

Submission to the Public Housing Renewal Taskforce

**Retirement Living Adaptive Reuse
Demonstration Project**

Project Number: HR2015/20

20 July 2015

Introduction

The Property Council of Australia is pleased to provide the ACT Public Housing Renewal Taskforce with this submission aimed at assisting the ACT Government meet the challenge of finding alternative accommodation for public housing tenants.

Property Council members in the ACT represent the majority of not-for-profit, private and listed retirement village operators in the ACT. Members include Goodwin, Hindmarsh, Lend Lease, IRT and Stockland, as well as a range of professional consultants to industry including AMC Architecture, Cox Architecture, ClarkeKeller, Minter Ellison, JLL and Capezio & Co.

The Property Council has identified the fact that due to an increasing ageing population over coming decades there will be an increasing need for a variety of accommodation options for retirees. The Property Council is also aware of challenges faced by the ACT Government in terms of the need for renewal or replacement of ageing public housing stock, in combination with a range of other issues such as the Government's focus on the need for urban renewal and pressures on the Territory economy.

The Property Council has considered these challenges in light of the call for submissions to the Public Housing Taskforce, and is pleased to present the Taskforce with what we believe to be a unique and innovative proposal that will assist in addressing some of the challenges identified below:

1. Replacement accommodation for current and future public housing tenants

The ACT Government is currently faced with the task of accommodating 1200+ public housing tenants, any of whom are moving towards retirement age, in order to redevelop existing outdated and inappropriate public housing stock. This strategy is supported by the Property Council.

2. Adaptive reuse of D-Grade, unused or partially used office buildings with a heritage overlay

There are a number of D-Grade office buildings, owned by the ACT Government, which are no longer suitable as commercial office space. These buildings will need to be repurposed or redevelopment to meet current standards. This strategy can be difficult when heritage listings or other restrictions on redevelopment are in place.

3. Rejuvenation of town centres

With the relocation of some Commonwealth and ACT departments and agencies, as well as a slowing down in private investment, some town centres need innovative new strategies to encourage re-investment, and to bring business and people back into the hearts of their districts.

4. A growing ageing population and the provision of housing options which will assist to take pressure off the ACT health system

As Canberra's population ages, there will be new demands in terms of housing as well as on the ACT health system. People are living longer and many will want to downsize and remain in areas where they still maintain networks and are close to amenities and health facilities. We also see an increase in the reverse sea change, with many retirees returning from the coast in order to be closer to medical services and family.

This proposal provides solutions to the above-mentioned challenges, and could be a demonstration project showcasing how government and the private sector can work together collaboratively to resolve a number of challenges to the benefit of all.

Part of the solution: Retirement Living Adaptive Reuse Demonstration Project "Callum Offices"

1. Convert the D-Grade, heritage listed Callum Offices into an accommodation and health precinct for seniors, including independent living, aged care, public housing for seniors, community health services, Woden seniors, food retail and commercial offices.

Current commercial office vacancy rates are amongst the highest in the country, with many B, C and D Grade properties now at the end of their life cycle.

Adaptive reuse of existing buildings comes with risks, such as potential uncertainty in the market for an unusual product, parking issues, the real cost of refurbishing, the lease variation charge and potential lease expiry. However, it can also potentially present tremendous environmental and economic opportunities for those willing to take a risk on investment.

The Callum Offices in Woden are D Grade office buildings, heritage listed and only partially used by ACT Government departments. Adaptive reuse for retirement living is a real option given the increase in demand for retirement living and the excellent location, close to amenities and health services, which are known to be prime motivators for elderly residents when considering downsizing.

Although there are challenges inherent in the current built form and heritage overlay, the buildings also provide unique opportunities. Were additional land to be made available, the development could consist of the following:

1. 100-120 Independent Living Unit (ILUs) for Retirement Living, registered as a Retirement Village Scheme. This is resident funded accommodation with a retirement village operator operating the village under the Retirement Villages Act. In order to operate a retirement village most efficiently, a minimum of 120 ILUs would be required;
2. 10%-20% of the above ILUs earmarked for senior public housing tenants under a commercial agreement between the ACT Government and the retirement village operator. It is envisaged that the public housing tenants would be "salt and peppered" throughout the village and that the public housing tenants would have the same residence rights as all other ILU

residents. Details of this arrangement will have to be developed and negotiated with the relevant parties;

3. A 60-80 bed Residential Aged Care Facility (RACF), operated by a licensed aged care provider under the Aged Care Act;
4. Community facilities for the exclusive use of residents, including function rooms, lounge rooms and other recreational spaces;
5. Rooms for community health services, such a physiotherapists, doctors' rooms and dentists for the use of residents and the wider community;
6. Potential relocation of the Woden Seniors, who we understand have been searching for larger accommodation for some years, without success. Some of the community facilities of the retirement village component of the development could be incorporated for this purpose;
7. A range of food and retail options, including café and/or restaurant and hair dressing salon, as well as office space for health related services would also be incorporated into the development;
8. Ongoing accommodation for relevant ACT Government departments or a staging space while new accommodation is sought.

It is envisaged that one of the three existing Callum Offices buildings would be converted into community facilities and office, and that the integrity of the building will be maintained as much as possible, showcasing the heritage value of the building.

The two remaining buildings would be converted into ILU accommodation. This conversion could yield up to 24 ILUs per building. Additional new residential buildings would be developed adjacent to the Callum Offices to accommodate the remainder of the retirement living units and the residential aged care facility.







Callum Offices



Site location including Callum Offices



LEGEND

	Independent Living Units - New
	Independent Living Units - Adaptively re-used
	Mixed-Use Community Facility/Commercial
	Residential Aged Care Facility

Concept Masterplan

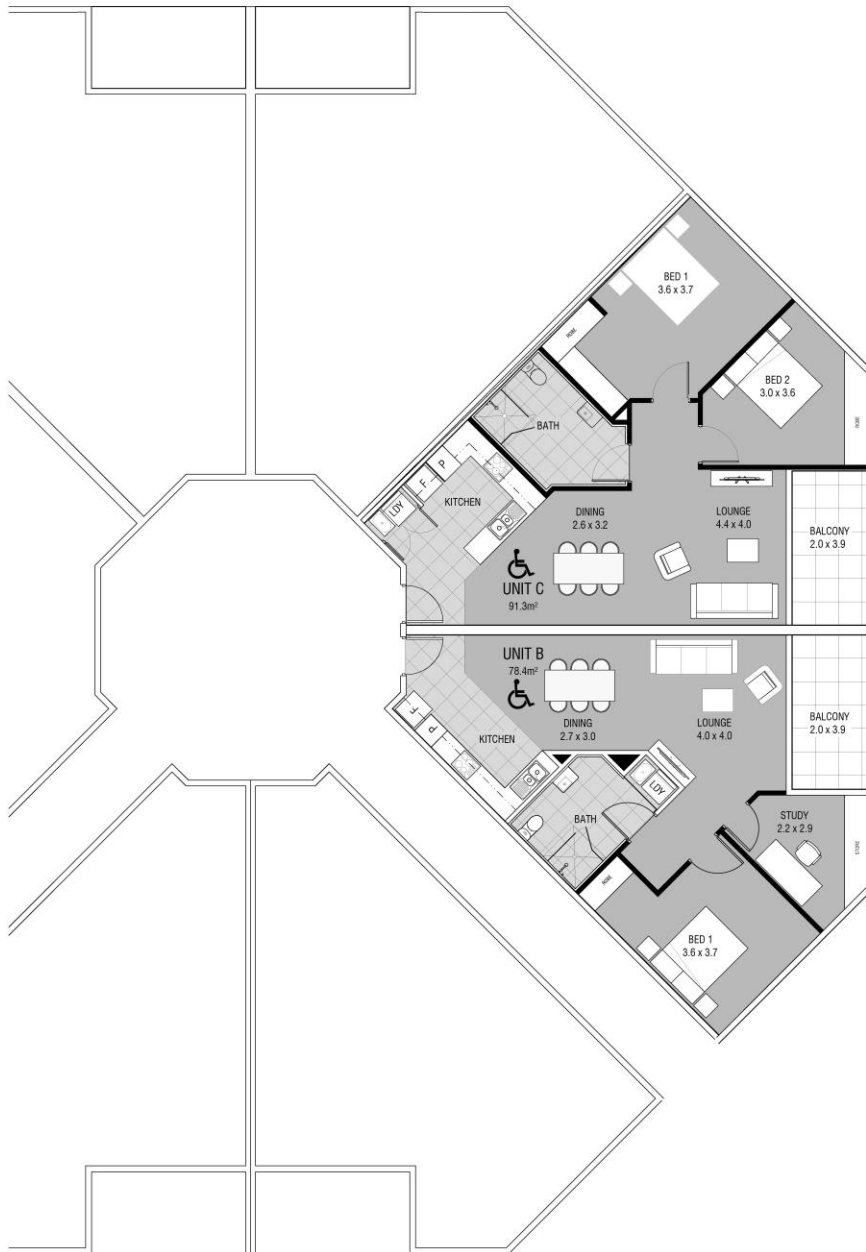
YIELD ANALYSIS

BUILDING	1 BED	1 BED +S	2 BED	3 BED	TOTAL
A	-	12	12	-	24
B	-	12	12	-	24
D	-	12	24	24	60
E					
Total	-	36	48	24	108

C (Mixed Use Community Facilities/Commercial) 3,000m²

RACF 80 beds

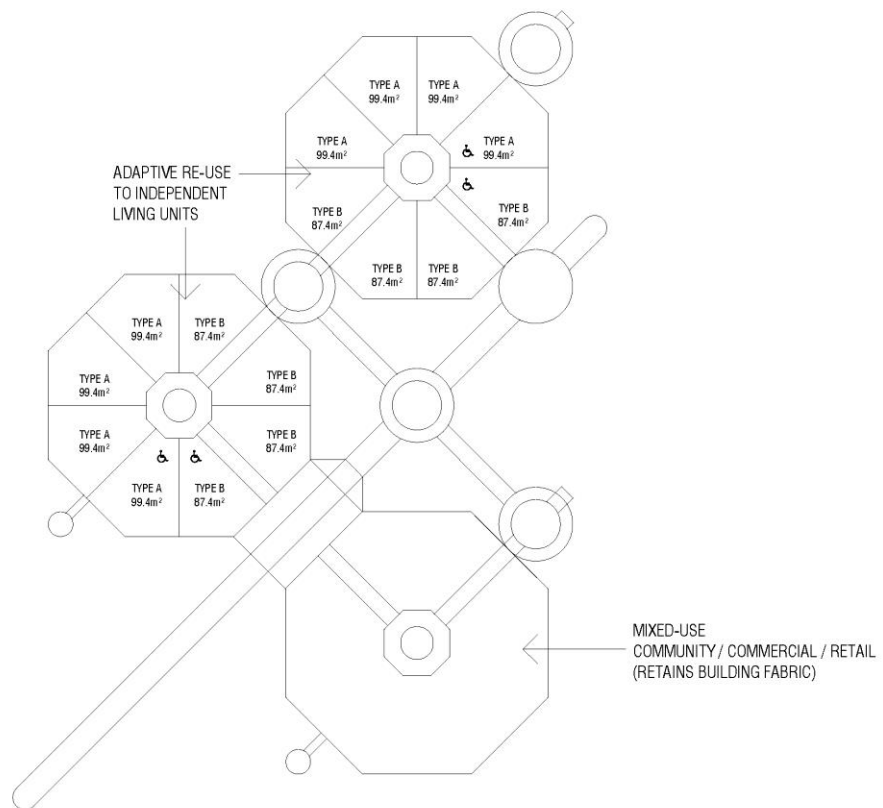
Existing residential building 3 storeys high.
New residential building 8 storeys high to east half and 4 storeys high to western half.
Community building (existing) 3 storeys high.
RACF 4 storeys high.



Examples of 2 ILU configurations in typical Callum Offices Pod

The benefits of this project to multiple stakeholders will include:

- The availability of between 10 and 24 new public housing apartments;
- Adaptive reuse of a “difficult” ACT Government asset;
- Rejuvenation the Woden Town Centre;
- Provision of additional independent living housing options for seniors in a growing market;
- Reactivation of an adjoining public asset – Arabanoo Park
- In the event the Woden Seniors were to relocate, freeing up developable land on the site where the Woden Seniors are currently situated at Corinna Street, Phillip.



Adaptive Reuse of 2 of the 3 Callum Offices Pods and preservation of one Pod for mixed commercial / retail / community uses

1. Partnership between the ACT Government and a private sector consortium

The Property Council presents this proposal to the Taskforce on behalf of its members who represent a significant majority of retirement living operators in the ACT. Whilst the proposal requires further work and refinement, it is clear from the preliminary feasibility analysis undertaken to date that in order for the project to succeed, it will be dependent on close collaboration between industry and the ACT Government.

In Australia, the retirement living industry is fully self-funded without any government assistance. However, one of the greatest barriers to entry for operators is the provision of sufficient and appropriate land in locations which are conducive to attracting retirees. The Callum Offices and immediate surrounds are in a desirable location and offer a number of benefits to potential residents, as well as to the ACT Government in terms of its being able to meet a number of policy priorities including urban densification in key areas.

The preliminary feasibility undertaken by the Property Council indicates that a partnership between the ACT Government and the private sector (either through an individual entity or a consortium) would enable this exciting project to materialise. In this regard, the partnership would involve the ACT Government granting the Callum Offices to the project, with the private sector undertaking development of the site.

2. Demonstration of the value of the retirement living industry and showcase the Lifemark Village Accreditation Scheme

National research undertaken by Grant Thornton on behalf of the Property Council into the value and benefits of the retirement living sector identified a number of key findings, including:

- Retirement villages offer affordable accommodation where residents are part of a supportive community (87% of residents chose their particular village for a safe environment, emergency support and to maintain their independence). Further, all surveys (undertaken either by individual operators or national retirement industry census) show that the vast majority of the 184,000 people who live in retirement villages across Australia are happy – and happier than they were before they moved there
- Retirement villages are part of the solution to the challenge of ensuring there are enough affordable homes for Australians of all ages, compatible with different stages of life, and less reliance on taxpayers. The sector supplies specially designed homes, preventative health care and community services, often at much lower margins than other property assets competing for scarce capital;
- Retirement villages reduce the cost of publicly funded health care services by providing a supportive, well serviced community. This is achieved through delayed entry into aged care, less frequent and shorter hospital stays, fewer GP visits and savings through improved social wellbeing. The research shows that the average delay of entry into aged care facilities for retirement living residents is five (5) years on average. This results in a

saving of \$1.98b per annum to the health budget alone. Further, there is at least \$177m per annum savings to the health budget through residents requiring fewer hospital and GP visits, earlier discharge from hospital and improved mental health outcomes.

- The retirement village sector directly contributes \$2.93b to GDP (through construction and operation of villages) and \$176.2m in tax per annum.

The creation of a retirement village at the Callum Offices and immediate surrounds will provide the ACT Government with all of these benefits. The inclusion of public housing within the village will provide those residents/tenants with all the health, wellbeing and social inclusion benefits experienced by retirees currently living in other retirement villages in the ACT.

In 2013, the Property Council launched a new accreditation scheme that provides a professional quality assurance framework for retirement villages, using the most rigorous standards. The Lifemark Village Scheme is geared towards continual improvement, and assists operators and villages to be more accountable and responsive to village residents, which in turn safeguards the industry against unnecessary regulatory intervention. The Scheme's standards have been devised to ensure that all people in our communities live in ethically managed villages, and enjoy a comfortable and safe lifestyle. Lifemark also provides a strong platform for operators to assure prospective and existing residents that they are committed to standards that go well beyond what the law requires.

The Lifemark Village Scheme has 26 standards, which align with international standards and capture the essence of high performance from a resident's perspective. The standards are divided into six categories of village performance:

- **Lifestyle:** social activities, transport, resident involvement in decision making
- **Support:** information, resident orientation, communication, satisfaction
- **People/staff:** dignity and privacy, performance of employees and volunteers, staff orientation, performance management, people development
- **Safety:** security, signage, emergency procedures, disaster planning
- **Regulations:** food and catering, financial arrangements, compliance, occupational health and safety, insurance
- **Village policy:** dispute resolution, resident meetings, maintenance

A professional accreditation body, BSI featuring NCS International, has been contracted by the Property Council to independently administer the Lifemark Village Scheme. BSI is one of Australia's largest and most experienced accreditation and certification bodies. It audits dozens of schemes for a variety of industries and complex consumer-oriented businesses, including Woolworths and McDonalds, and health and human services providers. BSI is responsible for the appointment, training and development of auditors, and all aspects of the accreditation process.

It is proposed that the retirement village created at the Callum Offices and surrounds will be accredited under the Lifemark Village Scheme. This will provide all residents, including public housing residents/tenants with the peace of mind, security and safeguards afforded by the Scheme.

Conclusion

The Property Council recommends the Public Housing Renewal Taskforce consider this proposal as positive response to meeting multiple ACT Government policy objectives.

We would welcome an opportunity to further develop a strategy to implement this project. Repurposing and reinvigorating the Callum Offices through adaptive reuse, while meeting different needs and providing solutions to different challenges, could make for an exciting and unique demonstration project to the benefit of all.

As this is not a specific EOI we have not completed Returnable Schedule A. However, we welcome an opportunity to discuss this proposal further and providing assistance in identifying suitable industry participants.

Contact

Catherine Carter
ACT Executive Director
Property Council of Australia
GPO Box 1025
Canberra ACT 2601

T: 02 6248 6902

E: ccarter@propertycouncil.com.au

Contacts

Catherine Carter

ACT Executive Director

Property Council of Australia

Phone: 02 6248 6902

Mobile: 0412 330 079

Email: ccarter@propertycouncil.com.au