

**Independent living
units: clarifying their
current and future
role as an affordable
housing option for
older people with low
assets and low
incomes**

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACHA	Assistance with Care and Housing for the Aged (Program)
ACSA	Aged and Community Services Australia
APHA	<i>Aged Persons' Homes Act 1954</i>
AURDR	Australian Urban and Regional Development Review
CACP	Community Aged Care Package
CHA	Community Housing Administrator
CHFA	Community Housing Federation of Australia
CHO	Community Housing Organisation
COTA	Council on the Ageing
CSHA	Commonwealth-State Housing Agreement
DHS	Department of Human Services (Victoria)
EACH	Extended Aged Care at Home
FACDC	Family and Community Development Committee (Parliament of Victoria)
HACC	Home and Community Care (Program)
ILU	Independent living unit
NCHF	National Community Housing Forum
NHS	National Housing Strategy
NRC	National Respite for Carers (Program)
RVAA	Retirement Villages Association of Australia
SAAP	Supported Accommodation Assistance Program
SCU	Self-care unit
SHA	State Housing Authority
SWC	Social Welfare Commission
VHSMAC	Victorian Homelessness Strategy Ministerial Advisory Committee
VOH	Victorian Office of Housing

GLOSSARY OF TERMS

Bedsitter: A self-contained dwelling which 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 Administrator (CHA): That part of the State Housing Authority responsible for community housing. In many states, it is a section within the Office of Housing. In South Australia it is the South Australian Community Housing Authority (SACHA).

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 which provides or manages social housing. CHOs include housing associations, housing co-operatives, local government, church organisations and welfare organisations.

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

Founder donation: The capital contribution (in the form of a donation) paid by the first resident to a unit subsidised through the *Aged Persons' Homes Act 1954*. The level of the founder donation 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).

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:

- (i) Which are managed by a not-for-profit organisation which has received subsidies under the *Aged Persons' Homes Act 1954*;
- (ii) Where capital funds have not come from State Housing Authorities but include a broad range of sources such as ingoining contributions from tenants, donations and internal sources; and
- (iii) Which are accessible to older persons with low incomes and low assets, thus the ingoining contribution is less than \$100,000.

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 'ingoining contribution' (see above).

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

Resident funded units: Independent housing units where the full cost of the development and operation of the unit is covered by ingoining contributions from residents and other fees.

Self-care unit (SCU): The term used in New South Wales to describe independent living units.

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

EXECUTIVE SUMMARY

Public and community housing as options for older people with relatively low assets and low incomes are well documented. However, other not-for-profit organisations also provide housing for this group. Organisations within the aged care sector provide what are commonly known as Independent Living Units (ILUs). They largely operate outside the realm of State Housing Authorities and the current housing framework being established for community housing funded through the CSHA.

Most of these organisations and the stock they manage developed as the result of subsidies provided by the Commonwealth government between 1954 and 1986 under the *Aged Persons' Homes Act* (APHA). It is now nearly 50 years since the first ILUs and nearly 20 years since the last ILUs were constructed, thus the core of the stock is fairly old. Anecdotal evidence indicates that much of it is in need of upgrading or redevelopment. Housing standards, management practices, lifestyles and attitudes towards older people have changed considerably in the last half century.

ILU Project

Little is known or documented about this forgotten housing sector and the role it plays in providing affordable and appropriate housing for older people. The ILU Project aims to ascertain the role and significance of this housing sector, fill an information gap about ILUs and identify current changes, issues and strategies.

The scope of the ILU Project is defined by three parameters:

- A particular group of not-for-profit organisations, viz. those organisations who received subsidies through APHA;
- A particular segment of their housing stock consisting of:
 - Units subsidised by the Commonwealth through APHA, and
 - Other units constructed using donations, local government land, bequests and funds from residents (either donations or loans);
- A particular target group:
 - Older people with relatively low incomes defined as those in receipt of a full or part Age Pension, and
 - Older people with relatively low assets defined as those who have assets less than \$100,000.

Stock excluded from the Project include:

- Housing provided by a State Housing Authority and housing funded through CSHA;
- Resident-funded units where residents pay the market value of units for access; and
- Units which are not accessible to the particular target group – where a resident pays an entry contribution above \$100,000, they are not eligible for Commonwealth Rent Assistance.

This Positioning Paper reviews: the literature on older people with low incomes and low assets; the literature on ILUs; the issues impacting on the future of ILUs; and the international literature on housing models with similar characteristics. It concludes by summarising the key research issues.

Older people with low incomes and low assets

Within the particular target group for this Project, we can distinguish four sub-groups:

- 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; and,
- Older persons who are homeless or at risk of homelessness.

Most literature around the housing needs and preferences of older people focuses particularly on owner-occupiers. Little research has been undertaken on the housing needs and preferences of the other three sub-groups. 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.

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 inter-related strands which characterise the sector:

- The provision of aged care in large institutions prior to Commonwealth involvement in 1954;
- The evolution of the *Aged Persons' Homes Act 1954* (APHA) as the primary vehicle for Commonwealth involvement in aged care. APHA began as vehicle for independent housing. It marked the beginnings of a long partnership between government and not-for-profit organisations in the provision and management of care for the aged. After 1969 it evolved into a vehicle for funding residential aged care among not-for-profit organisations. By 1985-86, the Commonwealth had withdrawn completely from subsidising independent housing;
- The development, amalgamation and consolidation of residential aged care with the Commonwealth seeking to contain costs, first by subsidising hostel level care, then through assessment processes and finally through the integration of hostel and nursing home care; and,
- The evolution of community care beginning in 1969 with a series of Acts providing funds to the state. In the early 1980s, disparate home care programs were consolidated within the Home and Community Care Program (HACC). In the early 1990s, a range of other community care programs such as Community Aged Care Packages (CACPs) and Community Options/Linkages began to deliver hostel level care in the home. These have continued to expand while other programs such as Assistance with Care and Housing for the Aged (ACHA), National Respite for Carers (NRC) and Extended Aged Care at Home (EACH) have extended services further or filled particular gaps in services.

Between 1954 and 1986, the Commonwealth government subsidised 32,971 ILUs through APHA, with the major growth occurring in a ten year period between 1966 and 1975. The Commonwealth provided subsidies (for the most part at the rate of \$2 for each \$1) to eligible not-for-profit organisations – church organisations, service organisations and other charities. APHA was a Commonwealth housing program outside the mainstream Commonwealth-State Housing Agreement (CSHA). It promoted a new form of independent housing for the aged, viz. retirement villages. Few strings were attached to subsidies, with the major condition that organisations intended to use the dwellings permanently as homes for older persons.

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 by the Social Welfare Commission conducted the first major review of APHA in 1973, nearly 20 years after its inception. Its major 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 APHA, in particular, the lack of agreements and the poor management practices of some ILU providers; and
- The Commonwealth was losing control over the use of dwellings by providing subsidies as grants.

In the 1970s, the context within which APHA operated changed dramatically: the Commonwealth 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 Commonwealth began to view the CSHA as the main conduit for housing funds. With criticisms of APHA ongoing, the Commonwealth reduced subsidies in the mid-1970s and finally ceased providing them in 1986.

However, voluntary organisations still sought to expand their independent housing without Commonwealth 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.

Issues impacting on the future of ILUs

The ILU Project is interested in a particular housing stock and its potential as an option for older people with low incomes and low assets. Thus, it is particularly interested in a broad range of potential issues which may impact on the future of this housing stock. The task envisaged here is to identify these issues and present a background and context for further investigation. Nine issues are identified and discussed.

- **Role and significance of ILUs:** It is estimated that ILUs constitute approximately 27 per cent of social housing stock specifically constructed for older persons. In South Australia and Western Australia where relatively more ILUs were constructed, this estimate will be higher. In addition, some preliminary data from Victoria indicates that ILUs may be located in areas with relatively low numbers of other social housing stock. ILUs also provide people with low incomes and low assets with an alternative housing and support/care option.
- **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. Is the current stock adequate, appropriate and in good condition? What are organisations doing to bring their stock up to contemporary standards? Where can they find sources of capital funds to undertake major upgrade or refurbishment of stock, conversion or extension of bedsitter units, and redevelopment of sites.
- **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 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 inter-related parts: a contract about financial arrangements, a licence to occupy a unit, and a management agreement. Each provides residents with different rights. With a changed legal environment, it may be time for ILU managers to reconsider their legal arrangements to make them clearer and simpler for residents.
- **Financing:** Financing has been and will continue to be a major issue for ILU providers. It is unclear to what extent they 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. How does an organisation balance these competing requirements? Can they raise sufficient capital without charging ingoing contributions? What do they need to charge to ensure they can meet their costs and remain financially viable? Can they remain financially viable if they charge an affordable rent, and what is an affordable rent?
- **Future directions for managing ILUs:** ILU providers largely operate out of an aged care framework which contrasts with the current framework for community housing organisations (CHOs). As a result, each sector has developed its own culture and practices. CHOs have developed substantial infrastructure to support collaboration, a

regulatory framework including accreditation and national standards, and an extensive network of research and training. Aged care organisations are largely focused on reform of residential care and the development of community care. The retirement village sector is largely focused on older persons with assets. 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 co-ordination or linkage between the housing and support/care providers is necessary. What, then, are the role and responsibilities of ILU providers? What is the best way to structure the co-ordinated delivery of housing and support/care services? What organisational links do ILU providers need to develop? What opportunities does the clustering of ILUs present for better linkages between housing and support/care services?
- **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. To what extent does their work rely upon an ageing original committee or board? To what extent are they sustainable in the long term?
- **Encumbrances to sale and redevelopment of stock:** ILU providers may be subject to certain encumbrances that prevent the sale and/or redevelopment of stock. These include formal or informal agreements with the Commonwealth government (through the former Director-General of Social Services), local planning conditions and trust arrangements. Where these encumbrances exist, what is their nature and force, and what is their impact on ILU providers?

International literature

The review of international literature 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 not-for-profit 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 are discussed.

A review of the literature indicates 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, and
 - 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 of competing paradigms 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 support/care services can be delivered in a range of different housing settings; and
- 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.

The Next Stages

The review of literature highlights 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 constitute the first phase of retirement villages have not been canvassed.

This ILU Project seeks to address both the gap in basic information about ILUs and to document more clearly the changes taking place as well as the issues and challenges currently confronting ILU providers. On this foundation, we can then (i) assess the role and significance of ILUs and (ii) identify some practical strategies to address their current issues and challenges.

To fill the information gap, the ILU Project will undertake a national survey of independent housing for older persons provided by not-for-profit organisations. This survey will include questions regarding: the organisational context within which ILUs are provided; the priority accorded ILUs; target groups; ownership and management of ILUs; size, age and condition of units; the extent to which units have been or are proposed to be upgraded/refurbished, demolished, extended or converted; encumbrances on the sale/redevelopment of units; contractual arrangements with residents; the level and method used to determine ongoing payments; the type of services provided or made available on each site; turnover, vacancies and waiting lists; linkages with support services; occupant characteristics; and governance;

The nine issues outlined above will be explored more fully through:

- A series of interviews with ILU providers, peak organisations, and Commonwealth and state officers, particularly in Victoria and New South Wales;
- A series of workshops with ILU providers, particularly in Victoria and New South Wales; and
- In-depth case studies of three ILU providers from Victoria.

The role and significance of ILUs will particularly depend on the future directions of both social housing and aged care, in particular, community care. What priority will Commonwealth 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?

ILUs have a long history in Australian social housing. However, they are largely the forgotten and neglected sector. This Project will begin to acknowledge their role as a housing option for older people with low assets and low incomes.

1 INTRODUCTION

Development of affordable and appropriate housing options for older people, particularly for those on low incomes and with limited assets, continues to be a major challenge.

Currently, older people have a range of options including owner-occupied housing, various forms of private rental such as individual units, private hotels and special accommodation housing, public housing and community housing. The latter two in particular provide a range of different forms of affordable and appropriate housing for older people with low assets and low incomes. Public and community housing options have developed within the framework of the Commonwealth-State Housing Agreement (CSHA) and have been well documented.

However, other affordable housing options are provided outside the CSHA by non-profit organisations. Commonly known as independent living units (ILUs), self-care units (SCUs) or self-contained units, they are provided mainly by organisations within the aged care sector. Little is known about this stock, about its role in providing affordable and appropriate housing for older people and about the issues and challenges it faces. It largely operates outside the realm of State Housing Authorities (SHAs) and the housing framework currently being established for community housing funded through the CSHA.

1.1 The ILU Project

1.1.1 Background

Between 1954 and 1984, the Commonwealth government through the *Aged Persons' Homes Act* (APHA) and the *Aged or Disabled Persons' Homes Act* provided subsidies for the construction of ILUs/SCUs, predominantly for older people. They were developed in partnership with not-for-profit organisations and local government in each state and territory, with the largest numbers funded in New South Wales, Victoria and Western Australia.

These Commonwealth subsidies were once-off capital grants. Units are owned by not-for profit organisations that have continued to manage and maintain them without further (housing) assistance from Commonwealth or state governments. Some of these organisations have also developed similar housing both for older people and people with disabilities without seeking government subsidies.

It is now nearly 50 years since the first ILUs were constructed and nearly 20 years since the last units were subsidised by the Commonwealth government. The core of the ILU stock is thus fairly old. Anecdotal evidence indicates that much of it is in need of upgrading or redevelopment. Housing standards, management practices, lifestyles, and attitudes towards older people have changed considerably in the last half century.

However, little systematic research appears to have been undertaken to ascertain the current status and significance of ILUs as a housing option for older people.

The ILU Project proposes to fill this information gap, identify changes currently occurring, explore the potential, opportunities and disadvantages for linking housing and support/care services through this housing option, and identify practical strategies which will enable older people with low assets and low incomes continued access to this housing option.

1.1.2 ILU Project aims

The ILU Project has six aims:

- To ascertain the significance and status of ILUs as an affordable and appropriate housing option for older people, particularly those who have low assets and low incomes;
- To fill an information gap about ILUs: their number, their characteristics and their role in providing housing for older people;
- To identify changes currently occurring to this housing, particularly as these impact on affordable and appropriate housing outcomes for:
 - Older people with low assets and low incomes who are eligible for public housing; and
 - Older people with some assets but low incomes who are not eligible for public housing but do not have access to other housing options at an affordable cost;

- To explore the potential, opportunities and disadvantages for the provision of aged care services afforded by this housing option;
- To identify issues arising from management of this housing within an aged care framework rather than within a housing framework; and
- To identify practical strategies which will enable access for older people with low assets and low incomes to be maintained and, indeed, expanded.

1.1.3 Scope and definition

Various organisations have developed and managed independent housing for older people: SHAs, private for-profit organisations such as those in the retirement village industry, and; not-for-profit organisations. Sources of funds within this latter group have varied widely including the Commonwealth government, CSHA funds through SHAs, local government, churches, public donations, bequests, internal funds and funds from residents. In addition, not-for-profit organisations target a broad range of older people including self-funded retirees.

The ILU Project defines its scope in three ways:

1. A particular group of not-for-profit organisations;
2. A particular segment of housing stock managed by these organisations; and
3. A particular group of older persons.
 1. The particular group of not-for-profit organisations are those who received subsidies under the *Aged Persons' Homes Act* (APHA) or the *Aged or Disabled Persons' Homes Act*. Most of these organisations are now within the aged care sector.
 2. The particular segment of their housing stock not only includes those units subsidised through APHA but it also includes independent housing which meets three criteria:
 - It has not been constructed with capital funds provided by SHAs;
 - The ingoing contribution paid by the resident is less than the market value of the unit; and
 - It is or could be accessed by older people¹ with low incomes and low assets.

Thus, housing stock included in the scope of the ILU Project includes units which these organisations have constructed using their own resources and some units which have been funded through contributions from residents. Independent housing for older people funded through community housing partnerships between SHAs and churches, local government and other organisations over the past two decades is excluded².

The extent to which units funded through resident contributions are included will depend upon the current contribution requirements. Units where a resident is required to pay an ingoing contribution which reflects the market value of the unit are excluded. Only units which are accessible by a particular group – older people with low income and low assets – are included.

3. For purposes of the ILU Project, older people with low incomes are defined as those who are eligible to receive the Age Pension or part thereof. Thus, incomes for older single people will range from approximately \$11,000 to \$31,000 (without rent assistance) and for older couples from approximately \$18,000 to \$52,000 (without rent assistance).

Older people with low assets can be divided into two groups:

- Those who meet the asset criteria for public housing (this varies from state to state); and

¹ Throughout this paper, an older person is defined as a person aged 65 years or more.

² Independent housing for older persons provided by the aged care sector is known by various names. In Victoria, South Australia, Western Australia and Queensland these are commonly referred to as independent living units (ILUs). In New South Wales they are commonly referred to as self-care units (SCUs) while the annual report of the *Aged Persons' Homes Act* refers to self-contained units. As a shorthand for this report, we will use the term 'independent living units' to describe independent housing for older persons managed by not-for-profit organisations and meeting the above criteria.

- Those who have assets above this public housing criteria but do not have sufficient assets to allow them to purchase their own housing outright (again, this will vary not only from state to state but also from sub-market to sub-market within each state)

According to current Centrelink provisions, where a resident pays an ingoing contribution equal to or less than the 'extra allowable amount', they may qualify for rent assistance. The 'extra allowable amount' is the difference between the non-homeowner and the homeowner assets tests. Currently it is just over \$100,000. This amount would seem a reasonable asset limit for the second of two groups above (those without sufficient assets to purchase their own housing).

Thus, for purposes of the ILU Project, an older person with assets less than \$100,000 is regarded as having relatively low assets. Any units for which a resident is required to make an ingoing contribution above this amount are excluded from the scope of the ILU Project.

On the basis of the foregoing discussion and for the purposes of the ILU Project, an ILU can be defined as independent housing for older persons which meets the above three criteria in relation to a particular group of organisations and a particular segment of their housing stock, and is accessible to particular group of older persons.

1.2 This Positioning Paper

This section of the Positioning Paper has provided an overview of the background, aims, initial scope and perspective of the ILU Project. Section 2 sets the scene by briefly reviewing what the literature says about older people with low incomes and low assets.

Most of the literature which deals directly with ILUs relates to its history: the significance and evolution of *Aged Persons' Homes Act 1954* (APHA) including changing subsidy and other arrangements, and government reviews of APHA within the context of accommodation options for the aged and reform of aged care services. Section 3 outlines this history within the context of the broad trends within aged care.

The ILU Project is interested in a particular housing stock and its potential as an option for older people with low incomes and low assets. Thus, it is particularly interested in a broad range of potential issues which may impact on the future of this housing stock. Section 4, then, introduces and discusses a broad range of complex issues. The task envisaged here is to present a background and context for further investigation rather than a comprehensive review and analysis.

Recent literature does not address specifically this range of potential issues. Indeed, it tends to repeat historical criticisms of this stock without further analysis. Thus, a variety of other sources are used. Many ILUs are within retirement villages and limited use of current studies on retirement villages is one source of information. However, such studies may be quite misleading because ILUs represent a much older type of retirement village and are generally not the focus of these studies. A second source is public information presented by providers and advocacy agencies. This information includes more detail on legal, financial and tenure arrangements, potential issues and questions to ask from the perspective of potential residents.

Section 5 is a brief review of the international literature on equivalent programs for older persons. Section 6 summarises the key research issues for the ILU Project, while Section 7 outlines a methodology and timelines for further investigation.

2 OLDER PEOPLE WITH LOW INCOMES AND LOW ASSETS AND THEIR HOUSING

Through extensive work, particularly over the past decade, we have developed a good knowledge of Australia's older persons, their living arrangement and the extent to which they require support and care services (National Housing Strategy (NHS) 1992; Australian Bureau of Statistics (ABS) 1999; Australian Institute of Health and Welfare (AIHW) 1999; Myer Foundation 2002).

But these sources provide us with little information about the target group of concern to the ILU Project. What are the particular characteristics, needs and preferences of older people with low incomes and low assets, and to what extent do these vary from the broader group of aged Australians?

Most older people live on low incomes, with 75 per cent receiving an Age Pension or Veterans Pension as their main source of income. This proportion rises with age group from 58 per cent for those aged between 65 and 69 years to 78 per cent for those aged 85 years or over (ABS 1999). Income, then, is not the key factor which distinguishes the target group.

However, their level of assets is a key factor. As noted above, the primary target group for the ILU Project are older persons who have assets less than \$100,000. It is assumed that those with higher assets can generally provide themselves with some choices about their living arrangements.

Within this broad target group, we can distinguish three sub-groups:

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

Within this third sub-group are those older persons who are homeless or at risk of homelessness. Sufficient income and assets are key factors in finding and maintaining appropriate housing options. Low income and minimal assets are key factors in homelessness, but disability, chronic illness, mental illness, drug and alcohol abuse, problem gambling, acquired brain injury, strange behaviours and isolation from families are further complicating factors that can also contribute (VHSMAC 2001)

The most vulnerable group of older persons are those who have never owned their own home, have few if any assets and are currently renting in the private rental market. 92,000 older people rent privately and on average pay 31 per cent of their income in rent. This compares vividly with the average cost of housing for all older persons which is 6 per cent of their income. Moreover, 35,000 aged persons live alone and rent privately. This group paid on average 49 per cent of their income in rent (ABS 1999, particularly Tables 5.2 and 5.3).

But what else do we know about this target group?

- Kendig (1990) and Kendig and Gardner (1997: 176) note that older people who have never bought a home tend to be those who are very old and consequently missed the postwar economic boom, women who have never married and working-class people;
- ABS (1999) notes that a disproportionate number of older Aboriginal and Torres Strait Islander (ATSI) people rent privately – while 5 per cent of the aged population are renting privately, 21 per cent of older ATSI people rent privately; and
- The Council to Homeless Persons (1999) estimates that 250,000 Australians over the age of 60 are homeless or at risk of homelessness. The at-risk group includes those who rent privately and live in non-private dwelling arrangements such as rooming houses, private hotels, special accommodation houses, boarding houses and special residential service (SRS) facilities (see also Alt Statis and Associates 1996).

Most literature around the housing needs and preferences of older people focuses particularly on the most dominant group, owner occupiers. Kendig and Gardner (1997: 175) refer to a

study of older home owners for whom home 'encapsulated their sense of self, independence and even sanctuary'. No doubt home has similar meanings for older people who are tenants. However, whether such meanings associated with home are realised, particularly with increasing frailty, has yet to be explored. Kendig and Gardner (1997: 177) also point to the diversity among situations facing older people:

Older women are especially likely to live alone, to experience frailty, to have low incomes, or to have a combination of these vulnerabilities. Older migrants from non-English speaking background face cultural and language barriers and many Aboriginal people experience deprivation. Those older people in non-metropolitan areas can have restricted access to accommodation options and health and welfare services.

Little research has been undertaken on the housing needs and preferences of renters who constitute two of sub-groups of older people who are the target group for the ILU Project. Yet an understanding of their housing needs and preferences will be critical to the future of ILUs, indeed, other social housing options such as public and community housing. The role and significance of ILUs as a viable housing option will largely depend upon the needs and preferences of these sub-groups.

3 INDEPENDENT HOUSING WITHIN THE AGED CARE SECTOR

3.1 Broad trends within aged care

The national history of aged care in Australia has largely been one of competing approaches between four parties – the Commonwealth government, the state governments, the not-for-profit or voluntary sector and the for-profit sector – within a context of increasing demand for aged care services and changing expectations of older persons.

The history of competing approaches to aged care is a complex one with a number of intertwining threads: nursing homes with their history and culture based in the health system, ILUs and hostels with their history and culture based in the provision of welfare, and a range of community care services with diverse origins in both health and welfare.

Most accounts of aged care in Australia take a decidedly Commonwealth viewpoint: little is recounted about its history prior to Commonwealth involvement in 1954; the changing Commonwealth approaches to aged care define the character of the sector and its issues; the role, the interests and the impact of the states, the community or voluntary sector and the for-profit sector are generally recounted against this Commonwealth background (Kewley 1973, 1980; Kendig and Duckett 2001; Gray 2000; Myer Foundation 2002; and numerous Commonwealth reviews and reports, particularly since 1975³).

Our purpose here is primarily to place the development of independent housing within the broader context of the aged care sector. We can broadly distinguish four inter-related strands:

- Care in large institutions prior to Commonwealth involvement in 1954;
- The evolution of *Aged Persons' Homes Act 1954* as the primary vehicle for Commonwealth involvement in aged care;
- Development, amalgamation and consolidation of residential aged care; and
- Evolution of community care.

3.1.1 Institutional care

Prior to 1954, aged care was primarily the domain of state governments and the voluntary sector. In this first half of the twentieth century, large state government institutions for those without means were the predominant form of aged care. These institutions separated men and women and had limited and poor quality accommodation (Kewley 1970: 312, referring to 1941, the First Report of the Joint Parliamentary Committee on Social Security)⁴. It was in this context and as a reaction to impositions on older persons that organisations within the voluntary sector developed alternative approaches based around the notion of 'homes for the aged'. It was these homes that became the inspiration for the Commonwealth's entry into aged care through APHA (McLeay 1982: 10).

3.1.2 *Aged Persons' Homes Act 1954*

The *Aged Persons' Homes Act 1954* marks a watershed. For the first time, the Commonwealth government entered into aged care. For Dargavel and Kendig (1986: 23) this Act sets the 'basic foundation and directions' for the development of aged housing and residential care programs in Australia; it 'evolved out of the long standing view of voluntary organisations as having a primary responsibility for the delivery of social services'. It marks the beginnings of a long partnership between government and not-for-profit organisations in the provision and management of care for the aged. It provided the means by which these organisations could establish a solid base, if not entrench themselves, in the aged care field.

APHA began primarily as a means for providing independent housing for older persons. This role changed dramatically, particularly from 1969, when voluntary organisations began to

³ For example, SWC 1975, Holmes Report 1977, McLeay Report 1982, Giles Report 1985, Rees Report 1986, Gregory Report 1991a, 1991b and 1993.

⁴ See also ABS 1929, p.484f for a discussion of benevolent homes.

receive capital subsidies for nursing homes and personal care subsidies. By 1975, the Commonwealth had practically stopped funding independent housing and now carved out a role in funding voluntary organisations to provide residential care – hostels, nursing homes and personal care. APHA became the primary vehicle, particularly for capital subsidies, complemented by a number of other programs. The evolving conditions for funding established within voluntary organisations was the three-tier system of aged care: self-care units, hostel beds and nursing homes (McLeay Report 1982).

3.1.3 Residential Aged Care

The current system of residential aged care has its origins in two different systems: a welfare system which promoted and subsidised hostels primarily among religious and other voluntary groups through APHA and complementary legislation such as the *Aged Persons' Hostels Act 1975*; and a health system which funded nursing home benefits and was dominated largely by the private sector.

Private sector nursing homes boomed in the 1960s and 1970s as result of an amendment in 1962 to the *National Health Act 1953* which put into effect an open-ended scheme absent of any conditions regarding the number of beds approved or eligibility. Nursing homes became the 'main publicly supported means of care for the aged' by default rather than by purposeful policy (Giles Report 1985: 4).

By the late 1960s, the Commonwealth recognised that these arrangements had resulted in an over-supply of nursing home beds and were impacting negatively on its budget. Thus began a series of ongoing and developing changes which sought to constrain this growth by diverting residents away from nursing homes and imposing stricter controls on admission. The containment of nursing home beds has been the predominant concern for the Commonwealth government, and the development and restructuring of aged care programs can be seen as attempts to reduce or contain their costs (Holmes Report 1977; McLeay Report 1982; Gibson 1998).

In 1984, the Hawke Labor government initiated the first of a series of major reforms of aged care bringing together these two different forms of residential care: the voluntary sector with its three levels of care from the welfare system, and private sector nursing homes from the health system. It further tightened assessment processes for accessing both nursing homes and hostels and established planning ratios (40 nursing home beds and 60 hostel places per 1,000 persons aged 70 or over) (Gray 2000).

The second wave of reform in 1997 under the Howard Liberal government consolidated nursing homes and hostels into one system of residential aged care facilities with a common assessment process and with the level of funding dependent upon the assessed level of care of the aged person within eight categories of care. Consolidation would bring about 'ageing in place', in this context understood as ageing within one residential facility.⁵

3.1.4 Community care

From its entry into aged care, the Commonwealth had an interest in home-based care services. In 1969, aged care services received a particular boost when the Commonwealth passed a series of Acts providing funds to the states, for example, the *States Grants (Home Care) Act* and the *States Grants (Paramedical Services) Act*. The ongoing interest of the Commonwealth in promoting community care – usually as a way of reducing the demand for nursing homes – is further reflected in a series of reports such as the 1975 report of Social Welfare Commission *Care of the Aged* and the 1982 parliamentary report *In a Home or at Home: Accommodation and Home Care for the Aged*.

The Hawke government reforms in the mid-1980s consolidated a range of different home-based care programs under one Commonwealth-state program: the Home and Community Care Program (HACC). This brought together a whole range of home-based programs for older persons across health and welfare sectors. Through the HACC program, new types of services such as community transport, home modifications and respite care were also

⁵ This notion of 'ageing in place' is often confused with the original meaning of this phrase, viz. where an older person ages within their own home and community.

introduced. The Department of Veterans Affairs runs a similar program for veterans, war widows and widowers, called Veterans Home Care.

In the early 1990s, the Labor government also developed a program of Community Aged Care Packages (CACPs) to progressively replace hostel places (10 per 1,000 persons aged 70 or over). These were 'the beginnings of a shift of the balance of care away from dependence on residential care to increasingly more community care' (Gray 2000). CACPs have continued to grow over the past decade with some specifically designed for particular groups of older persons, e.g. Housing Linked Care Packages which are targeted at very low income older persons living in designated rental developments.

In the 1990s the Commonwealth government also introduced other programs to support older people in their own homes. These included:

- Extended Aged Care at Home (EACH), a pilot program to provide high level care in a person's home;
- Assistance with Care and Housing for the Aged (ACHA), a program seeking to provide secure housing and care for low income frail older people currently residing in insecure housing such as private hotels and rooming houses; and
- National Respite for Carers (NRC), a program to support relatives and friends to care for people with chronic illness, disability or frailty in their own homes.

At the same time, access to community care programs such as CACPS and EACH was tightened as the common assessment process used to determine levels of care (and funding) within residential care was extended to include these programs.

3.2 Development of independent housing for older people

The major sources on the development of ILUs are Kewley (1973, 1980) who provides basic information about the introduction of APHA and its evolution, Dargavel and Kendig (1986) who outline the political debates around APHA and its subsequent impact on current aged care arrangements and various Commonwealth government reports as mentioned above.

The Commonwealth provided capital subsidies for this housing through APHA whose purpose was:

To encourage and assist the provision of suitable homes for aged persons, and in particular homes at which aged persons may reside in conditions approaching as nearly as possible normal domestic life, and, in the case of married people, with proper regard to the companionship of husband and wife.

As a housing program, APHA has a number of unique aspects.

First, APHA was 'the first major commonwealth measure in which the practice was adopted of subsidising activities of voluntary organisations' (Kewley 1973: 389).

Second, while the Commonwealth and states through the CSHA of 1945 had agreed on the funding and provision of housing through SHAs, APHA was an intervention outside the CSHA. Families were the primary focus of SHAs during the term of the first CSHA, with aged housing as a secondary consideration. APHA filled this gap while earning extensive political kudos for the Menzies government.

Third, rather than following the traditional form of funding institutions for older persons, the dominant model was one of villages with a mixture of independent housing for those who could look after themselves and hostels for those who required some care. It built on and rapidly expanded already existing models of housing for aged persons. In 1952, prior to APHA, 140 semi-charitable organisations were providing housing for pensioners (Dargavel and Kendig 1986: 25).

Fourth, the Commonwealth provided subsidies to not-for-profit organisations who developed and managed the accommodation with very little oversight from government, apart from some initial assessment of applications for funds.

Appendix 1 outlines the chronology of APHA from its origins in 1954 to 1984 when it ceased providing funds for independent housing. Parallel with this are developments in a number of

other related areas. Many of the changes to APHA stem not only from changes to the Act itself but also from policy decisions (Kewley 1973: 472, 1980: 146).

APHA's key features were:

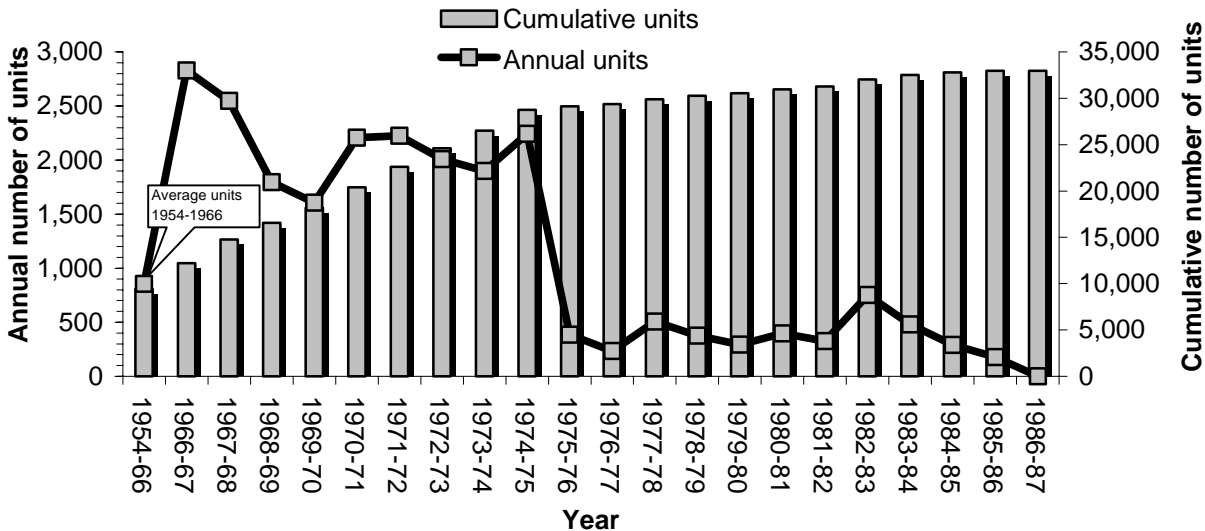
- It provided subsidies only to eligible organisations, defined as churches, charitable bodies and institutions;
- It determined eligible persons as men and women of pensionable age: 65 years for men and 60 years for women and their spouses (regardless of age);
- It provided subsidies at the rate of £1 for each £1 contributed by not-for-profit organisations towards the capital cost of buildings and fixtures (land was not included in these arrangements);
- The Director-General of Social Services could only approve an application if he was satisfied that the eligible organisation intended to use the dwellings permanently as homes for older persons (APHA Section 6(1)); and
- Before making a grant, the Director-General could also require the eligible organisation to enter into an agreement whose terms and conditions may require an undertaking with respect to the continued use of the home for aged persons and repayment of the grant where this does not occur (APHA Section 8).

Over time, the subsidy rate changed as organisations found it difficult to raise sufficient funds:

- 1957: the rate changed to £2 for each £1 contributed by an eligible organisation (greater allowance was also made for land);
- 1974: the rate became \$4 for each \$1; and
- 1976: the rate was reduced to \$2 for each \$1.

Figure 1 outlines the annual growth and overall numbers of ILUs under APHA from 1954-66 through to 1986-87. In this period, the Commonwealth government subsidised 32,971 ILUs. The major growth is from the mid-1960s through to the mid-1970s. During this period when the subsidy rate was \$2 for each \$1 provided by the eligible organisation, the annual growth rate ranged from 1,600 to 2,800 units. In 1975-76, this had fallen to less than 400 units.

Figure 1: Self-contained units funded through the Aged Persons' Homes Act, annual and cumulative, 1954-66 to 1986-87



Sources: McLeay 1982 Appendix 3, Table 2 p.124; ABS 1986 p.186, ABS 1988 p.357
 Note: The annual figure for 1954-66 is the average number of units constructed over that period.

The dramatic reduction in the number of new ILU units can be attributed to a number of inter-related factors. First, the Commonwealth had shifted its focus more and more to reducing or at least containing expenditure on nursing homes. The principal strategy was the rapid development of low cost hostels, thus preventing premature entry of older persons into nursing homes. Second, the Whitlam Labor government with 'means testing' as a key theme and then the Fraser Liberal government with 'directing services to those most in need' as their theme marked the end of an era of general services. Third, the Henderson Report (1975) which had a major impact on government policy highlighted widespread poverty among older people, particularly those renting privately. This along with pressures to reduce government expenditure served to reinforce the trend to targeting services to those in need. Fourth, in 1975 the Social Welfare Commission report *Care of the Aged* was particularly critical of APHA. These criticisms were reiterated in the 1977 Holmes Report and the 1982 McLeay report. Fifth, in 1969 the Commonwealth commenced funding SHAs to provide housing for older singles. This was later extended to other pensioner groups and became the main conduit for funding of independent housing for older persons (see Section 4.6.2 for a discussion of the *State Grants (Dwellings for Pensioners) Act 1969*).

3.3 Criticisms of APHA and its outcomes

APHA was not without criticisms, even from its inception in 1954. Many of these were addressed through either changes to the Act or more commonly administrative decisions (Kewley 1973; Kewley 1980; Dargavel and Kendig 1986)⁶.

However, it wasn't until the early 1970s that these criticisms gained sufficient ground when the first major review of APHA occurred with the appointment of a Committee of Inquiry into Aged Persons Housing by the Social Welfare Commission in 1973. This Inquiry soon extended its scope towards a more far-ranging review of aged care; its discussion and recommendations are precursors to many of the directions in aged care reform today.

In relation to APHA, the Committee noted that 'over the years this program has fostered a three-tiered approach to the housing and care of the elderly based on self-contained units, hostels and nursing homes' (Australia. Social Welfare Commission 1975: 41). But its recommendations (46-7) went beyond this:

The recommendations do not foster the 'tiered' notion of care based on the implied automatic progression of elderly people through independent unit, hostel, nursing home. Rather they now present these facilities as being properly part of a range of services which may be required to service the needs of elderly or disabled people in a locality. For administrative or other reasons such facilities might be part of the one complex; whereas under the present scheme hostels for the frail elderly and nursing homes are seen as an extension of independent unit living, it is now proposed that these care facilities, i.e. hostels for frail elderly people and nursing homes be equally available to members of the local community as well as residents of independent units in aged persons' homes. It is further recommended that nursing homes should be planned as part of the health services proper and not continue to develop as a parallel system of health care.

This report most likely set the scene for the eventual phasing out of subsidies for independent housing under APHA. Its major concerns were:

- Developments did not occur on a planned basis, but where voluntary groups have been prepared or able to raise the necessary funds to match government subsidy;
- The practice of founder donations, while often necessary to get projects off the ground and for expansion, served to exclude those who did not have sufficient funds. There was some acceptance of this practice. However, some organisations also sought second and third donations. Moreover, concerns were raised where a resident made a donation but subsequently wanted to or had to leave their unit, resulting in the loss of capital to meet their future housing requirement;

⁶ The chronology of the Act in Appendix 1 outlines these changes. For example, voluntary organisations had difficulty raising matching funds. This led to 2:1 matching rather than 1:1. There were also changes in the way land was treated as part of the matching arrangement.

- Access to units was not based on needs or means tested. Thus, despite government subsidies many units were not accessed by those in need; and
- The Committee expressed concern about the administration of APHA, in particular the lack of agreements, as well as the management of some ILUs.

The Committee also noted that under APHA the government provided a subsidy or grant to an organisation. As a result, the government lost control over their use. The Committee put the view that government should provide funds as equity rather than as grants.

The Holmes Report raised many of these issues again and examined a number of options including ceasing or modifying the APHA scheme, transfer of funds to the states, and the 'equity' scheme proposed by the 1975 Report of the Social Welfare Commission. One of their recommendations was 'cessation of capital assistance for self-contained accommodation.'

The 1982 Parliamentary Report also reiterated many of the criticisms of APHA, and recommended that future assistance for independent housing be provided through the *Housing Assistance Act 1981*.

3.4 Post-1984 developments

By 1984, subsidies for independent housing through APHA had ceased, with the suggestion in some quarters that voluntary organisations could apply to SHAs for funds under the CSHA arrangements (from 1978) which allowed states to provide funds to community organisations.

Many voluntary organisations, however, sought ways in which to expand their independent housing which did not involve Commonwealth or state government subsidies. Two related developments are particularly important.

First, using their experience of 'founder donations', voluntary organisations developed a new financial model whereby residents met the full costs of constructing units rather than making a contribution towards this cost. This model proved popular and provided the basis for a new expansion of aged persons housing. This allowed organisations to concentrate their own resources on those in need as well as expand their operations for a new group: those who already owned a dwelling and were seeking to move into a new environment for their retirement (Simmons 1986: 214). It also allowed them to continue expansion at the rate prevailing prior to 1975 (Howe 1986: 200).

Second, the retirement village housing model developed by voluntary organisations represented the first phase in the development of retirement villages, providing the learning ground for the second phase which commenced in the mid-1970s (Howe 1986; Simmons 1986). Sometimes in conjunction with the voluntary sector, the private sector adapted and revised the model. Commercial considerations began to drive developments within the retirement village model more and more. Moreover, the concerns and issues of retirement villages developed in the first phase by the not-for-profit sector with subsidies under APHA were overtaken and largely overlooked as the emerging retirement village industry sought to appeal to self-funded retirees and their lifestyle interests.

The advent of for-profit organisations, some of whom were major real estate development companies, also brought to the fore a range of issues.

In the 1970s, the financial/legal aspects of a retirement village operated within the prescribed interest provisions of the National Companies and Security Legislation whose primary concern was the protection of resident investments (Stimson et al. 1996: 107). It soon became clear that this arrangement could not adequately deal with many aspects of retirement villages. Residents were not only making investments but were also signing agreements covering movement into and out of units as well as long-term management arrangements within the village. While many were prepared to accept that voluntary operators acted in the interests of residents, this became more contestable as voluntary organisations and private sector organisations developed resident-funded housing schemes.

By the early 1980s many states began to examine retirement villages with a view to introducing specific legislation which protected the rights of residents and outlined requirements of managers. Commencing with Victoria in 1986, each state and territory (except Tasmania and the ACT) has passed a Retirement Villages Act. In general, this covered pre-

entry requirements, disclosure of information, resident participation in management issues, and complaints and dispute resolution. Some states such as Queensland also provided for exemptions from the Act for charities and other organisations operating for the public benefit.

Quite recently a trend has emerged where for-profit agencies have opened up a new market: older people on low incomes with low assets. This pensioner-only retirement market is developing units on a rental basis and was supported by increased levels of Commonwealth Rent Assistance in the 1980s and early 1990s. One example is Village Life which is now offering units on rental basis with rents set at 85 per cent of the Age Pension plus 100 per cent of Commonwealth Rent Assistance.

4 ISSUES IMPACTING ON THE FUTURE OF ILUs

Providers of ILUs confront a range of issues when considering their future. This section outlines the current state of information about ILUs as well as those issues which may impact on this future. Much of this information is derived from anecdotal evidence from providers, a reflection on the history of these units and information provided to consumers.

This section seeks to open up some possible strategies which are grounded in what is happening now by examining nine issues in more detail:

- Role and significance of ILUs;
- Housing stock: age, condition, quality and size;
- Housing market/target group;
- Legal arrangements and tenure;
- Financial arrangements;
- Management arrangements;
- Linkages between housing and support/care services;
- Governance; and
- Encumbrances to sale/redevelopment.

4.1 Role and significance of ILUs

The role and significance of ILUs will depend upon a number of factors. This sub-section outlines four of these: size of the sector, distribution between the states, location of the units, and the particular housing and support/care model.

4.1.1 Comparative size of ILU sector

One indicator of the significance of the ILU sector is its size relative to other forms of social housing which provide access to older people with low incomes and low assets. The two other major forms are public and community housing. In a preliminary review, McNelis (1999) derived Table 1 below.

Table 1: Comparison of types of housing for older people: Australia

Type of housing	Units for older people	
	Number	%
Public housing	83,000	65%
Community housing	10,000	8%
ILUs	34,700	27%
Total	127,700	100%

Sources: National Housing Strategy, 1992: 19, Aged Care Australia 1999 data from members

The reliability of the figures outlined in the table is variable⁷ but it provides a conservative estimate of their significance. On these figures, it is estimated that ILUs constitute somewhere in the order of 25 to 30 per cent of all stock specifically constructed for older persons.

⁷ 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 constructed specifically for older persons but also those households who have aged in 'family' units. 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 figure is also most likely an over-estimate. 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. Thus, it includes not only ILUs subsidised through APHA but also resident-funded ILUs. It does not include an unknown number of

4.1.2 Distribution between states

Table 2 summarises the distribution of ILUs subsidised through APHA by state as at June 1984. These were predominantly in New South Wales, Victoria and South Australia. South Australia and Western Australia have relatively larger numbers given the size of their populations.

Table 2: ILUs subsidised through APHA by state, at June 1984

State/territory	ILUs		Population
	Number	%	%
New South Wales	9,685	30%	35%
Victoria	7,543	23%	26%
Queensland	2,498	8%	16%
South Australia	6,636	20%	9%
Western Australia	4,612	14%	9%
Tasmania	1,276	4%	3%
Northern Territory	81	0%	1%
ACT	172	1%	2%
Total	32,503	100%	100%

Source: Department of Social Security Annual Report 1984: 157
Australia. Australian Bureau of Statistics 1986

Note: Percentage totals may not add due to rounding

4.1.3 Location compared with public housing

A second indicator of the significance of ILUs is their location compared with public housing, the other major form of independent housing constructed specifically for older persons with low incomes and low assets.

In a 1998 survey of churches and church agencies owing or managing community housing in Victoria, Ecumenical Housing collated data on independent housing for older persons in that state. The churches and their agencies were a major recipient of APHA funding. This limited data set outlined in Table 3 provides an indication of where these units were located.

Table 3: Location of ILUs among church-based organisations in Victoria

Region	Independent units	
	Number	Percentage
Melbourne		
West	-	0%
North	114	9%
East	538	40%
South-East	31	2%
South	329	25%
Inner	46	3%
Sub-total (Melbourne)	1,058	79%
Rural Victoria		
Geelong	10	1%
Wimmera	51	4%
Ballarat	9	1%
Bendigo	30	2%
Mallee	14	1%
Wangaratta	67	5%
Gippsland	102	8%
Sub-total (Rural Victoria)	283	21%
Unknown	160	
TOTAL DWELLINGS	1,501	100%

Source: Ecumenical Housing 1999

Note: This data set only includes ILUs where the ingoing resident contribution is less than \$15,000. It does not include all units managed by the churches and their agencies in Victoria.

The table indicates that most ILUs are located in the Eastern and Southern regions of Melbourne, where there is very little public housing stock. Most public housing is located in the Inner, Western and Northern regions where ILU stock is very low (VOH 2002). This initial analysis indicates the extent to which the location of ILUs offsets the location of public housing in Victoria, particularly in Melbourne.

The above table is a limited data set. If this finding is applicable to the larger databases of independent living units and public housing both in Victoria and in other states, then ILUs take on an added significance, complementing the stock of public housing units.

4.1.4 Housing and support/care option

ILUs are one of a range of housing options for older people with low incomes and low assets. Where, then, do they lie within the range of housing and support/care⁸ options? Howe (NHS 1992: 92), for instance, distinguishes three dimensions of housing and support/care:

- The environmental support dimension where housing ranges from conventionally designed private units to sheltered designed units with common living areas and shared facilities;
- The service dimension where services can range from minimal and episodic to service rich with meals, housekeeping, personal care and nursing provided; and
- The scale dimension where the site can range from a small number units integrated into the neighbourhood to a large number of units and a segregated elderly community.

⁸ Throughout this paper, the term 'support/care' has been used to indicate a broader range of attributes/services than those generally associated with aged care services (under programs such as HACC and CACPs). On the one hand, it includes what Howe (1992) describes as 'environmental support' highlighting the importance of the physical and social attributes of housing such as home maintenance, modifications and housing design elements that balance privacy and social contact. On the other hand, it also includes a range of specialised services which are not available through mainstream aged care and that particular groups of older people may require to sustain their housing, for example, homelessness support, psychiatric disability support and ethnic support.

These three dimensions of environmental support, service and scale are broad in scope and highlight some key dimensions of housing and support/care models for older persons. Within this framework, ILUs vary considerably. Some are located in large retirement villages which are segregated from the broader community, while others are relatively small villages integrated into the local community. Some ILUs are co-located with other aged care services, with residents often expecting to access these services when they need to. Some ILU providers have close relationships with support/care providers, while others do not.

Ecumenical Housing (2001) has also developed a more detailed typology of housing and support/care options. This highlights particular characteristics of housing and support/care options for older people with low incomes and low assets such as:

- Eligibility and target group criteria: the basis upon which residents are included/ excluded and given preference for housing;
- Type, style and design of the dwelling or building;
- Range of services provided by the housing manager;
- Legal status of occupant;
- Style, intensity and location of the housing manager;
- Type of linkage between housing and support/care arrangements; and
- Style, intensity and location of the support/care providers.

We can highlight particular aspects of ILUs by comparing them with other forms of social housing against different dimensions or characteristics of housing and support/care,. Their significance will be greater where they provide an alternate but viable and sought-after housing and support/care option for older people with low income and low assets. For example:

- ILUs are located on sites segregated from the surrounding area, providing a sheltered community or village environment and thus exclusively used by older persons (this contrasts with some public housing for older people which is located on sites with mixed household types);
- ILUs are predominantly self-contained cottages (in New South Wales and Victoria, this contrasts with the high proportion of high rise public housing apartments for older people);
- ILU providers often provide services additional to housing such as meeting rooms, personal alarms or emergency call systems, as well as a resident 'caretaker' and low level monitoring of residents; and
- Some SHAs are seeking to bring better services to older public housing tenants by locating them on site. This contrasts with ILUs which are predominantly managed by broad-based aged care organisations and/or co-located with residential or community aged care services.

Propositions such as these need further testing.

4.2 Housing stock: age, condition, quality, size

Nearly all dwellings within the scope of the ILU Project were constructed somewhere between 20 and nearly 50 years ago. Housing standards have changed dramatically in this time, and new residents' expectations differ considerably from those in the past. However, while aged care providers are cognisant of important issues in relation to the age, condition, quality and size of their stock, there is little overall information on this available publicly.

Anecdotal evidence indicates that organisations are confronting major issues in this area. The state of the current stock, the potential for upgrade, conversion/extension, the availability of capital finance are important issues to the future of this housing stock and its potential to provide housing for older people with low incomes and low assets. It is notable that in 1984, just prior to cessation of subsidies for new dwellings, the Commonwealth began a program of upgrading grants, with \$3.8 million provided in 1984-85 (ABS 1986: 186).

Bedsitters are a particular issue for some providers. To many people, these are no longer regarded as adequate housing. Yet it is unclear how many ILUs are bedsitter units. In the

1970s, SHAs also built large numbers of bedsitters but are now undertaking an extensive reconfiguration of their stock, converting or extending them to one-bedroom units.

In response to a range of issues, organisations are undertaking extensive and major upgrading. Some are converting or extending units. Some are demolishing units. Most organisations are utilising their own resources. However, it is also notable that last year, in Victoria, a number of organisations sought funding from the Office of Housing through the Social Housing Innovations Project (SHIP). For example, one small organisation managing about 50 units sought funds to build six new units. This provided them with a base to convert, extend and upgrade their current stock. Another organisation sought funds to demolish current stock and replace them with new units.

4.3 Housing market/target group

Overall, ILU providers target a broad range of older persons including those who own their homes. However, many have particular target groups: specific ethnic groups, service groups such as veterans or veteran widows, or pensioners who do not own their own home. One or two target older homeless persons or those with dementia. The target group is largely determined by the level of ingoing contributions required. In effect, some organisations only target pensioners who own their own homes.

Access for financially disadvantaged older persons has long been a recurring issue, particularly for the Commonwealth government. A series of Commonwealth reports (Australia. Social Welfare Commission 1975; Holmes Report 1977; McLeay Report 1982) raises this in different forms. Initially, ILU providers were criticised because the founder-donor system (whereby the first residents made a donation to cover part of the cost of constructing the units) excluded financially disadvantaged older persons. However, as older persons vacated units, this criticism became less relevant and the basis of the criticisms seems more related to 'intuition' rather than clear data about who was gaining access to this housing.

According to Dargavel and Kendig (1986: 24), 'Important policy questions arise regarding access to them [ILUs] by generations of needy older people in the future.' The National Housing Strategy notes that 'historically, there have been no provisions for allocating a specified proportion of units to financially disadvantaged residents' (NHS 1992: 55) and, in some instances, opportunities for further capital funds for upgrade are conditional upon providing access for these residents (NHS 1992: 104).

In addition, as discussed in Section 4.5.1 below, the imperatives for charging ingoing contributions have diminished. In relation to ILU stock, providers are now in a better position to provide access for older people without assets.

The discussions about access for older financially disadvantaged people have tended to overlook two issues. First, the data question: who is currently being housed in these units? This then raises a series of other questions. How is this target group of 'financially disadvantaged' persons defined? Is it those with complex needs? Is it those who are at risk of homelessness? Is it those who have no assets? Is it those with limited assets and, if so, what are the limits? Can we distinguish between units subsidised through APHA and other units, particularly resident-funded units of the late 1970s and 1980s?

Second, what are the outcomes of targeting? Throughout the 1970s, 1980s and 1990s, SHAs continued to narrow the target group for public housing, giving higher priority to those at risk of homelessness and those with complex needs. In Australia and overseas, this targeting is being thoroughly questioned, particularly where it concentrates large numbers of financially disadvantaged households (Cole et. al. 2001; Griffiths et al. 1996). It is now apparent that a policy of targeting those in greatest need is most problematic where many households share common spaces and facilities, as in high rise towers and rooming houses. Allocations policies are currently being revised to ensure that housing allocations are appropriate for new households. This is pertinent to many villages where one individual can impact considerably upon the life of the village. While providers may work to target financially disadvantaged persons, they need to take their cluster housing model into account and work to mitigate any adverse impacts.

Is targeting ILUs to older people with higher needs appropriate? What are the parameters for such targeting? What are the limits?

For ILU providers, the questions of targeting go further than just whether they provide access for older people with higher needs. Anecdotal evidence is that, for various reasons, some are having difficulty in finding new occupants. Bedsitter units are often hard to let. While in good condition, they may not meet contemporary standards. Major social and cultural changes may make it difficult for ILU providers, particularly in the future, to maintain their current target group.

The original model developed through APHA promoted the development of care facilities in conjunction with ILUs. Thus, on many sites, organisations have developed the three-tier model of aged care: self-care units; hostel, serviced apartments or low level residential care; and nursing homes or high level residential care. Other sites combined two elements of this model.

This assumes that older people, on retirement or with increasing frailty, seek a housing option which would provide them with security and the necessary care in the future. It is a model which clusters older people and segregates them from their traditional places of living.

Despite some apprehensiveness, many people have affirmed the companionship and lifestyle of cluster housing for older persons. But given the emphasis on 'ageing in place' and the importance of familiar surroundings, it is important to review this model in terms of its current relevance. Moreover, with improved health among older persons and improved community care in the home, many older home-owners are reluctant to move or postpone any decision to move into villages.

In making decisions about their future and that of their housing stock, ILU providers will need to consider their future housing market/target group.

4.4 Legal arrangements and tenure

ILUs are subject to a variety of legal, financial and management arrangements. While most are within villages of various sizes, a key division can be drawn between those which are subject to the retirement villages legislation and those which are not. Where a provider requires an entry or ingoing contribution (or premium), however small, they are subject to the legislation, and thus a range of different legal arrangements may apply. Other villages usually fall under the provisions of the residential tenancies legislation in that state, where the tenure arrangements tend to be relatively straightforward.

However, tenure arrangements where the retirement villages legislation applies are incorporated into an agreement between the village operator and the resident. There are few standard agreements, and individual agreements can be quite complex and vary a great deal within the industry (Phillips 1996). Most retirement village legislation works to retain a capacity for variations within agreements to allow for different circumstances for both the operator and the resident. However, the complexity of agreements tends to work in favour of the operators.

An agreement generally covers the tenure under which the resident occupies a unit, the financial arrangements (including ingoing contributions, ongoing payments and outgoing payments) and the management arrangements. This section deals primarily with the tenure arrangements, while following sections deal with the financial and management arrangements.

Phillips (1996), Stimson et al. (1999) and the Council on the Ageing (NSW) (2001) describe a variety of arrangements under which residents can occupy units in a retirement village:

- Tenancy agreement under the Residential Tenancies Act in most states or, in Victoria, under the Retirement Villages Act where applicable;
- Licence or right to occupy;
- Registered lease;
- Long-term or lifetime lease;
- Ownership; and
- Shareholder of a company-owned title.

Tenure is important because the rights of both residents and managers are related to the tenure arrangements. Each arrangement has its advantages and disadvantages.

The highest security of tenure is afforded the two ownership options, though this may be constrained by the terms of contract. However, these are more recent arrangements which are not used for ILUs (as defined above). A tenancy agreement or a licence or right to occupy are the traditional forms of tenure adopted by these organisations.

The rights and duties of residents under a licence or right to occupy a unit are outlined in the contract. The terms of such contracts may not be uniform between residents and may be amended to meet the particular circumstances of both the owner and the resident. The processes resolving disputes etc. can be quite complex. As Phillips (1996) puts it:

This [rights within a contract] has three obvious consequences:

- a) residents' rights will vary depending on the philosophy of the village and the contract entered into;
- b) clauses in a contract that may seem unreasonable will be binding on the resident unless the clause is inconsistent with the Act, or breaches other consumer legislation...
- c) the need for legal advice is paramount and a contract should not be signed without advice.

The most straightforward form of rental tenure is a tenancy agreement under a Residential Tenancies Act where the rights and duties of the parties are clearly spelt out and known by all. It has only been in the past two decades that states have introduced or overhauled residential tenancies legislation.

The issue for consideration is the most appropriate form of tenure for residents of ILUs: a tenancy agreement, or a right or licence to occupy. An agreement under a Residential Tenancies Act sets out the respective rights and duties of the parties, thus providing a clear basis for mutual and public accountability. It outlines clear processes for resolving disputes, awarding compensation and enforcing compliance.

On the other hand, the right or licence to occupy allows providers to frame a contract which addresses the particular circumstances of the housing arrangement. It is more flexible but the process for resolving disputes etc. may be complex and time consuming. One particular issue in which it may have an advantage over tenancy agreements is in relation to the village nature of ILUs. A village has a higher level of shared space and shared facilities, with the subsequent impact that a resident can have upon this environment and the sense of safety and security of the residents. The Victorian Residential Tenancy legislation has gone some way to address issues which arise within a boarding house and caravan park environment where there are higher level shared space and shared facilities. Whether this is sufficient and applicable to villages for older persons is an issue for consideration.

4.5 Financial arrangements

Financing is a major issue for providers. In the current context, it has a number of interrelated issues:

- Where required, ensuring repayment of ingoing contributions as they are due;
- Finding capital for redevelopment upgrade, conversion or extension of stock;
- Ensuring that revenue is sufficient to meet ongoing costs such as maintenance, rates, insurance administration and, where required, other additional services; and
- Ensuring that ongoing payments are affordable for residents.

The financial viability of ILUs will depend upon on the capacity of the organisation to balance these competing requirements while continuing to provide a quality service for residents.

How providers will deal with these inter-related issues will depend upon their past and current financial arrangements. These are quite complex and require some explanation. Again, we can distinguish between ILUs subject to the retirement villages legislation and those which are not. Many of the former type require some form of ingoing contributions, while the latter do not. While occupants of the latter type of ILUs pay a rental, the former pay some sort of ongoing charge to meet particular costs. These different elements are discussed below.

4.5.1 *Ingoing contributions*

Stimson et al. (1996), COTA (2001) and others in their discussion of retirement villages outline a number of different types of ingoing payments, variously referred to as ingoing contribution, entry contribution or premium, depending upon the term used in legislation for each state. This payment can take a number of forms:

- Purchase of strata-title unit;
- Purchase of shares in the village company;
- Upfront lease payment;
- Non-refundable donation; or
- Loan.

The payment of an ingoing contribution and the contract or agreement in relation to that payment is generally the defining element for a retirement village. The first two forms through which the resident acquires an interest in the property are relatively recent innovations, as is the third form (upfront lease payment) where the resident acquires a lifetime lease and in some states this may be recorded on the title.

It is the final two forms – non-refundable donation and loan – that are most commonly used by non-profit organisations. They have their origins in the arrangements under APHA where the Commonwealth provided only part of the capital required to undertake and develop a housing project.⁹ The assumption underlying the original terms of the Act was that eligible organisations would raise their proportion of funds through public donations. Indeed, some organisations received donations of land or buildings from local government and other individual donors. Others did manage to raise funds and did not require donations or managed units on a rental basis. However, it soon became apparent that the level of public donations which could be raised was not sufficient. While the Commonwealth increased the level of subsidies, a key issue remained: how was the eligible organisation to raise the matching funds required for the housing project?

The solution adopted was 'founder donations' where the ingoing resident made a donation to the organisation which covered any shortfall in capital requirements. These were not envisaged as a major source of funds (Dargavel and Kendig 1986: 23, 26) but became a necessary part of raising funds for housing projects. Some organisations sought subsequent donations from new residents, and it was this practice that sparked the major criticisms of the Social Welfare Commission. In some instances, they refunded part or all of the original donation when the resident vacated the unit (Australia. Social Welfare Commission 1975). This may have evolved into a later more common practice among not-for-profit organisations of requiring residents to make an interest-free loan. It is unclear, however, whether this practice was adopted for 'resident funded' projects only or also included housing projects funded using APHA subsidies.

Upfront interest-free loans could be used to fund all or part of the development costs of units and were repayable on exit from the ILU. They allowed for a wide variety of arrangements to suit particular conditions and preferences of the organisation. For example, they could be amortised (reduced) over time, providing the organisation with increased equity in the development and/or funds for capital investment in other units or residential aged care; they could be used for capital improvements; the timing and extent of reductions in amount outstanding could vary according to the circumstances of the organisation and the resident; or an organisation could charge a lower upfront interest-free loan providing easier access for residents, but amortise the loan at a higher rate or charge a higher ongoing payment.

As residents vacated units, the interest-free loan was repaid and another loan raised from the ingoing resident.

⁹ As outlined in Appendix 1, in the early years, eligible organisations were subsidised up to £1 for each £1 contributed. In fact, they contributed more because the cost of land was not included in the project cost. Between 1957 and 1974 when most units were constructed, the Commonwealth contributed £2 for each £1 or \$2 for each \$1 from the eligible organisation. The cost of land was progressively included in the matching arrangements. For a brief period between 1974 and 1976, the Commonwealth contributed \$4 for each \$1 from the eligible organisation.

The Social Welfare Commission (Australia. Social Welfare Commission 1975) had two main criticisms of the system of donations. First, in making upfront donations, residents take a major risk by committing all or a substantial portion of their assets without any guarantees for the future. If after making the donation and occupying the unit they subsequently had to move, they lost their capital. Second, donations excluded older persons with no assets or very low assets. Some organisations addressed this issue by introducing 'means tested' ingoing contributions.

The reasons why organisations need to raise capital funds are clear. As a consequence, at least in the short term, they had to give preference to residents who could meet the ingoing contribution. Over time, however, these capital requirements would reduce in real terms and organisations could provide access for residents with very low assets without compromising their financial viability.

4.5.2 Ongoing charges

Residents pay a weekly or monthly charge to meet their ongoing costs of maintenance, cleaning, gardening, rates, insurance, management etc. It is unclear how these compare with rents charged by community housing organisations. It also appears that increases have lagged behind CPI increases. Rather than increasing these charges in order to fund future capital requirements, organisations may have preferred that residents met this cost upfront in the form of donation/loans. Thus, the contribution that a resident made to future capital costs did not reflect the length of time they occupied the unit.

Again, a number of unanswered questions emerge from the foregoing discussion.

- Given the level of subsidies provided by the Commonwealth government and the major gap between past and current construction costs, why do organisations continue to charge an ingoing contribution for ILUs? Is it to meet the future capital costs of upgrading or redevelopment etc., to construct new units, to provide capital for residential aged care, for ongoing management costs, or for other non-housing purposes?
- Are the ongoing monthly charges sufficient to meet the costs of providing units including maintenance, administration, rates and insurances? Are they charges sufficient to meet the costs of providing for a major upgrade or replacement of units?
- Upfront capital contributions discriminate against older persons with no assets or very low assets. Is it good practice for organisations to meet future capital costs through upfront capital contributions rather than through the ongoing monthly charge? Can they make the transition from one to the other?

4.6 Management arrangements

This sub-section raises issues about current management arrangements for ILUs. In order to raise these issues, it is important to provide some background information. Thus, this sub-section proceeds in a roundabout way. It begins by outlining the current management framework for ILUs. However; it then proceeds with an excursus on the development of public and community housing for older persons; and compares the two management frameworks. It is only then that we can adequately discuss a range of issues in relation to management arrangements.

4.6.1 Current arrangements

The management framework within which ILU providers operate can be divided into three levels: legislation, contracts and codes of practice.

The primary legislative framework under which ILU providers operate varies. Many come under the state-specific Retirement Villages Act and are subject to its terms and conditions. Other providers operate under the state-specific Residential Tenancies Act. Others operate under both these Acts.

States have adopted different approaches to regulation of retirement villages, and Stimson et al. (1996: 108ff.) discuss these three approaches: the licensing model, the co-regulation model and a statutory requirement model. The different Acts have different definitions of retirement villages, and different terms and conditions. In some states, not-for-profit organisations can seek exemption.

In most states, a Retirement Villages Act facilitates individual contracts between operators and residents. It is this contract which includes a management arrangement which governs the respective rights and duties in relation to the ongoing management of units for the time, however long, the resident resides in the unit.

In some states, the Act requires operators to provide residents with a management contract which specifies arrangements in relation to the operations of the village.

These contractual arrangements are supplemented by voluntary codes of practice. Retirement village operators can be accredited by the Retirement Villages Association of Australia according to their voluntary code of practice.

4.6.2 *The development of public and community housing for older persons*

The aged care sector is not the only provider of independent housing for older persons. Both SHAs and Community Housing Organisations also provide such housing. These two sectors have developed separately. How did this come about and what are the implications for the future?

In 1945 under the first CSHA, the Commonwealth provided funds to the states for housing purposes while the states constructed and managed housing. Under the terms of the CSHA, the states could provide housing to older persons. However, in postwar years the major focus of SHAs was to alleviate the severe shortage of housing for families. The Commonwealth and the states did, however, reach an agreement that funds within the CSHA would be allocated to housing for older persons but this was not acted upon (Kewley 1973: 314). Kewley also notes that:

something of the Commonwealth policy regarding the housing of elderly people was indicated in a letter to State housing authorities in which it was pointed out that modern housing policy rejected the practice of segregating old people in institutions or in homes sited in distinctive localities, and was directed towards action that would make old people feel that they had a real place in the life of new housing estates and in the new neighbourhoods being planned and built by State housing authorities. In accordance with this policy, the Commonwealth encouraged the States to include in their building programmes under the Housing Agreement single, duplex and triplex units suitable for letting to elderly people (Kewley 1973: 315, referring to CPD 209, 5 Oct. 1950: 307).

In early 1950s, prior to APHA, the Commonwealth encouraged the states to provide housing for older persons within their newly developing estates. This contrasts with the segregated village model promoted through APHA. Also, in part, the provision of subsidies to voluntary groups under APHA was the result of the neglect of housing for older persons by SHAs. Despite this, the states continued to press the Commonwealth to provide additional funds to house older persons.

In 1969, the Menzies government agreed to provide funds to the states specifically for older persons through the *States Grants (Dwellings for Pensioners) Act*. Under this Act, the Commonwealth provided grant funds (rather than loan funds under the CSHA) to the states on a dollar for dollar matching basis. The target group for the funds were single aged persons who were in receipt of supplementary assistance. The Act provided for an initial funding period of five years. In 1973, this was extended for another three years to 1977 when a further year's extension was agreed. In 1978, funds through the Act were merged into a specific program within the CSHA, the Pensioner Housing Program. At this time, the target group was extended to aged couples and other pensioner groups.

Through funds provided under this Act and the Pensioner Housing Program within the CSHA, the states developed an extensive portfolio of housing specifically for older persons. For example, SHAs in both Victoria and New South Wales constructed high rise towers specifically for older persons. Most of this stock consisted of bedsitter units, with rents determined on a different basis from other housing stock.

In some states, such as Victoria, the SHA also entered into joint ventures with local government and community organisations whereby the joint venturer provided land, the Housing Commission constructed units, and the joint venturer retained the right to nominate

older persons to units. Where the local government provided land, they also exempted the Housing Commission from paying rates. Interestingly, some of these joint venture partners were also eligible for funding under APHA. However, through joint venture arrangements with SHAs, they did not have to raise matching funds which ensured that dwellings were provided to low income older persons.

By the early 1980s, the major vehicle for independent housing for older persons had shifted to the CSHA as funds available to SHAs through the *States Grants (Dwellings for Pensioners) Act* were subsumed under the *Housing Assistance Act 1978* (through which the Commonwealth provided funds to the states under the CSHA)¹⁰.

In the mid-1970s, under the auspices of SHAs and as a response to major criticisms of their practices, housing co-operatives and later other community housing organisations (CHOs) began to develop. Over the past three decades, community housing in its various forms has developed slowly¹¹. Table 4 indicates the current size of this sector in each state.

Table 4: Community housing dwellings by state, June 2001

State/territory	Dwellings
New South Wales	10,522
Victoria	8,044
Queensland	5,726
South Australia	4,337
Western Australia	3,469
ACT	460
Tasmania	760
Northern Territory	163
TOTAL	33,481

Source: NCHF 2001

Note: (i) figures for Tasmania are for 30 June 2000 (ii) these figures include all CAP funded properties or other crisis (less than three months) accommodation

South Australia passed specific legislation now known as the *South Australian Co-Operative and Community Housing Act 1991* and established the South Australian Community Housing Authority (SACHA) to oversee the development of community housing. Other states such as New South Wales and Queensland are currently working towards specific legislation. In addition, concerted work is being undertaken in relation to a regulatory framework for community housing through the National Community Housing Forum (Kennedy 2001; Barbato et al. forthcoming).

In recent years, CHOs and Community Housing Administrators (CHAs) have developed a voluntary code of practice and accreditation specifically for community housing providers. Providers can seek accreditation through the National Community Housing Accreditation (NCHF 1998). CHOs are also supported by a broad infrastructure. In each state they have established a peak body and these peak bodies are members of the Community Housing Federation of Australia (CHFA). A cross-sector body, the National Community Housing Forum (NCHF), with representation from each of the state CHAs, Commonwealth government, local government and CHOs also provides a base for research and development of community housing. The state peaks, CHFA and NCHF all have a particular focus on representing and developing community housing. In addition, each state provides a range of housing courses and Swinburne University's Institute for Social Research offers a distance education postgraduate course in Housing Policy and Management.

¹⁰ This could also be interpreted as part of a broader strategy within the Commonwealth government to withdraw from the financing and provision of housing (Dalton 1999).

¹¹ For a brief history of community housing in Australia, see Bisset et al. (1996) and Randolf (1993).

4.6.3 Contrasting management frameworks

Both CHOs and ILU providers are not-for-profit organisations with strong connections to local communities. The origins, vision and inspiration behind CHOs have much in common with the development of ILUs in the 1960s and 1970s. Various histories of organisations managing ILUs (Lewis 1989; Barlow and Roberts 1986; Duplock 1986; Springbett c1988; Eckersall 1994; Schirmer c1988; Lewin 1990; Tucker 1986; Jacobs 1967) give testament to the vision and drive of volunteers as they sought to provide adequate housing for older people in their local communities. Often it was no easy task to realise their visions – confronting the harsh realities of finding suitable land and finance, of overcoming major obstacles, of convincing others of the worthiness of their cause. This had its parallel two to three decades later when CHOs sought to develop organisations which would provide housing for low income people, particularly through housing co-operatives. Both ILU providers and CHOs have their origins in local communities seeing a problem, having a vision of some better future and striving to realise that vision.

Historically, independent housing for older persons has developed in two parallel streams – under APHA and through the CSHA – yet it appears that the connections between these two sectors are tenuous or limited at best. They largely operate within different management frameworks. Each has little knowledge of one another’s history, achievements, standards and styles of management. For the future, it is important that ILU providers consider which framework is the most appropriate for their future development and sustainability, given their particular requirements. Table 5 is an initial attempt to outline and contrast these different frameworks.

Table 5: Comparing two frameworks for independent housing for older persons

	ILU providers within an aged care framework	Community housing framework
Organisational context	Two different types of organisational contexts: <ul style="list-style-type: none"> • Organisations providing a broad range of services to older people • Small organisations only providing ILUs 	Most CHOs are housing-specific organisations providing a broad range of housing services Some specialisation within organisations, e.g. homeless services, rooming houses, housing co-operatives
Target group	Varies, with each organisation targeting a particular group. Overall, target a <i>broad range of older persons</i> including pensioners who own a home, self-funded retirees, pensioners who do not own a home, homeless and older people with complex needs (dementia, mental illness, drug/alcohol abuse, behaviour disorders); specific ethnic groups or specific groups of older people	Varies by organisation with each organisation targeting a particular group. Overall, target a <i>broad range of groups</i> (including families, older people, people with disabilities, single adults, young persons, homeless people, people in housing crisis, people with complex needs) who meet specified eligibility criteria based on income and assets
Specific legal framework	ILUs subject to one or both of the following: <ul style="list-style-type: none"> • State-specific Retirement Villages Act • State-specific Residential Tenancies Act 	State-specific Residential Tenancies Act <i>South Australian Co-operative and Community Housing Act 1991 (SA only)</i>
Tenure of residents	Predominantly, licence or right to occupy a unit governed by a contract	Tenancy agreement
Upfront charges	Variable but includes: <ul style="list-style-type: none"> • Nil • Ingoing contribution in the form of a 	Nil

	ILU providers within an aged care framework	Community housing framework
	donation or interest-free loan	
Ongoing charges	Service fee	Rent based upon tenant's income
Supporting infrastructure	Aged care peak in each state and national Retirement Villages Association in each state and national	Specific community housing peak in each state and national
Code of practice	Some organisations accredited through RVAA	Some CHOs accredited based on National Community Housing Standards

4.6.4 Management issues

Both ILU providers and CHOs developed their management frameworks as result of or in response to the issues they confront, particularly in their formative years. Other sub-sections have highlighted why ILU providers have adopted particular practices such as the right to occupy (in the face of inadequate residential tenancies legislation and higher level control over shared spaces), ongoing contributions (to fill the gap in capital requirements), target group (which can provide the funds required to fill the gap in capital requirements) and the legal framework (as they came under the retirement villages legislation). The key question is: what is the most appropriate framework now?

A further issue for consideration is the future development of ILU providers. An ongoing, supportive and relevant infrastructure is critical here. CHOs now have access to a developing infrastructure within their sector which provides them with:

- Avenues for reflecting upon and communicating their experience and issues among themselves and to government;
- Training of workers at different levels;
- A common and public legislative framework for their operations;
- Ongoing development of an accreditation system with a framework of national standards;
- Ongoing research into particular areas of concern; and
- Development of administrative systems

Over the past decade, the focus of the aged care sector (organisations, peaks, Commonwealth government and state government) has predominantly been residential aged care and community aged care. The future of ILUs has received limited attention. While the retirement village industry has obtained some prominence, the focus has tended to be on the development of new forms of retirement villages rather than on ILUs which belong to the first stage of development of retirement villages.

4.7 Linking housing and support/care services

Not all older people require support/care services to maintain their housing. Where this is required it may be for temporary periods or the level have to progressively increase.

Numerous reports highlight the importance of linking housing and support/care services for older persons (Myer Foundation 2002; UK Royal Commission on Long Term Care 1999; Mid-Term Review of Aged Care Reform Strategy 1992; National Housing Strategy 1992).

A number of types or levels of support/care for older persons can be distinguished:

- Design elements incorporated into the dwelling, building or site;
- Supportive community; and
- Formal support/care services.

4.7.1 Design elements

The dwelling, building and site can incorporate a range of design elements which facilitate older persons 'ageing in place'.

Means (1999: 311) discusses the concept of 'lifetime homes' and outlines sixteen design features of such homes. Many countries including Australia have introduced and are promoting adaptable housing standards for new housing (AS 4299-1995). The report of the Myer Foundation (2002) has called for more widespread adoption of adaptable housing in Australia by 2020.

Complementing adaptable housing, countries such as the United Kingdom, Netherlands and Canada have developed home repair and modification programs through which dwellings are adapted to meet the needs of older people. Adaptations include ramps, grab rails, floor coverings and showers (Pynoos and Leibig 1995). Some Australian state governments have also developed similar programs.

The UK Royal Commission has noted the importance of assistive technologies such as remote-control oven appliances, movement sensors and voice reminders (Means 1999; Tinker et al. 1999; Heywood et al. 2002).

The capacity to adapt ILUs to meet the needs of residents is an important consideration for their future use. It is also important that a site be designed to promote interaction between residents and create a congenial environment, and that it be located in such a way that it provides access to services and amenities outside the village.

The presence or absence of these design elements can impact on whether an older person can 'age in place', the level of formal services required and the sense of safety and security among residents.

4.7.2 Supportive communities

Older persons are not just concerned about their housing and support/care in the future. These are the formal elements which provide them with a 'base' to 'age positively'.

Most ILUs are provided within a village context where older people can live within a sheltered community segregated from the wider community. Some provide common facilities such as a meeting and recreation area, or recreational facilities.

A supportive community not only plays a role in 'positive ageing' but is also a critical element in sustaining older people within their homes (Means 1999; Heywood et al. 2002).

4.7.3 Formal support/care services

Most older people, even many very old people, do not require any formal support/care services. The likelihood that they will require such services increases as the person ages. But, they also value their independence and any formal support/care service needs to be tailored to individual needs. Thus services may only be temporary or the level and type of service may progressively increase with increasing frailty.

Overall, the current population within ILUs is ageing and thus requiring greater levels of support/care services. The average age of residents within retirement villages in Victoria is estimated at 85 years, most of whom are women (Victoria. Consumer Affairs Victoria 2002). Thus, the linkages between ILU providers and support/care services have become increasingly important.

Current literature recognises the interdependence of housing and support/care services and the importance of close linkages between them. Yet it promotes a clear separation between them, which is most pronounced in Northern European countries such as Netherlands, Denmark and Sweden (McCallum et al. 2001; Kane et al. 1998). Means (1999: 304) in the UK context noted that specialist housing organisations are becoming major providers of residential and sheltered housing¹²: 'One of the arguments seems to be that they treat frail older people as tenants and not residents, and hence still part of the community.'

¹² See Section 5.1 for a discussion of sheltered housing.

In the context of disability services, McNelis and Nicholls (1997) point to a range of reasons for separating housing and support services: residents do not have to move with their changing support needs; residents are not tied to a particular support provider and have more choices; it overcomes some of the conflicts between the different roles – the organisation seeking compliance with tenancy agreements (such as payment of rent) can conflict with their role of supporting residents in their housing; and the separation allows for mutual accountability between housing providers and support providers in the interests of residents.

ILU providers may have a variety of approaches to linking housing and support/care services:

- Some may only provide ILUs to those who can look after themselves;
- Some provide ILUs within the three-tier context – independent units, hostels and nursing homes – with their different levels of support/care and/or provide community care services. Within program constraints (such as assessment by the Aged Care Assessment Team), these providers may have some capacity to provide residential care/community care on a priority basis or exclusively for their ILU residents;
- Some may rely upon the resident to arrange their own support/care services;
- Some may provide information and/or referral to residents; and
- Some may actively link residents with support/care providers, building strong connections with community care services to ensure close co-operation in the provision of sustainable housing for their residents. They may even have negotiated protocol arrangements with these providers.

4.7.4 Issues for consideration

This brief discussion of the links between housing and support/care services raises a number of issues for ILU providers:

- What role can a housing provider play? What are the limits of their responsibilities? Do they lie primarily in relation to the design elements of dwellings, buildings and the site? Do they also include a role in low-level monitoring, referral, linking people with services, and developing protocols with organisations?
- To what extent will decisions about their target group and security of tenure depend upon the type, level and coverage of support/care services?
- How can housing providers minimise their risks without compromising the security of tenure of residents? What strategies can they adopt: developing their knowledge of local services and their contact and/or protocols with them; developing skills in recognising the need for support/care services; developing their advocacy, referral, linkage, brokerage and co-ordination skills?
- What structure of service delivery provides the best housing and support/care services for residents? Will they receive better services by separating the delivery of housing and support/care services or should they be delivered by the one organisation?
- Where their current housing stock requires redevelopment, upgrade or modification, do they have opportunities to incorporate design elements which assist support/care providers?
- What opportunities does cluster housing present for better housing and support/care services, if required?

4.8 Strength and future of governance

Nearly all organisations providing ILUs were formed in the 1960s and 1970s. Responsibility for maintaining their original vision and purpose, for direction and adjusting to a changing environment, lies in the governance of the organisation. To what extent these organisations rely upon the continued work of the original committee or board is unclear. An organisation can only endure where it sustains the vision and brings in new committee members to carry on its work. Thus, it is important that these organisations continue to maintain close links with local communities or with auspice agencies. To what extent, then, are they sustainable in the long term?

4.9 Encumbrances to sale/redevelopment

The future possibilities for the sale and redevelopment of sites may be subject to some limitations. At least three types of encumbrances may be relevant:

- Commonwealth agreements or interest;
- Planning conditions; and
- Trust arrangements.

The extent to which the Commonwealth entered into agreements with eligible organisations under APHA is variable. Under the Act, the Director-General of Social Security could only approve an application if he was satisfied that the dwellings would be used permanently as homes for older persons (APHA Section 6(1)). He *may* have required the organisation to enter into an agreement which required continued use of the home for aged persons and repayment of the grant where this did not occur (APHA Section 8). Particularly during the 1950s and early 1960s, however, it seems that few formal funding agreements were entered into. For example, religious organisations did not enter into agreements.

Given the long time that has elapsed since any agreement was entered into, the respective responsibilities of the parties is unclear. The Commonwealth has no ongoing funding commitments to these organisations and thus has limited leverage over them.

It is also unclear whether the Commonwealth had any financial interest in units already constructed. Certainly it laid claim to a financial interest. For example, the Australian Urban and Regional Development Review (AURDR 1994: 84) stated that 'the Commonwealth has some financial interest in most of these [35,000 units across Australia]'. The National Housing Strategy (1992) regarded these units as joint ventures between government and the voluntary sector. AURDR picked up the recommendation of Mid-Term Care Review Stage 2 that 'opportunities for bringing self-contained units constructed with capital funding under the Aged or Disabled Persons Homes Act into the Community Housing program be negotiated, on condition of access of financially disadvantaged people to those units' (Mid-term Review Stage II: 141), but it also recognised that 'the Commonwealth has limited power over funds raised by the sale of such sites'.

Local councils played an important role in many ILU housing projects. Some donated land to eligible organisations or provided land on long-term leases. Some may have granted planning permits on the basis that a site was used specifically as a village for older persons housing.

Finally, some units were donated to organisations under a trust arrangement. The terms of a trust can vary and these need to be taken into account when determining the future of a site.

The extent to which ILUs are subject to these various types of encumbrances and the impact on decisions about their future directions requires further investigation and clarification.

5 INTERNATIONAL LITERATURE

A full review of the international literature on housing for older people is beyond the scope of the ILU Project. We focused our research around 'equivalent' housing models for older people, viz. those with the following key characteristics:

- Independent housing specifically for older people;
- Independent housing provided by not-for-profit and non-government organisations; and
- Independent housing specifically for older people with low income and low or limited assets.

The literature on housing models with these particular characteristics is quite limited, and few overseas models met these criteria. This section discusses five models from the United Kingdom, France, Denmark, New Zealand and the United States. Each picks up particular aspects of the above criteria. For example, in New Zealand, the model is managed by local government rather than not-for-profit non-government organisations, but it provides an interesting parallel to the Australian model¹³.

5.1 United Kingdom: Sheltered Housing

In the United Kingdom, home ownership is much lower for people aged over 65, with only about 50 per cent owning their home outright, compared to over 80 per cent of Australians in this age group (Purdon Associates 1996).

A housing model similar to ILUs and known as the sheltered housing scheme consists of clusters of between fifteen and forty dwellings with some communal facilities (a common room, laundry and guest room). Each scheme has their own warden or manager, who usually lives on site or nearby. An alarm system linked to the warden enhances residents' sense of safety and security. The warden provides low level monitoring of residents as well as a link with the housing provider (Guideforlife.com 2000; Tinker et al./UK Royal Commission 1999; Means 1999).

Table 6 below outlines some of the features of sheltered housing in the United Kingdom. It can be either rented or purchased, and is generally provided by:

- Local authorities (rent only);
- Housing associations (rent or part-buy);
- Voluntary sector (rent only); or
- Private sheltered housing developments (buy only).

Very sheltered housing in the United Kingdom is a similar service, aimed at older people who wish to continue to live independently but need extra support such as staff on call 24 hours a day, meals and assistance with bathing. This allows for the maximum possible level of independence, but with the addition of a flexible support plan where services can be chosen by residents and are used only as needed. This also allows for the maximum value for money for services (Tinker et al./UK Royal Commission 1999).

As in independent housing for older people in Australia, levels of satisfaction with sheltered housing among residents are very high. On the other hand, many provide bedsits which can be hard to let and some have outdated facilities (Means 1999: 303).

¹³ Other models such as co-operative living schemes among older women in the United States, Canada and the Netherlands were referred to in the literature but more details were not available. Means (1999, 304) notes that 'their essence tends to be self-contained units with some communal support facilities in which each scheme member knew each other prior to moving in. Thus these innovative schemes build upon existing friendships and networks rather than artificially creating a community of strangers.' Means refers to an article by M Brenton 1997 'Choice, mutual support and autonomy in old age: older women's cooperative living arrangements' Unpublished paper delivered to *Elder Power in the 21st Century* Annual conference of the British Society of Gerontology, 19-21 September, University of Bristol.

Table 6: United Kingdom: Sheltered Housing: Retirement Housing Schemes

Target group	Private facilities	Extent of shared facilities and space	Services provided by housing manager	Style and size of dwellings, building and site	Legal relationship: type of occupation and legal basis	Operational management: style, intensity and location	Support arrangements
<ul style="list-style-type: none"> Individuals or couples over 55 who are able to live independently 	<ul style="list-style-type: none"> All facilities (except maybe laundry) are private 	<ul style="list-style-type: none"> Usually have communal facilities such as a lounge, laundry, guest flat and gardens shared entrance and courtyard 	<ul style="list-style-type: none"> Linked to an emergency alarm system Usually have a warden or scheme manager who drops in each day and responds in an emergency 	<ul style="list-style-type: none"> Dwellings of varying sizes Site consists of clusters of 15 to 40 dwellings With a few exceptions, all are independent self-contained homes with their own front door May be bungalows, self-contained flats, houses or luxury apartments Usually designed with the needs of the elderly in mind May have some extra mobility features 	<ul style="list-style-type: none"> Rent from housing association or local government Lifetime occupancy. A few companies offer an arrangement whereby resident buys the right to live in the home for their lifetime Leasehold Schemes for the Elderly (LSE): resident buys 70 per cent of the property, the rest being owned by the housing association Shared Ownership Schemes in which resident buys a proportion of the property, pays rent on the remainder but can acquire it over time 	<ul style="list-style-type: none"> Linked to an alarm system Has a warden or scheme manager Wardens may be 24 hour, part-time, visiting or peripatetic A monthly service charge contributes towards paying the warden, building repairs, maintenance, gardening and other services. Owner-occupiers may have to pay a 'one-off' charge 	<ul style="list-style-type: none"> Any support needs are generally obtained elsewhere. May be some support from the warden in obtaining services Managers may offer some services which residents can purchase

Sources: Elderly Accommodation Counsel Housing Care 2002; Guideforlife.com 2000; Tees Valley Housing Group 2002; Help the Aged 2002; Tinker et al./UK Royal Commission on Long Term Care 1999.

5.2 France: MARPA

There are a wide variety of housing providers for elderly people in France. Homes are dependent on different legislation and resources, and they can be run by either public or private operators, which may be for-profit or not-for-profit organisations. There are many organisations which provide housing for the elderly, with only a small number of large organisations (Marketing Research for Industry 1998). One example of an organisation which focuses on people living in rural areas is the Mutualité Sociale Agricole.

The Maison d'Accueil Rural pour Personnages Agées (MARPA)¹⁴ is an initiative of the Mutualité Sociale Agricole which was first developed in 1986. The aim is to provide local housing for elderly people from rural areas. In 1994, there were 35 of these projects (Purdon Associates 1996).

Each project consists of between seven and twenty flats, all with easy access to common living areas which include a living room, dining room and a quiet area. Each flat can be furnished and decorated by the resident, and has its own garden, and kitchenette, although meals are provided. Other services provided are household services and recreational activities, as well as optional services of cleaning and house help. A live-in housekeeper supervises each project on a 24 hour basis.

Outside services can also be provided, on the same basis as for older people living in their own home, and these can be organised by the housekeeper. The project is not aimed at people who need extensive medical and personal care, but is instead designed to cater for those who are beginning to lose their capacity to live independently.

5.3 Denmark: Not-for-profit organisations

In Denmark, the housing situation for elderly people has changed dramatically over the past two decades. Following the Elder Report in 1980, Denmark began a policy of de-institutionalisation with the aim of keeping 'people at home as long as possible' by providing specialised housing rather than institutional care. With an emphasis on ageing in place, and the consequential closure of many nursing homes, elderly people in Denmark increasingly have the same housing options as younger people (McCallum et al. 2001: 8).

The numbers of nursing homes, sheltered housing and pensioners' flats are all on the decline. Many have been reconstructed and relabeled under the more generic title of housing for the elderly (Gottschalk 1995). This move stems from a governmental decision to separate housing functioning from service functioning, meaning that the elderly are encouraged to stay in their own home and are provided services as needed.

While not so specific to older people, not-for-profit organisations still play two major roles in housing in Denmark, these being financing and housing provision. Most housing is financed by not-for-profit building-mortgage institutions, who provide funding for as much as 80 to 95 per cent of the property value (Gottschalk 1995).

Provision of not-for-profit housing in Denmark was originally aimed at low income people. While this housing is now open to all, it is still provided with the aim of ensuring that those on low incomes will be able to manage the rental rate (Purdon Associates 1996). There are some variations between housing costs, but most not-for-profit rental housing costs about 15 per cent of income. Prior to 1994, not-for-profit organisations were required to nominate a number of these flats to elderly. However, this is no longer a requirement, and organisations may nominate housing as they see fit (Gottschalk 1995).

5.4 New Zealand: Local government housing

In New Zealand, very little housing aimed at low income people is provided by non-government agencies, although a limited amount is provided by religious and welfare agencies. However, within local government, a large number of housing units aimed at older people are currently facing difficulties which are similar to those faced by ILU providers in Australia. The largest not-for-profit provider of rental housing is local. Currently, 15,000 local authority housing units are

¹⁴ Can be translated as 'Rural House of Welcome for Aged Persons'.

mostly provided for single people, particularly for older people on low incomes (Housing New Zealand 2002).

Between 1950 and 1991, the central government offered subsidised finance and cash grants for the construction of housing for older people (Housing New Zealand 2002). This resulted in the building of a number of pensioner flats, cottages and rest homes by local governments, with low cost rents which funded the maintenance of the stock (Ferguson 1994).

However, a number of problems are now associated with this housing. The quality of the stock is coming into question. Maintenance and modernisation programs have been deferred in many cases, and much of the stock is bedsitter units which are poorly suited to the needs of older people (Housing New Zealand 2002). A number of local governments have also expressed a desire to rid themselves of this housing, including one of the larger providers, Auckland City Council. Many view social housing as being outside of their 'core business' (Housing New Zealand 2002).

Despite these problems, there is currently no action being taken to decide on the future of this housing stock. Some proposals by Housing New Zealand Corporation (2002) include developing joint venture housing associations between local governments and the central government, gaining support from local housing partnerships projects, and having a joint management of local government and Housing New Zealand Corporation wait lists.

5.5 United States: Independent Living Communities

In the United States, elderly people may occupy a range of accommodation types. Independent Living Communities are one of these options where individuals and couples can rent homes, condominiums, town houses, apartments and/or mobile and motor homes. Table 7 outlines some of the major features of these types of communities.

However, for many Americans, these living communities are not affordable. Some do offer subsidies, but most are paid for through private funding by the residents. There is a dearth of available information on not-for-profit housing providers in the United States, as was outlined in a study by the US Department of Housing and Urban Development's Office of Policy Development and Research (1995). The study found that there was a lack of comprehensive and consistent data in this area. No national register of non-profit organisations exists, and data on activities and performance is limited. A survey of the sector conducted by the National Congress for Community Economic Development (1991, cited by US Department of Housing and Urban Development's Office of Policy Development and Research 1995) found that there were approximately 1,800 community development corporations providing housing, although very few produced a high volume of housing and most operated within cities.

This lack of information also makes it impossible to tell how many units of affordable housing are provided for elderly people by not-for-profit organisations.

There is little doubt that there are many older people in the United States who are struggling with finding affordable and appropriate housing. Millions are living in accommodation that is inappropriate or unaffordable, and approximately 1.7 million are in desperate need of affordable housing, having to spend over 50 per cent of their income on shelter (US Department of Housing and Urban Development's Office of Policy Development and Research 2000).

5.6 Summary/concluding remarks

A review of the literature indicates that many countries are still grappling with the issue of housing for older persons as they experiment with various types of arrangements. Indeed, one commentator suggests a 'proliferation of approaches' (Kane et al. 1998: 269). But a number of common themes do emerge.

Table 7: United States: Independent Living Communities

Target group	Private facilities	Extent of shared facilities and space	Services provided by housing manager	Style and size of dwelling, building and site	Legal relationship: type of occupation and legal basis	Operational management: style, intensity and location	Support arrangements
<ul style="list-style-type: none"> Age restrictions: usually 55-60+ 	<ul style="list-style-type: none"> Private kitchen and bathroom facilities 	<ul style="list-style-type: none"> May be some shared communal areas and laundry 	<ul style="list-style-type: none"> Grounds maintenance and security May have many extra facilities and services, including meals, social programs, transportation, organise outings, shopping trips and limited medical services May be opportunity to 'age in place' by adding services as the need arises 	<ul style="list-style-type: none"> Clusters of dwellings of varying sizes Homes, condominiums, town houses, apartments and/or mobile and motor homes where residents maintain an independent lifestyle Usually on one level with own entrance 	Various arrangements: <ul style="list-style-type: none"> Rental Entrance fee plus regular service fee Purchase of unit 	<ul style="list-style-type: none"> Services and activities rules are set and governed by the management company providing the services May be on-site or off-site manager 	<ul style="list-style-type: none"> Health care is not provided with normal fees, but many allow payment for a home health aide or nurse to come into the apartment to assist with medicines and personal care

Sources: Merrill 1988; Guide to Retirement Living 2002

First, housing and support/care options tend to reflect the outcomes of two competing paradigms: older persons ageing in place,¹⁵ and older persons becoming more frail and moving from one housing setting to another with changing types and levels of support/care service (Pynoos and Liebig 1995: 8; McCallum et al. 2001: 10).

Second, 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 of competing paradigms is associated with different housing policies. In those countries where 'ageing in place' predominates – generally Northern European countries with large social housing sectors – the emphasis within housing policy is on making all housing accessible through major programs to modify existing dwellings or the promotion of adaptable or universal housing, and unbundling the delivery of support/care services from the provision and management of housing. In countries (such as the United States with its very small residualised social housing sector) where the predominant paradigm is moving older persons from one housing setting to another, the emphasis within housing policy is the development of special purpose-built housing, e.g. independent living communities and assisted living (Pynoos and Liebig 1995: 15; Kane et al. 1998: 269).

Third, of particular importance are the linkages between housing and support/care services:

In response to the need for suitable housing for frail older persons, a quiet revolution is occurring. At its base is the realisation that housing and long-term care policies can no longer be treated as separate domains: housing is more than shelter, particularly for special needs populations, and long-term care must include housing as a key component. The new trends in housing frail elders merge the housing and long-term-care systems (Pynoos and Liebig 1995: 8).

Fourth, while linkages between housing and support/care services are important, many countries separate their delivery, recognising that support/care services can be delivered in a range of different housing settings.

Fifth, 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. This highlights the importance of housing choice rather than one option for all older persons.

¹⁵ Ageing in place is understood as older persons ageing within their own homes (whether owned or rented) within their local communities.

6 SUMMARY OF KEY RESEARCH ISSUES

This Positioning Paper has:

- Defined more clearly the scope of the ILU Project in relation to a particular group of organisations and to a particular segment of their housing stock which is accessible to a particular group of older people;
- Briefly outlined the historical development and some of the key characteristics of ILUs with the context of the development of aged care in Australia;
- Examined nine issues which may have an impact on the future of ILUs; and
- Reviewed some of the international literature around housing options for older people.

It is clear that 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 constitute the first phase of retirement villages have not been canvassed.

The next stages in the ILU Project will need to address both this gap in current information and the issues currently confronting ILUs.

6.1 Information gaps

As the paper examined the issues which may have impact on the future of ILUs, it revealed significant gaps in our information, including:

- The organisational context within which ILUs are provided, i.e. whether organisations provide them in the context of a range of aged care services or in the context of a broad range of aged and non-aged services or only focus on independent housing;
- How important ILUs are to an organisation's business and the extent to which they are a priority;
- The strength and viability of the governance of the organisation;
- The ownership and management of ILUs;
- The number of resident-funded units managed by the organisation;
- The size, age and condition of units;
- How well units are being managed, and whether this is under a Retirement Villages Act or some voluntary code of practice;
- The extent to which units have been or are proposed to be upgraded/refurbished, demolished, extended or converted;
- Encumbrances on the sale/redevelopment of units;
- Contractual arrangements with residents including type of entry contributions, if any, required;
- The level and method used to determine ongoing payments;
- The type of services provided or made available on each site;
- The broad groups targeted by the organisation;
- Turnover, vacancies and waiting lists;
- Linkages with support services; and
- Occupant characteristics such as age, gender, living arrangements, length of residency and whether they require assistance to maintain their housing.

Further work on the ILU Project will endeavour to gain information about these areas.

6.2 Summary of issues

The primary purpose of the ILU Project is to ascertain the role and significance of ILUs, in particular, their current and future potential to provide a viable housing option for older people with low incomes and relatively low assets.

It is therefore important to recognise the history of ILUs, the context within which they are owned and managed, and the strengths, weaknesses and constraints which impact on their future potential and viability.

The issues identified in this Positioning Paper and strategies for dealing with them will constitute further work on the ILU Project. In summary, ten issues for further research can be identified:

- **Future directions for social housing:** Safe, secure and appropriate housing that is affordable are central conditions for the effective delivery of community care and for preventing the premature entry of older persons into residential care. Older persons without stable housing, those facing high housing costs and where landlords are reluctant to make or agree to the modifications necessary to sustain them within the dwelling are the most vulnerable. Social housing will play a critical role in any aged care policy based on 'ageing in place'. The priority which Commonwealth and state governments give to the development of housing options for older persons and their perception of the importance of ILUs in future strategies will be a critical area for further consideration.
- **Future directions for aged care, in particular, community care:** The provision and management of secure housing for older persons is critically dependent upon the timely delivery of adequate and appropriate community care and other support services. The role and significance of ILUs will primarily depend upon the future direction of aged care in Australia, in particular the implementation of the new paradigm and vision of community care based on 'ageing in place'.
- **Housing stock: adequacy, appropriateness and condition:** Nearly all dwellings within the scope of the ILU Project were constructed 20 to 40 years ago. Providers must face the challenge of providing ILUs which meet new housing standards, as well as higher expectations of residents for larger dwellings with better amenities. The ILU Project needs to ascertain the extent to which the current stock is adequate, appropriate and in good condition, and what organisations are doing to bring their stock up to contemporary standards. It also needs to investigate sources of capital funds, including the role of both Commonwealth and state governments for undertaking major upgrade or refurbishment of stock, conversion or extension of bedsitter units, and redevelopment of sites.
- **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 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 inter-related parts: a contract about financial arrangements, a licence to occupy a unit and a management agreement. Each provides residents with different rights. With a changed legal environment, it is time for ILU managers to consider a number of questions. To what extent do current legal arrangements reflect the need to raise finances? To what extent do they reflect the needs of owner/managers rather than residents? How can legal arrangements be made clearer and simpler for residents? What are the rights of residents and what is the simplest way in which to resolve disputes?
- **Financing:** Financing has been and will continue to be a major issue for ILU providers. It is unclear to what extent they 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. How does an organisation balance these competing requirements?

Can they raise sufficient capital without charging ingoing contributions? What do they need to charge to ensure they can meet their costs and remain financially viable? Can they remain financially viable if they charge an affordable rent, and what is an affordable rent?

- **Future directions for managing ILUs:** ILU providers largely operate out of an aged care framework which contrasts with the current framework for CHOs. As a result, each sector has developed its own culture and practices. CHOs have developed substantial infrastructure to support collaboration, a regulatory framework including accreditation and national standards, and an extensive network of research and training. Aged care organisations are largely focused on reform of residential care and the development of community care. The retirement village sector is largely focused on older persons with assets. 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. For this reason, many countries are seeking greater separation between housing and formal support/care services. Yet, housing managers can play a key role in providing some support for residents, through the design of dwellings, buildings and site, and by facilitating supportive communities. What are the responsibilities and capacities of ILU providers to provide these types of support?
- Where older people do require support/care services, the level and type will vary over time, and better co-ordination or linkage between the housing and support/care providers is necessary. What is the best way in which to structure the co-ordinated delivery of housing and support/care services? What organisational links do ILU providers need to develop? What opportunities does the clustering of ILUs present for better linkages between housing and support/care services?
- **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. To what extent, then, does the work of these organisations rely upon an ageing original committee or board? To what extent are these organisations sustainable in the long-term?
- **Encumbrances to sale and redevelopment of stock:** ILU providers may be subject to certain encumbrances that prevent the sale and/or redevelopment of stock. These include formal or informal agreements with the Commonwealth government (through the former Director-General of Social Services), local planning conditions and trust arrangements. Where these encumbrances exist, what is their nature and force and what is their impact on ILU providers?

7 PROPOSED METHODOLOGY AND TIMELINES

This Positioning Paper has highlighted a range of issues. In the light of this, we have further refined the four stage process proposed before commencement of ILU Project.

7.1.1 Stage 1: Refining the issues

This Positioning Paper has reviewed the current literature relating to ILUs along with a brief review of similar models operating overseas. On this basis, it has identified more clearly the research issues for the following stages.

This has provided a context for the ILU Project and the articulation of some key research.

7.1.2 Stage 2: Scoping of ILUs

Stage 2 of the ILU Project seeks to build up a basic picture of ILUs. It consists of two parts.

The first is a national survey of not-for-profit independent housing providers operating in the aged care sector, to be sent to all members of the aged care peak in each state.

The second part assesses the locational significance of ILUs by comparing in Victoria the number of units in each local government area with the number of older persons' public housing units. This will test the hypothesis that these two forms of independent housing for older people are complementary in terms of location.

7.1.3 Stage 3: Scoping the issues facing ILUs

The national survey in Stage 2 will provide some basic information about the current state of ILUs. Stage 3 will investigate aspects of this basic information in more depth and more clearly articulate the research issues identified above.

This stage will focus firstly on the issues facing ILU providers and secondly on the strategies adopted to deal with these issues. Stage 3 will identify and scope these current issues, their impact on tenant outcomes and the responses from organisations in two states, Victoria and New South Wales.

Stage 3 will be conducted in three parts: initial selective phone interviews, workshops and; some in-depth interviews with current providers who have addressed or are addressing major issues.

7.1.4 Stage 4: Analysis and evaluation

The final stage will draw together the material collected from the different methodologies of each of the previous stages. It will analyse the information collected in terms of the role and significance of ILUs from the perspective of older persons with low incomes and with relatively low assets. The stage will involve some analysis and evaluation of the critical issues and proposed strategies. A summary preliminary report will be presented to a seminar of key people. This will test the accuracy of the findings to date and their possible policy implications. A final report will conclude the ILU Project.

Table 8 summarises the revised methodology outlined above and provides timelines for each stage of the ILU Project.

Table 8: Summary of methodology and timelines

Stage	Timeline
Stage 1: Refining the issues	
Review of Acts, literature and other information sources	
Positioning Paper	August 2002 – November 2002
Stage 2: Scoping of ILUs	
Develop and pilot national survey	September 2002 –
Distribute and follow-up national survey	January 2003
Data analysis	
Locational comparison with public housing (Victoria)	
Stage 3: Scoping issues for ILUs (Victoria and New South Wales)	
Phone interviews	December 2002 –
Workshops on critical issues	April 2003
In-depth interviews – case studies	
Stage 4: Analysis and evaluation	
Seminar	May 2003
Final paper	

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APPENDIX I: CHRONOLOGY OF THE *AGED PERSONS' HOMES ACT 1954*

	<i>Aged Persons' Homes Act 1954</i>	Other
1954	<p><i>Aged Persons' Homes Act</i> passed providing the Commonwealth government with powers to allocate subsidies to eligible organisations (churches, charitable bodies and institutions) for the purpose of providing homes for aged persons</p> <p>Rate of capital subsidy: \$1 for each \$1 provided by the eligible organisation for the capital cost of buildings and fixtures, excluding land unless an existing building was purchased</p> <p>Remaining funds were to be raised through public donations to voluntary organisations (not through borrowings)</p> <p>Eligible persons defined as men and women of pensionable age, 65 years and 60 years respectively and their spouses (regardless of age)</p> <p>No mention of 'needs' or means, a person's economic or social circumstances or physical condition</p>	
1956		<i>Home Nursing subsidy Act 1956</i> passed to provide care for aged and disabled people in their own homes
1957	<p>Rate of capital subsidy increases to \$2 for each \$1 provided by the eligible organisation</p> <p>Capital costs included the cost of land where the land was acquired after October 1957</p>	
1962	Commonwealth instructs APHA organisations of legal advice that donations from residents may not be returned.	
1963		<i>National Health Act 1963</i> – assistance towards the running of nursing homes introduced
1966	Capital subsidy extended to provide nursing home beds	
1967	Local government becomes eligible for funds	

	<i>Aged Persons' Homes Act 1954</i>	Other
1969	<p>Personal care subsidy introduced to cover the ongoing costs of providing services in hostels to residents aged 80 years or more</p> <p>All freehold land (not just that purchased after October 1957) was included in the capital costs</p>	<p><i>States Grants (Dwellings for Pensioners) Act 1969-1974</i> passed providing funds to SHAs for housing aged persons</p> <p>Required matching funds (\$1 for \$1) from state governments</p> <p>Target group: single aged persons in receipt of supplementary assistance</p> <p>Initial funding period of five years but extended to 1997 and then 1978</p> <p><i>States Grants (Home Care) Act 1969</i> provided for housekeeping and other domestic assistance, capital for senior citizens' centres, and welfare officers</p> <p><i>States Grants (Paramedical Services) Act 1969</i></p> <p><i>States Grants (Nursing Home) Act 1969</i></p>
1969-70	A new form of legal agreement required organisations to apply donations from residents only towards the establishment of new accommodation	
1972		<p><i>Aged Persons' Hostels Act 1972-1974</i> passed to encourage religious and other voluntary organisations to build more hostels</p> <p>Beds allocated according to need</p> <p>Full capital funding provided and residents not required to provide a donation</p> <p>Expired September 1975</p>
1973		<p><i>National Health Act</i>: Domiciliary Nursing Care Benefit</p> <p>Committee of Inquiry into Aged Persons' Housing appointed by the Social Welfare Commission</p>
1974	<p>APHA extended to disabled persons who are permanently incapacitated for work or permanently blind and becomes Aged or Disabled Persons Homes Act (ADPHA)</p> <p>Provision made to allow local government to use loan funds to attract subsidy</p> <p>Rate of subsidy increases to \$4 for each \$1 provided by the eligible organisation</p> <p>A land subsidy introduced</p> <p>Maximum subsidy payments increased as recommended by the Committee of Inquiry into Aged Persons Housing</p>	<p><i>States Grants (Dwellings for Pensioner) Act 1969</i> extended to cover single invalid pensioners</p> <p><i>Nursing Home Assistance Act 1974</i> provided for meeting the operating deficits of nursing homes run by charitable organisations as an alternative to nursing home benefits</p>

	<i>Aged Persons' Homes Act 1954</i>	Other
1975	Extension of ADPHA capital subsidies to cover day care centres Capital subsidies suspended for ADPHA applications not yet funded	
1976	Introduction of three year funding program for ADPHA, specifying an allocation formula based on current provision in states, and emphasising nursing homes and hostels for the aged and infirm Rate of capital subsidy reduced to \$2 for each \$1 provided by the eligible organisation	
1978		<i>States Grants(Dwellings for Pensioners)</i> 1969 subsumed under the <i>Housing Assistance Act 1978</i> (i.e. becomes the Pensioner Program within CSHA arrangements) – extended coverage to couples
1981		CSHA Pensioner Program – eligibility widened to include all pensioners, Aboriginals and other needy groups
1984	ADPH Act becomes a capital program for aged persons hostels	

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