a larger organisation.

Alternative management frameworks

ILU organisations developed at a particular time within a particular framework. Over the past five decades this traditional management framework has served them well. As outlined in the Positioning Paper, paralleling the development of ILUs has been the development of housing for older persons by SHAs and, over the past two decades, CHOs.

Two parallel management frameworks have developed. The question for ILU organisations is which is the most appropriate for them given:

- Their residents make little or no financial contribution on entry to ILUs;
- The rights of residents;
- The ongoing viability of their organisation – not just financially, but also in its capacity to respond to a changing environment and to manage both stock and residents.

One starting point for ILU organisations is to recognise that their current management framework is largely determined by their financial model based on entry contributions from residents. This, however, is not the only possible management framework or financial model. An alternate framework is that used by CHOs. This framework does not require entry contributions. However, it does have other conditions and implications for ILU organisations.

Each of these management frameworks – the current retirement village framework used by many but not all ILU organisations and the community housing framework used by many CHOs – has different characteristics and implications. Table 4 below compares these two management frameworks, beginning with the upfront financial expectation of new residents and the implications of this for legislative coverage. It then compares a number of characteristics including financial characteristics, tenure arrangements, residents' rights, mechanisms for resolving disputes and infrastructure support.

dwellings. Jointly, they have formed a company, Common Equity Housing Ltd (CEHL), which provides asset management expertise. CEHL also owns the dwellings and headleases them to the cooperative on long-term leases. With over 1,500 dwellings, CEHL can employ staff with expertise in asset management. The South Australian Community Housing Authority plays a similar role.

Table 4: Comparing management frameworks³⁰

<i>Characteristic</i>	<i>Retirement village framework</i>	<i>Community housing framework</i>
Upfront financial expectation	Ingoing resident contribution charged	No ingoing resident contribution charged and usually no tenancy bond required
Legislative framework	Retirement Villages Act	Residential Tenancies Act
Filling the gap in capital raising	Entry contribution from resident	Borrowings by CHO
Access for people with low incomes and low value assets	Access may be limited for those with no assets or low value assets	Access may be limited to those who can afford rents
Replacement of financial capital	Entry contribution from new resident as old resident leaves	Not required
Recurrent revenue	Ongoing fees with increases regulated by Retirement Villages Act	Rent subject to provisions of the Residential Tenancies Act regarding excessive rents
Source of funds for refurbishment/redevelopment ³¹	Entry contribution from resident/recurrent revenue	Rent revenue
Form of occupancy	Licence to occupy	Residential tenancy agreement
Resident rights	Governed by Retirement Villages Act and residence agreement	Governed by Residential Tenancies Act
External dispute resolution	Varies from state to state ³²	Tribunal ³³

30 Not all ILU organisations or CHOs will operate within these frameworks. The table cannot show all the many variations in arrangements from state to state or between organisations. It seeks, rather, to outline the most common characteristics in order to give a sense of the commonalities and differences between the frameworks.

31 One further point can be noted about the different ways in which funds for refurbishment/redevelopment are raised. Each framework is subject to different sorts of risks. By raising funds as an upfront ingoing contribution, the length of the resident's tenure may become an issue for the ILU organisation: it benefits where the turnover of residents is high but loses where residents remain in units for very long periods. From the resident's perspective, they lose if their tenure is short (and may jeopardise other housing options) but benefit if their tenure is long. By raising funds through rent revenue, the ILU organisation is annually making provisions and reduces both benefits and the risk of losses while the tenant contributes to the pool of funds for refurbishment/redevelopment insofar as they remain in the unit.

32 External dispute mechanisms vary from state to state depending upon the provisions of its Retirement Villages Act. In its 1999 Act, NSW developed external dispute processes which parallel those for residential tenancies. Any dispute is heard by the Retirement Villages Division of the Consumer, Trader and Tenancy Tribunal. In Victoria and in most other States, disputes can be taken to an arbitrator (if provided for in the residency agreement) or through the court system.

<i>Characteristic</i>	<i>Retirement village framework</i>	<i>Community housing framework</i>
Specific accreditation	Retirement Villages Association of Australia Accreditation ³⁴	National Community Housing Accreditation Council ³⁵
National peak organisation	Aged and Community Services Australia: Retirement Living Committee	Community Housing Federation of Australia ³⁶
State peak organisation	Aged care peak in each state	Community housing peak in each state ³⁷
Specialist education and training (tenancy management, asset management and housing finance)	Aged care peak in each state ³⁸	National: Graduate Certificate in Housing Management and Policy (Swinburne University) ³⁹ State: provided by state peak and other organisations
Professional association	?	Australasian Housing Institute ⁴⁰

Each of the above frameworks has particular strengths and some parts are by no means exclusive to one or the other. For example, the strength of the retirement village framework is its capacity to raise funds from residents, and Retirement Villages Acts are geared towards the protection of these funds. A CHO could, however, achieve the same end through a more complicated financial structure whereby one organisation (such as a property trust) could raise funds from residents and others, invest these funds in community housing and possibly own community housing, and another organisation (the CHO) manages this housing.⁴¹

33 In most States, disputes are heard by a tribunal operating under the Residential Tenancies Act, for example, the Victorian Civil and Administrative Tribunal.

34 Retirement Village Association of Australia (2002).

35 See <<http://www.nchf.org.au/good.htm>>.

36 See <<http://www.chfa.com.au>>.

37 See <http://www.chfa.com.au/about_CHFA/our_members.asp>.

38 Again this varies from state to state, with some offering training specific to Retirement Villages. This specific training is, however, not part an accredited training course.

39 See <<http://www.sisr.net/housing/housinghome.htm>>.

40 See <<http://www.housinginstitute.org>>.

41 For example, see Appendix II of McNelis, Hayward and Bisset (2002b) in which Macquarie Bank outlines the structure of a pooled fund whereby retail investors could invest in community housing.

Of course, having made an assessment of the alternative management frameworks, it may be difficult for an ILU organisation to shift from one framework to another given their current legislative requirements. In most States, the Retirement Villages Act is largely framed around legislative requirements for the for-profit sector. For example, in Victoria, even though an LU organisation may require low ingoing contributions, if any, and some of these are in the form of donations, once one resident provides an ingoing contribution, the whole site is then subject to the Retirement Villages Act. In NSW, the defining characteristic of a retirement village is that a site is predominantly occupied by retired persons. Thus, all ILU sites are currently covered under the NSW Retirement Villages Act. Legislative requirements such as these may make any transition to an alternate management framework very difficult, if not impossible, even though it might provide equivalent or better protection for residents.

Infrastructure for ILU organisations

The above discussion has highlighted the need for better management practices among ILU organisations. In other fields, representative or peak bodies often provide an infrastructure which will support the development of these through activities such as:

- Education and training for volunteers and paid staff to build their knowledge, competence and skills;
- Accreditation and codes of practice which assures both residents and other interested parties that the organisation is delivering services to a specified standard;
- Policy and systems development shared across organisations and building upon their cumulative experience and creative innovations;
- Meeting places to share experiences, solutions and strategies.

Clearly, many organisations, as ILU managers, are isolated from one another and need to build this supportive infrastructure in each State. At present, there is no clear peak organisation on which they can develop this supportive infrastructure. Three peak organisations are possible candidates:

- The peak aged care organisation in each State: The members of this are NFP organisations providing aged care services, in particular, residential aged care and community care but also retirement living. Residential aged care and community care are currently high on their policy agendas as both Australian and State governments seek to make changes in these areas. Most ILU organisations are members of these peaks, particularly when they also provide other aged care services. The extent to which ILU organisations are member of these peaks where ILUs are their only business varies from state to state. The extent to which they have taken an interest in ILUs also varies. For some it has been core business over a long period, while others have become more interested over the past 12 months. From an aged care perspective, the peak aged care organisations are clear candidates for greater coverage of ILU organisations and for facilitating greater interaction among them. However, some still need to develop stronger linkages with social housing peaks.
- The Retirement Villages Association of Australia: The members of this peak organisation are largely for-profit and NFP organisations developing and operating fully resident-funded units. Their orientation seems to lie with those organisations actively developing and constructing new retirement villages, in particular, those targeting older persons with significant assets seeking lifestyle changes. One

aspect may, however, be of particular interest to ILU organisations. Recently, it has released a revised National Accreditation Scheme for retirement villages.⁴²

- Community housing peaks in each State. Despite commonalities⁴³ between CHOs and ILU organisations, there have been few linkages or recognition of one another's existence.⁴⁴ However, as noted in the last rows of Table 4 above, CHOs are in the process of developing an extensive supportive infrastructure. It is here that significant resources are being invested by CHOs, State governments and the Australian government.

ILU organisations need to develop a supportive infrastructure. To do so, as a body, they need to forge stronger links with an appropriate peak organisation. Different peaks offer different expertise, different emphases and perspectives, different types of support and training, and different connections with other organisations and government. The future of ILU organisations will depend upon how well they forge links with peak organisations.

4.6 Linkages with support/community care services

4.6.1 Key findings

The national ILU survey sought a range of information about residents and about the linkages between ILU organisations and other organisations providing aged care services, support services and community care services. The key findings in relation to residents are:

- 70% of ILU households are women living alone (men alone 15%, and couples 15%);
- 42% of ILU residents are 80 years or more;
- 90% of ILU organisations with an average of 33 persons per organisation housed older persons who were 80 years or more;
- 25% of ILU residents have occupied their unit for more than ten years;
- 43% of ILU organisations estimate that more than 25% of their residents require assistance such as formal or informal support, practical assistance, personal care or home nursing.

In relation to linkages between ILU organisations and support services, the key findings are:

- 34% of ILU organisations (managing 31% of ILUs) are the major provider of formal support services to their residents (28% of on-site services and 6% of off-site services);
- 48% of ILU organisations provide community care services, but only 18% of these provide them exclusively to their residents or guarantee that their residents will receive such services;

42 See <<http://www.rvaa.com.au/quality.html>>.

43 For example, CHOs and ILU organisations have similar target groups, NFP status, common origins within communities (McNelis and Herbert 2003) and similar functions (asset management and tenancy or residency management).

44 Recently, in Victoria, it is notable that ILU organisations have sought and gained funding from the Office of Housing. In addition, at least one ILU organisation is now a member of the Community Housing Federation of Victoria.

- 81% of ILU organisations provide residential aged care and nearly 80% of these provide some level of priority to their residents when they have been assessed by
- the Aged Care Assessment Team as needing this level of care. Only 5% of these organisations guarantee residents that they will provide residential aged care;
- Where an ILU organisation does not provide all community care services (79%), only 8% of these have a formal arrangement with another organisation to provide community care services on a priority or guaranteed basis to their residents;
- Where an ILU organisation does not provide all residential aged care (66%), only 3% of these have a formal arrangement with another organisation to provide residential aged care on a priority or guaranteed basis to their residents.

The residents of our self-care units are now more frail and they need community services such as home care, meals on wheels, community nurses. (NSW)

With the emphasis on ageing in place, this organisation will be looking at providing independent housing that will be flexible to allow for adaptation such as handrails etc. to enable residents with increasing health needs to remain and receive assistance in their home. (NSW)

We have a number of linkages with other agencies and are actively involved in a management network and a community services network. We work collaboratively in service provision with providers from other towns and regions and often share staff. We do not offer or seek priority of access. In fact, we are discouraging priority and favouritism that is often present in country communities. (SA)

Mostly arrangements for supporting services are private arrangements made without any discussion or knowledge by management. (Vic)

Residents are becoming physically and cognitively frailer, generally. There is a need to formalise effective linkages and processes to ensure assessment and services are in place. (Vic)

4.6.2 Analysis and key issues

Traditionally, ILU organisations have accommodated only active and independent older persons. This has been a condition of both entry and continued residency. Where an ILU manager determined that a resident could no longer live independently, they would ask the resident to leave. Some ILU organisations would facilitate this process by arranging residential aged care.

But what does 'independent living' mean today? With the advent of more community care services (such as home care, CCPs/CACPs and even EACH) and an emphasis on ageing in place, the traditional emphasis on the capacity of residents to living independently has become increasingly irrelevant. The requirement that residents move to other services when incapacitated has become an infringement on their rights.

More older persons are now continuing to live in their home despite increasing frailty and dependence on community care services for support.

At the same time, it seems that the population within ILUs is ageing and so more will require assistance to continue living in their current housing. ILU managers are in a unique position in relation to residents. They are often the first 'authority' to recognise that something is going wrong with a particular resident, for example, they do not pay their ongoing payments regularly; other residents complain about their behaviour or note that they haven't been seen for a while. On the other hand, managers and other residents can unfairly bear the burden of supporting a resident when community care and other services are inadequate.

Thus, the importance of linkages between an ILU organisation and other organisations or parts of their own organisations providing community care services, residential aged care or aged care assessment.

Most ILU organisations also provide residential aged care and about half of these give some priority to their residents. Approximately one-third provide community care services, but few give any sort of priority to their own residents. Despite their reliance on other organisations for residential aged care and community care, few ILU organisations have developed formal relationships with these other organisations.

Moreover, these formal relationships with other organisations become even more critical where residents are isolated with no support from family or friends, have had experiences of homelessness or are at risk of homelessness, or have complex needs such as dementia, mental illness, drug/alcohol abuse, behaviour disorders or gambling and other financial problems. Not only will the ILU organisation need to develop formal relationships with organisations providing community aged care services, but it will also need to develop formal relationships with specialist aged care organisations and other organisations providing a broader range of support.

But formal relationships with other organisations are not enough to guarantee that a resident will receive appropriate support. The extent to which an organisation can respond to a resident's assessed needs will depend upon the resources and types of services available in the local area relative to the demand in that area. Where appropriate services are not available, this will increase the pressure on the resident and the ILU organisation to move the resident into residential care.

4.6.3 Strategies and considerations

In this new environment, ILU organisations could follow up three interrelated strategies.

First, they could review their 'independent living' policies, bringing them in line with the values of ageing in place.

Second, they could clarify their role in relation to support and community care services for their residents. The organisation not only needs to clarify this for itself but also for their residents and prospective residents. They need to be clear what they as managers of a village can do and what they can't do.

Often the temptation is to define this role as one of two extremes: either to move older persons on when they become unable to live 'independently' or seek to become a provider of community care services for their residents. However, ILU organisations could take a number of approaches:

- Leave the issue of support and care to the residents themselves;
- Provide low level monitoring of residents;
- Refer residents to services as and when needed;
- Advocate for and broker services for residents;
- Directly provide services for their residents.

The first option may be feasible where residents have strong ties with and are supported by family and friends. However, where residents are isolated and without regular contact and their support needs go unnoticed, they might find it difficult to sustain their residency or they may disturb or unsettle other residents. The manager may be forced to intervene in a heavy-handed way when both the resident requiring support and other residents are very distressed.

The second, third and fourth options are consistent with a policy direction of separating housing and support services. By doing so, organisations avoid conflict of interest between maintaining residency and providing support to the resident. It avoids whole-of-life arrangements. It allows for mutual accountability between support services and housing managers. But it also requires ILU managers to develop good relationships with other organisations providing support. This can be further formalised through protocols between organisations.

The final option – directly providing services – is often the initial response of ILU managers where they see that their residents are not receiving the support services they need. Often, however, such a response only addresses the needs of residents for one particular type of service, such as community care, rather than finding ways in which to address the varying needs of residents when and at what level they require these services.

Third, where an ILU organisation determines that its role is not simply that of supportive landlord but one that of facilitating rather than providing additional support and care services, it needs to develop its understanding of both the needs of the residents and of the services available to them in the local area and develop formal relationships with those organisations that can provide a range of support services. This both enhances the lives of the residents and reduces the burden on ILU managers.

5 POLICY IMPLICATIONS

ILUs represent the first phase of retirement villages where NFP organisations such as community organisations and local government developed housing for older persons from 1954 to 1986 with subsidies from the Australian government. However, two particular characteristics distinguish ILUs from the broader retirement village industry:

- They are mainly targeted at older persons with low incomes and low value assets;
- They are provided by NFP organisations.

As such, while located within the aged care sector, they also form part of the social housing sector in Australia.

5.1 The future of ILUs

ILU stock is not only ageing but in many instances no longer meets the current needs and expectations of older persons. For this reason, many organisations have been compelled to stop and reconsider their future role. However, what is forcing the direction of decisions about the future is not so much the condition of their stock, but rather access to capital funds with which to upgrade, reconfigure and redevelop ILUs to meet the changing expectations.

Over the course of this project it has become increasingly clear that ILU organisations as a whole are at a watershed. Some have already taken strategic decisions about their future. Others are in the process of considering their options and making difficult decisions. Others have yet to face the issues. The driving force behind these decisions varies from organisation to organisation but the two main reasons appear to be:

- The current poor quality of their housing stock and the difficulties of raising capital funds to upgrade, convert/extend small stock or redevelop sites;
- A change in their current housing market or target group whereby it is becoming increasingly difficult for ILU organisations, particularly among ESOs and rural organisations, to find older people willing to move into their housing stock.

It has also become clear that many ILU organisations are now seriously reassessing their role with considerable pressure to:

- Withdraw from independent housing; or
- Sell stock and reinvest proceeds in residential aged care; or
- Fund asset redevelopment through substantial increases in resident contributions (and targeting an up-market population).

It is especially disturbing that some ILU organisations, particularly in Victoria, have already made decisions to withdraw from the provision of ILUs. Others have flagged their intention to withdraw. The prospect that more will follow is high.

5.2 The importance of ILUs

ILU organisations provide a significant proportion of independent housing for older persons who have relatively low value assets and low incomes. On current estimates, they provide in the order of 27% of all social housing for older persons. Their significance varies from state to state, ranging from an estimated ten ILUs per 1,000 older persons in Victoria and Queensland to 32 per 1,000 in Western Australia.⁴⁵

45 See Table 3 on p. 18.

As outlined in Section 3.4, ILUs also offer a range of housing options for older persons with low value assets and low incomes. Some of these differ considerably from that offered by SHAs: a segregated form of housing within a sheltered community or village environment; cottages; linkages with other aged care services; management by independent community organisations, and other services such as a meeting room, an emergency alarm and an on-site caretaker/manager.

Stable, appropriate and affordable housing is critical to the success of community care programs. Given their current role and significance as a housing option for older persons, ILUs are important to the future of a strategy for an ageing Australia and for each State/ Territory. If all older Australians are to have community care outcomes comparable to stable owner-occupiers, then different forms of social housing must be maintained and expanded.

The potential loss of ILUs highlights a key strategic issue for all levels of government, for the aged care sector and for NFP organisations. Currently the major focus of Australian government is on restructuring residential care, implementing new standards in residential care and expanding community care. Within aged care, the focus of State governments is on the delivery of community care programs and the relationship between residential care and acute care. The aged care sector is concerned about the operational viability of residential care, achieving accreditation and finding sufficient capital funds to achieve certification by 2008. It is now time to refocus the policy parameters on the future of independent housing options for older persons, in particular, those with relatively low value assets and low incomes.

5.3 ILUs and the National Strategy for an Ageing Australia

The Australian government's National Strategy for an Ageing Australia considered a broad range of issues: retirement incomes, workforce participation, attitudes to older persons, lifestyle and expectations, health and aged care. The Discussion Paper preceding the Strategy highlights the importance of housing:

Recent consultations with older Australians found that older people want more flexible, safe, affordable, accessible and innovative housing choices to enhance their capacity to remain in familiar surroundings close to family and established social networks...

While access to affordable and suitable housing is a major factor in the quality of life and wellbeing of older people, another important factor is that housing is part of a community and neighbourhood network that supports older people to remain active community members.

It also recognised that older people in the private rental market are some of the most disadvantaged and the key issues faced by them:

Private tenants are subject to more insecurity and fluctuating costs as the rental market responds to demand. Private rental accommodation often has not been specifically designed or modified to meet the needs of older people with physical limitations or disabilities. There are high costs involved with the adaptation required.

The design of rental accommodation also often fails to accommodate the cultural and/or religious practices of people from culturally and linguistically diverse backgrounds. This, combined with the physical locations of some housing, can add to the social isolation of this group of people.

It was in this context that the Discussion Paper considered the importance of public housing, its advantages and issues.⁴⁶ However, it does not recognise the important role that ILUs play in providing housing for this group of older persons.

The National Strategy itself considers the importance of owner-occupied housing, the different types of housing that older persons will require, and the importance of housing design if they are to remain in their own homes and communities.⁴⁷

Despite the recognition that housing is 'an essential requirement', the National Strategy does not point a way forward for those older persons whose housing needs are not met through owner-occupied housing. The Australian government has worked to develop specific community care programs which fill the gaps in mainstream services, particularly for older people in tenuous housing situations such as rooming houses, private hotels and the private rental market, for example, Assistance with Care and Housing for the Aged. The CSHA along with Commonwealth rent assistance continue to be the major vehicles for housing assistance. Most CSHA funds are now committed to the pressing demands for the upgrade, renewal and redevelopment of SHA stock. Within these tight financial constraints, SHAs have virtually no capacity to address the pressing issue of ILUs which face similar demands to current public housing.

The achievement of good outcomes from community care programs is intrinsically linked to the housing situation of the older person. The National Strategy, however, does not address the issue of vulnerable older people in the private rental market and the significant role which ILUs can play in achieving good community care outcomes for this group.

5.4 Moving forward: Coordinated strategies for the future

To address the key issues for ILUs, Section 4 has outlined a range of current and possible strategies which could be adopted by ILU organisations. But this will not be sufficient. A more coordinated strategic approach also involving peak aged care organisations, State governments, the Australian government and local governments is required if ILU organisations are to develop the capacity to consider and adopt these strategies. The following broadly outlines their respective roles.

5.4.1 ILU organisations

ILU organisations are the key players in any process of change. They will need to assess any proposed strategies in view of their commitment to and needs of the local area, their vision, their mission and their values. Broadly, the strategies proposed above for ILU organisations are to:

- Initiate a process of critical review with a view to considering their future as providers of ILUs. This would incorporate:
 - A review of their market or target group in the light of major changes over the past two decades;
 - An assessment of their housing stock and its capacity to meet the needs of their target group;
 - An assessment of their current sites;
- Review their financial arrangements to ensure their future viability;
- Review their legal arrangements and particularly update their tenure arrangements with residents;

46 Australia. Minister for Aged Care (2000, pp. 14, 16ff.).

47 Australia. Minister for Ageing (2001, pp. 26ff.)

- Promote the ongoing development of their management and governance practices through participation in and/or development of peak organisations which provide meeting places for sharing of experiences and collaboration.

5.4.2 *Aged care peaks*

Some aged care peaks already provide support for ILU organisations. However, this is variable and for some it is a developing role. They can play a particular role such as:

- Advocacy to Australian, State and local governments for assistance to ILU organisations to maintain ILUs, in particular, for people with relatively low value assets and low incomes;
- Facilitate meetings of ILU organisations to share experience and work together on issues;
- Facilitate linkages with mainstream community housing peaks and thus tap into developments within this sector, particularly in relation to:
 - Developing collaborative arrangements;
 - Sharing experiences and contributing to the accumulated knowledge of providing community housing;
 - Developing administrative systems;
 - Education and training;
 - Accreditation;
- Provide a specific focus on ILUs through conferences, workshops etc.

5.4.3 *State and Territory governments*

The prospect that some or even many ILU organisations will withdraw from the provision of ILUs over the next decade will impact most directly on SHAs. It is they who play a key role in providing social housing for older people receiving low incomes and with low value assets. SHAs have very limited capital funds. They are facing major challenges regarding the age, condition and quality of their own stock. Yet, most are cognisant of an ageing Australia and the increasing demand from older persons for affordable, appropriate and secure housing. It is particularly in their interests to retain as much ILU stock as possible or, at least, to retain the current levels of ILU resources invested in social housing. SHAs can:

- Enter into joint venture arrangements with ILU organisations, particularly in areas where ILU organisations have key land holdings or play a significant role in providing housing to older persons. This may involve a range of options including upgrading, refurbishment or reconfiguration of current ILUs, redevelopment of current sites, or sale of current ILUs or sites and reinvestment in more appropriate locations;
- Provide assistance to ILU organisations so that collaboratively and individually they can consider their future role, particularly in view of local housing needs;
- Involve ILU organisations in discussions and developments within community housing, including what they need to do to ensure their future financial viability.

5.4.4 *Australian government*

The origins of ILU organisations lie with Australian government subsidies through the APHA. The extent to which the Australian government continues to have a legal and financial interest in these units is unclear. The future of community care programs for vulnerable older persons is linked with ILUs. The Australian government has an important role in:

- Ensuring that ILU organisations continue to use their assets for the purpose of providing independent housing for older persons. It would be irresponsible to use this valuable resource as a way of resolving capital issues within residential aged care;
- Providing assistance to ILU organisations so that collaboratively and individually they can consider their future role, for example, recently the Department of Veterans Affairs arranged a series of focus groups for ESOs in NSW;
- Allocating additional funds either directly or through the CSHA to ensure ILU organisations have sufficient resources to undertake the necessary work of upgrading, refurbishing, reconfiguring and redeveloping their stock;
- Developing a social housing financial system which ensures that ILU organisations can maintain their financial viability while providing residents with affordable housing.

5.4.5 Local government

Local government can play an important role in supporting and facilitating the development of social housing. Already some councils provide incentives and rate concessions for retirement villages, but are under increasing financial pressure to reduce or eliminate these concessions. They need to distinguish between ILUs as one form of retirement villages with a particular target group from those retirement villages which operate on a commercial basis. Local government can assess the importance of ILUs to their area and work to retain them.

CONCLUDING REMARKS

This project has largely been an information gathering and scoping exercise to determine the current changes, issues and strategies for the ILU sector. In conclusion, then, this section points to some directions for future research as well as questions which arise within the larger context afforded by the current revolution in regard to the role, status and contribution of older persons within our society. But firstly it briefly summarises the aims and achievements of the ILU project.

Project aims and achievements

The ILU project has achieved its four aims:

- To ascertain the significance and status of ILUs as an affordable and appropriate housing option for older people, particularly those who have low value assets and low incomes;
- To fill an information gap about ILUs;
- To identify current changes, issues and strategies;
- To explore the potential, opportunities and disadvantages for the provision of aged care services linked with ILUs.

Section 3 has highlighted the significance and status of ILUs at the national, State and local levels as one housing option among others targeted at older persons with low value assets and low incomes.

Section 4 reports on the key findings of the national survey of independent housing for older persons provided by NFP organisations and filled an information gap about ILUs.

The national survey, along with interviews with key people and a series of workshops with ILU providers, has brought to light the significant changes underway within the sector and some major concerns about its future. Section 4 also brings together a broad range of issues which ILU organisations now confront and some current and possible strategies for addressing them. In particular, the discussions have brought to light how isolated and forgotten the sector has been (outside the aged care sector) despite its key role in providing housing for older persons.

The national survey has highlighted the fact that ILUs are often within organisations providing a broader range of aged care services, in particular, residential aged care services. For the most part, however, ILU residents do not receive priority for these services. Indeed, the results of the national survey highlighted the need for ILU organisations to review their 'independent living' criteria and to develop protocols with a range of other organisations delivering services to their residents. This includes not only community care services but also other services such as mediation services, homelessness services, mental health services, drug and alcohol services. The ILU project only made a start in exploring the potential, opportunities and disadvantages for the provision of aged care services linked with clusters of ILUs.

Further research

The project has highlighted the significance of ILUs and their importance as a housing option for older persons, and has concluded that their future is at a watershed. It has largely been a scoping exercise. Further work still needs to be done to confirm the key findings and the extent to which they are applicable throughout Australia. The national survey, in particular, highlights the variability between States and even within States. The key findings, issues and possible strategies outlined in Section 4 are largely a matter of judgement based upon the national survey, the interviews and the workshops. Through the workshops and other discussions, the project sought to confirm these findings, issues and possible strategies and the particular emphases

placed on them. Given the limited nature of these workshops, further work still needs to be done to confirm these findings, issues and strategies, particularly in other States.

The project, however, was not able to specify more accurately the number of ILUs and the number of ILU organisations throughout Australia and in each State/Territory. Further detailed work still needs to be undertaken on a State/Territory by State/Territory basis to determine these numbers more accurately, to determine the significance of ILUs in each state and to determine the local significance of ILUs in meeting the demand for social housing from older persons with low incomes and low value assets. Basic data such as the number of ILUs, their providers and key characteristics in each state is still not available. As this project progressed, we found that the current sources, while extensive, were incomplete. Further work could also be undertaken analysing the responses from the national survey.

The Victorian mapping exercise highlighted the local significance of ILUs. This exercise still needs to be repeated for other States. The Victorian analysis highlighted the offset between the location of ILUs and public housing. Can similar conclusions be drawn in other States?

Many issues still require further exploration. The appropriateness of many of the strategies still need to be tested. Comments from other States/Territories indicate that ILUs have similar problems there. However, substantiation of this still requires further work.

The future of services for older people

This project has operated within fairly confined parameters. However, the future of ILUs is open to many possibilities and may or may not have a central role in the future of older persons' housing and accommodation.

Throughout this paper, the term 'independent living units' has been used because it has been commonly used to denote the units which were the subject of this project. With a change in approaches to older persons and with an emphasis on positive ageing and ageing in place, however, it has become increasingly anachronistic. Just as the term 'retirement' is anachronistic because it defines older persons in relation to a narrowly defined notion of work as paid employment, so too the term 'independent living units' defines housing for older persons in relation to the expectation that they require care and support in RACFs. It is 'independent' with reference to these types of facilities. Yet, for most of us and for most older persons, independent housing is the norm. It is now time to recognise the major cultural shifts in approaches to older people and refer to these units as 'housing for older persons', thus highlighting their links with the broader social housing sector rather than with residential aged care. Such a shift recognises the centrality of housing to the lives of older persons and relegates residential aged care to the periphery. Residential aged care is critical for a very small proportion of older Australians and requires high levels of government funding. Yet, this should not distract from the provision of safe, secure, appropriate and affordable housing for all older Australians linked with care and support services where necessary.

It is within the larger horizon of the future of services for older people that ILU organisations will determine the future of ILUs. This is an issue that is beyond the scope of this project. Yet, the future of ILUs may be enhanced considerably depending upon the outcome of two competing paradigms for the future of housing and services for the older people.⁴⁸

⁴⁸ See McNelis and Herbert (2003, p.34) and Section 1.5.4 above.

In the first paradigm, older persons age in place within their local communities (usually associated with Northern European countries). This paradigm is linked with relatively large social housing sectors, with unbundling the delivery of support/care services from the provision and management of housing, and with extensive programs to make all housing accessible, either by modifying existing dwellings or constructing adaptable or universal housing.

In the second paradigm, older persons move from one housing setting to another with changing types and levels of support/care service as they become more frail (usually associated with the United States). This paradigm is linked with a small residualised social housing sector and with policies which promote special purpose-built housing that is 'age-specific and 'age-segregated such as independent living communities and assisted living (Pynoos and Liebig 1995; McCallum et al. 2001; Kane, Kane and Ladd 1998).

Which paradigm better recognises the value and contribution of older persons in our society? Each has its cultural underpinnings: societal views and expectations of older persons, and the hopes, fears, anticipations and meanings of older persons themselves in the face of future incapacity and frailty. These cultural issues will play their part in the path taken within Australia. But so too will the possibilities offered within the housing options for older persons.

Currently the ILU sector displays characteristics of both paradigms. Some ILU organisations have more dispersed stock. While others offer some level of segregated village community, they are better integrated into local communities. These tend to fit the pattern of the first paradigm.

On the other hand some ILU organisations, particularly those with larger sites, seek to promote their ILUs as:

- Retirement villages or segregated village communities for older persons;
- Assisted living units;
- Co-located with residential aged care services.

These ILU organisations tend to fit the pattern of the second paradigm, requiring people to move into purpose-built housing and indicating the availability of other services, if required.

But what of the future? What role will ILUs play in promoting one or other paradigm? Does the future lie in developing large segregated villages for older persons with assisted living units? Or does it lie in developing housing integrated into local communities? Are organisations delivering both housing and residential care/community care necessarily locked into promoting the second paradigm? If ILUs are to achieve their own autonomous development as a responsive housing option for older persons, does their management need to be separated from organisations providing residential care facilities and support/care services for older persons? Is it sufficient that organisations separate these businesses? Will this open up new housing possibilities or will it further complicate the linkages between housing and support/care services?

ILU organisations seeking to provide responsive services to older persons cannot ignore such larger questions as these.

The role and significance of ILUs as a social housing sector providing housing for older people with low value assets and low incomes has largely been ignored – by the aged care sector, by mainstream housing organisations, by local councils, by state government and by the Australian government. Too long has it been the forgotten social housing sector. The future of ILUs will not be easy. There are no easy answers. ILUs are at a watershed. They have many possible futures. This ILU project has brought this to light.

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APPENDIX I: PEOPLE INTERVIEWED

Brenda Bailey	Council on the Ageing (NSW)
Sharon Baker	Consumer Affairs Victoria
Debra Brand	Retirement Villages Association
Lee Chin	UnitingCare Ageing and Disability Services (NSW)
Andrew Crane	Strathcare
Graeme Fear	Group Coordinator, Aged Care and Disability Services, Society of St Vincent de Paul (NSW)
Geoff Feidler and Jenny Stewart	Housing for the Aged Action Group
Stephen Gerrity	Launceston Presbyterian Homes for the Aged
Barry Gibson	Alexander Miller Memorial Homes
Heather Hamling	Previously Secretary, Geelong and Western District Ladies Benevolent Association Inc.
Virginia Hart and Sonia van Brennan	Australian Government Department of Health and Ageing
Trudi Hodge	CEO, Dale Cottages Retirement Village, Armadale, WA
Anthony Hogan	CEO, Johnson-Goodwin Memorial Homes
Bob Layton	St Laurence Court, Eaglehawk
Rex Leighton	Illawarra Retirement Trust
Bill Marshall	Swan Village of Care
Eric McDonald	Department of Veterans Affairs
Julian Neylan	NSW Department of Housing
Helen O'Loughlin	NSW Department of Housing
Francis Rawlings	Lane Cove Retirement Units
Tony Ryan	Society of St Vincent de Paul (Vic)
Martin Samut	Catholic Homes for the Elderly
Beth Stevenson, Chris Sparke and Jill Thompson	Council on the Ageing (Vic)
Derek Yule	Churches Community Housing (NSW)

APPENDIX 2: PARTICIPANTS IN THE WORKSHOPS

Bendigo

Stan Barker	CEO, Echuca Community for the Aged
Maurice Bourke Inc.	Hon. Secretary, Gisborne District Senior Citizens Homes
Sarah Collier	Homes Manager, Ray M. Begg Homes Inc.
Marlene Connaughton Group)	Administrator, Golden Oaks Village (Bendigo Health
Judith Doughty	CEO, Strath-Haven Home for the Aged
Bob Layton	Executive Director, St Laurence Court (Bendigo) Inc.
Tim Liston	Housing Admin. Officer, Macedon Ranges
Terry Porter Laurence	Independent Living Units Manager, Brotherhood of St
Sandi Websdale	CEO, Warramunda Village

Melbourne

Debra Aldred Citymission	Manager, Independent Living Units, Melbourne
Ian Ball	Committee Member, Lionswood Village Inc. and Ringwood Lions 'Wilana'
Mary Barry	CEO, Victorian Association of Health and Extended Care
Fay Bennet	RSL Care Victoria
Carmel Brownbill	Social Welfare Worker, RSL Care Victoria
Patrick Caruana	Housing Development Services Manager, St Laurence Community Services Inc.
Maureen Corrigan	Group Director Community and Aged Care, Mercy Health and Aged Care
Peter Folliet	Salvation Army
John Gerrard	CEO, Glengollan Village for Aged People
Russell Green	General Manager, Salvation Army
Nella Horsburgh	Community Manager, Baptist Community Care
Berry King	RSL Care Victoria
Judy Koves	Unit Manager, Vasey Housing
Di McKeller	ILU Manager, Southern Cross Care
Graham Palmer	Executive Officer, Carry On (Vic.)
Martin Sammut	Catholic Homes for the Elderly
Chris Smith Inc.	Community Options, St Laurence Community Services
Pat Sparrow	Policy Officer, Aged and Community Services Australia
John Temple	CEO, St Laurence Community Services Inc.

Max Trecise	Committee Member, Lionswood Village Inc and Ringwood Lions 'Wilana'
Ann Turnbull	CEO, Moorfields
Lauren Watson	Community Program Manager, Royal Freemasons Homes of Victoria Ltd
Magda Westeinde Aged	Secretary, Providence Elderly Citizens Homes for the Aged
John Wise	Melbourne City Mission

Sydney

Veronica Bozinovski	Illawara Retirement Trust
Alan Bradley	CEO, Uniting Church Farmborough Grove Village
Lee Chin	Manager, Strategy Development, UnitingCare Ageing and Disability Services
Gerry Duane	CEO, Bowden Brae
Ian Eaton	Administrator, Lane Cove Retirement Units Association
Robyn Holden	Policy Officer, Aged and Community Services Association of NSW & ACT
Kevin Klose	Strathearn Village
Judi McLean	Catholic Care of the Aged
Francis Rawlings	Manager, Lane Cove Retirement Units Association
Louanne Riboldi	Hawkins Masonic Village
Paul Sadler	CEO, Aged and Community Services Association of NSW & ACT
Barbara Squires	Director, Centre on Ageing, Benevolent Society of NSW
Jan Stevens	Manager, Member Services, War Widows' Guild of Australia NSW

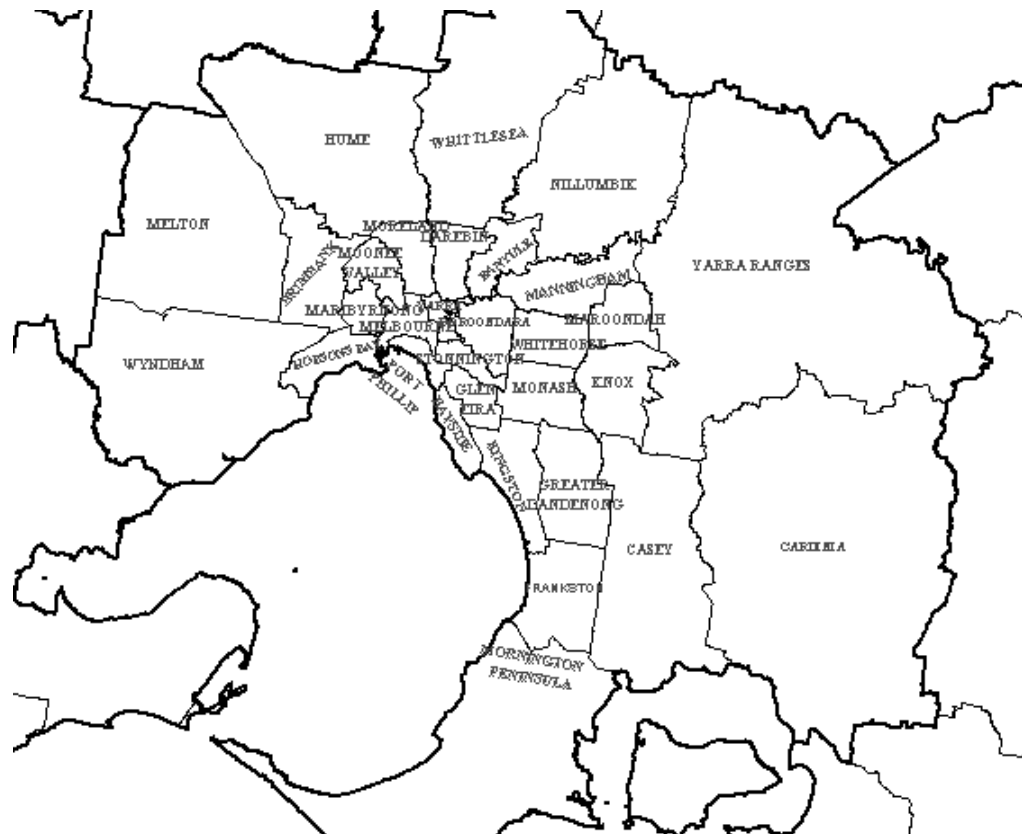
APPENDIX 3: THE LOCAL SIGNIFICANCE OF ILUs

A. Maps of Victorian Local Government Areas

Figure 7: Rural Victoria



Figure 8: Melbourne



B. Key data for mapping

The following table presents key data used in mapping the local significance of ILUs in Victoria. It outlines the number of ILUs, public housing units for older persons, aged persons, age pensioners receiving Commonwealth rent assistance by municipality in Victoria (Rural and Melbourne Metropolitan)

Table 5: Rural Victoria

Municipality	ILUs*	Public housing units for older persons[#]	Aged persons[^]	Age Pensions receiving RA⁺
Alpine (S)		36	2,012	120
Ararat (RC)	34	42	1,876	89
Ballarat (C)	108	380	10,799	631
Bass Coast (S)	40	136	5,136	264
Baw Baw (S)	51	98	4,548	238
Buloke (S)	23	36	1,421	30
Campaspe (S)	61	179	5,215	273
Central Goldfields (S)	44	68	2,383	136
Colac-Otway (S)	47	74	3,120	112
Corangamite (S)		61	2,531	86
Delatite (S)	45	97	3,213	142
East Gippsland (S)	114	181	6,923	390
Gannawarra (S)	7	43	2,031	77
Glenelg (S)	25	76	2,728	129
Golden Plains (S)			1,156	30
Greater Bendigo (C)	206	332	11,849	726
Greater Geelong (C)	467	787	27,376	1,368
Greater Shepparton (C)	303	227	6,556	430
Hepburn (S)	4	47	2,151	104
Hindmarsh (S)	43	13	1,369	47
Horsham (RC)	13	106	2,726	130
Indigo (S)	21	54	1,881	88
Latrobe (C)	111	504	8,130	395
Loddon (S)	4	31	1,563	50
Macedon Ranges (S)	66	39	3,304	165
Mildura (RC)	103	260	6,641	426
Mitchell (S)	26	84	2,459	144
Moira (S)	61	121	4,431	220
Moorabool (S)	17	53	2,259	115
Mount Alexander (S)	10	95	2,802	110
Moyne (S)	10	32	2,104	78
Murrindindi (S)	3	36	1,768	89

Municipality	ILUs*	Public housing units for older persons[#]	Aged persons[^]	Age Pensions receiving RA⁺
Northern Grampians (S)	60	52	2,016	133
Pyrenees (S)		14	1,056	32
Queenscliffe (B)		9	879	34
South Gippsland (S)	78	58	3,770	129
Southern Grampians (S)	14	50	2,890	121
Strathbogie (S)	43	34	1,804	89
Surf Coast (S)	16	15	2,333	95
Swan Hill (RC)	34	102	2,909	142
Towong (S)		8	1,045	47
Wangaratta (RC)	96	138	4,080	189
Warrnambool (C)	119	134	3,929	238
Wellington (S)	117	151	5,317	319
West Wimmera (S)	26	8	854	16
Wodonga (RC)		218	2,837	157
Yarriambiack (S)	17	29	1,641	40
Total Rural Victoria	2,687	5,348	181,821	9,213
Maximum	467	787	27,376	1,368
Minimum (excluding nil)	3	8	854	16
Median	43	65	2,726	129

Table 6: Melbourne

Municipality	ILUs*	Public housing units for older persons[#]	Aged persons[^]	Age Pensions receiving RA⁺
Banyule (C)	248	511	16,056	543
Bayside (C)	346	360	14,229	632
Boroondara (C)	570	247	21,881	1,114
Brimbank (C)		153	14,712	936
Cardinia (S)	23	74	4,121	239
Casey (C)	36	304	11,844	934
Darebin (C)	55	944	19,348	1,109
Frankston (C)	199	333	13,267	976
Glen Eira (C)	308	173	19,272	1,344
Greater Dandenong (C)	113	630	15,366	1,716
Hobsons Bay (C)	46	358	10,244	468
Hume (C)	28	237	9,022	598
Kingston (C)	53	407	18,942	1,287
Knox (C)	191	267	12,431	798

Municipality	ILUs[*]	Public housing units for older persons[#]	Aged persons[^]	Age Pensions receiving RA⁺
Manningham (C)	17	49	13,643	478
Maribyrnong (C)	36	694	8,510	530
Maroondah (C)	157	253	11,551	658
Melbourne (C)	81	486	5,099	270
Melton (S)		49	2,518	282
Monash (C)	67	346	23,123	908
Moonee Valley (C)	155	1,073	15,005	705
Moreland (C)	78	606	21,515	1,139
Mornington Peninsula (S)	10	294	21,928	1,286
Nillumbik (S)	230	53	3,256	232
Port Phillip (C)	86	1,013	8,674	1,092
Stonnington (C)	301	674	11,862	818
Whitehorse (C)	466	399	22,755	1,125
Whittlesea (C)		68	9,047	562
Wyndham (C)	21	70	5,352	424
Yarra (C)	191	994	6,918	557
Yarra Ranges (S)	257	107	12,264	715
Total Melbourne	4,369	12,226	403,755	24,475
Maximum	570	1,073	23,123	1,716
Minimum (excluding nil)	10	49	2,518	232
Median	100	333	12,431	715
Total Victoria	17,574	7,056	585,576	33,688
Maximum	1,073	570	27,376	1,716
Minimum (excluding nil)	8	3	854	16
Median	107	54	4,490	252

Sources:

* The number of ILUs for each LGA is derived from *Directory of Independent Living Units in Victoria 2001* published by the Council on the Ageing (Victoria), Melbourne.

The number of public housing units is based on figures provided by the Victorian Office of Housing. This data is the number of units occupied by a persons aged 65 years or more excluding those who occupy units which have three or more bedrooms. Thus, this data includes stock which was not specifically constructed for older persons.

[^] Australian Bureau of Statistics Census 2001

⁺ Commonwealth rent assistance data at June 2001 provided by the Victorian Office of Housing

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