

28 June 2024

Hon Emma Davidson MLA  
Minister for Community Services, Seniors and Veterans  
Office for Seniors and Veterans  
Via submission portal at <https://yoursayconversations.act.gov.au/>

Dear Minister

**Submission: Canberra's age-friendly city plan 2025-35**

The Retirement Living Council (RLC) welcomes the opportunity to provide a submission to the consultation for the development of Canberra's age-friendly city plan 2025-35.

The RLC is the national peak body for Australia's retirement living sector, championing policies that deliver age-friendly homes and better services in retirement for the 250,000 older Australians who call one of these communities home.

The RLC sits within the Property Council of Australia's national advocacy team and is the most powerful voice of the sector, representing for-profit and not-for-profit owners and operators of retirement villages and seniors' living communities.

Retirement villages are governed by the *Retirement Villages Act 2012* and provide affordable accommodation and care for Territorians over 55 years of age. As you are aware, Australia is facing a dramatic demographic shift with the number of Australians aged over 75 forecast to increase from 2 million to 3.4 million by 2040.

With the number of people aged over 75 in the ACT set to more than double to 48,000 by 2040, we welcome this timely update of the Canberra age-friendly city plan to ensure this growing cohort of Territorians can age with dignity in communities that are designed to support them to live life to the fullest.

The focus areas in the discussion paper align with the significant value proposition retirement living offers to individual residents, federal, state and territory governments, and the wider community. When older Australians rightsize into purpose built, age friendly accommodation, research shows that compared to older Australians not living in a retirement community, residents are 15 per cent more physically active, 41 per cent happier, five times more socially active, twice as likely to catch up with family or friends, and they experience reduced levels of depression and loneliness.

Retirement communities provide better housing that leads to better health outcomes for older Australians.

Thank you for the opportunity to input into the development of Canberra's age-friendly city plan 2025-35. Should you require any further information on the retirement living sector, I can be contacted on 0421 374 363 or [dgannon@propertycouncil.com.au](mailto:dgannon@propertycouncil.com.au).



**Daniel Gannon**

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Retirement Living Council

## Retirement Living Council submission

### Focus area 1 – Health

Retirement communities provide better housing that leads to better health outcomes for older Australians through the provision of age-friendly environments, housing, and services that enable them to age in place.

Research shows that compared to older Australians not living in a retirement community, residents are 15 per cent more physically active, 41 per cent happier, five times more socially active, twice as likely to catch up with family or friends, and they experience reduced levels of depression and loneliness.

There are currently 250,000 people around the country living in 2,500 retirement communities, who want to live independently in their own homes for as long as possible but with the benefits and support of community living.

While state and territory legislative frameworks allow for Australians over the age of 55 to live in these communities, the average age of entry is actually 75 years old, with the national average age of a current retirement community resident being 80 years. The 2023 Property Council Retirement Census shows a 3 per cent increase over the last twelve months of residents aged above 85 years.

These statistics are important and offer demographic context given the shifting care landscape and the well documented projected future demand for aged care services.

While an increasing number of retirement communities provide personal services and wellbeing support for their residents as part of a suite of discretionary services, it is important to understand the distinction between retirement communities and aged care facilities as they are not the same.

Retirement communities are an independent housing solution designed to foster a sense of belonging and connection for older Australians which brings a host of benefits, such as reducing isolation and improving mental wellbeing.

By contrast, aged care facilities cater to individuals who can no longer live independently and need a high level of care and support around the clock.

Unlike the aged care sector which is funded and regulated by government, retirement communities are regulated by states and territories and privately funded.

In response to demand, retirement communities have developed and evolved as an alternative to the traditional residential market for those older Australians who wish to delay entry into institutional care, such as residential aged care.

Both retirement communities and residential aged care facilities play a critical role within the housing ecosystem, but for very different reasons and at different stages of the continuum of care.

The retirement living sector offers a vital opportunity to assist governments to achieve high quality, responsive and economically sustainable health and aged care systems, by delivering care and support services in a village setting.





The value proposition presented by the retirement living sector is two-fold. The “upfront” value proposition is the health and wellbeing benefits for residents of retirement villages which delays entry into taxpayer funded aged care, freeing up hospital beds and delivering significant economic savings to government budgets – as revealed in the RLC’s 2023 report, [Better Housing for Better Health](#).

The second value proposition is the potential to more efficiently deliver home care services at a time when the aged care system is failing to meet current demand, yet alone the dramatic increase in demand we know is coming. As there are on average 100+ independent living units (ILUs) per retirement community, this provides the density and scale to deliver home care services with greater efficiency.

The RLC’s [Shared Care](#) framework (copy attached) provides three models for retirement village operators to deliver community-based care services under the Support at Home program within the village setting, either independently or through a delivery partner. These models offer significant efficiencies (16-18 per cent) and savings to both consumers and government (\$100 million per annum).

Acknowledging that aged care is federally funded, the RLC continues to engage with the Australian government as it implements important aged care reforms.

That said, all governments need to encourage and facilitate age-friendly housing that improves mental health and well-being while minimising trips and falls, leading to fewer visits to the doctor and fewer hospitalisations. Recent ABS data on the Cause of hospitalisation, confirmed that the leading cause of hospitalisations in people over the age of 75 is falls. Further confirmation that the benefits of retirement living for consumers and governments are compelling.

## Focus area 2 – Employment and financial security

The [ABS Retirement and Retirement Intentions](#) report released in May 2024 revealed:

- The main factor influencing someone’s decision about when to retire is financial security.
- Between FY21 and FY23, the government pension remained the main source of income for most retirees.
- There are 4.2 million retirees around Australia, with 130,000 people retiring in 2022 and the average age being 64.8 years.
- 710,000 people around Australia intend to retire in the next five years, with 226,000 in the next two years<sup>1</sup>.

The Australian government’s 2023 Intergenerational Report identified that the largest asset held by Australian households has historically been the family home, and those who own their home typically have lower housing costs in retirement compared with renters, as well as a store of private wealth that can be drawn on in retirement.

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<sup>1</sup> [Retirement and Retirement Intentions, Australia, 2022-23 financial year | Australian Bureau of Statistics \(abs.gov.au\)](#)



Unfortunately, a rapidly growing number of Australians are retiring with mortgage debt<sup>2</sup> while the aged pension remains the main source of income for most retirees.<sup>3</sup>

The affordability of independent living units (ILUs) can be particularly attractive to retirees, as their lower purchase price compared to median house prices can enable retirees to retain more capital for other expenses should they choose to right size into a retirement community.

Older Australians consider rightsizing to achieve greater financial stability in their retirement and improve their quality of life relative to their needs. However, multiple disincentives and barriers decrease the financial viability of rightsizing.

As revealed in *Better Housing for Better Health* report, nearly three quarters of people aged 75 and over are living in dwellings with one or more bedrooms spare. This represents more than 1.4 million older Australians who are living in homes that are oversized for their needs, which can lead to trips, falls and increased interaction with healthcare services.

The report outlines how government policies are disincentivising older Australians from rightsizing due to the policies governing eligibility for key government financial support programs including the Age Pension, Commonwealth Rent Assistance (CRA), and the Home Equity Access Scheme (HEAS).

Older Australians receiving pensions stand to lose some or all of their age pension payments following the sale of their home due to impacts on their asset test. At the same time due to home ownership classifications, most retirement community residents are often deemed ineligible for both CRA and the HEAS.

The RLC will continue to advocate for the Australian government to make changes to eligibility thresholds for this financial support payments to encourage more rightsizing, which in turn then also injects more existing housing supply into the market for singles, couples and growing families.

### Focus area 3 – Housing

Dedicated retirement communities are more relevant and purposeful than they have ever been. As Australia's population continues to age, governments are facing a housing supply and affordability crisis, and the cost and demand for health and aged care services continues to exponentially increase.

The immediate focus of all governments in relation to housing is the national housing target to build 1.2 million new homes by 2029. As ILUs are recognised as official dwellings by the ABS, they are included in the target, therefore the territory government should be incentivised to activate all policy levers to unleash investment and facilitate planning approvals for new retirement developments.

In May 2024 the National Housing Supply and Affordability Council (NHSAC) released the *State of the Housing System 2024* report which projected that for the period July 2024 to June 2029 the gross new

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<sup>2</sup> [Majority of homeowners face 'debt cliff' heading into retirement](#), AMP, 12 December 2023

<sup>3</sup> [Retirement and Retirement Intentions, Australia, 2020-21 financial year | Australian Bureau of Statistics \(abs.gov.au\)](#)

market housing supply would fall 257,000 homes short<sup>4</sup> of the national housing target. It also emphasised the importance of retirement villages as a housing option.

*Retirement villages help to meet the housing needs of an ageing population. Australians strongly favour living in their own homes as long as possible (Judd, et al., 2010). Only one in 4 people aged over 85 years lives in care accommodation (Australian Human Rights Commission, 2014). High occupancy rates (PwC and Property Council, 2023) and an ageing population indicates increasing demand for retirement accommodation (Chart 2.33)<sup>5</sup>.*

Current market penetration of retirement living stands at approximately 12.6 per cent, reflecting the proportion of people over 75 years who live in a retirement community. Approximately 67,000 new ILUs are needed by 2030 to maintain current levels of demand – 49,000 more than currently planned.

If governments around Australia worked to facilitate the development of 67,000 ILUs by 2029, that would make up 26% of the NHSAC's projected shortfall, with the added benefit of delivering homes proven to benefit the health and wellbeing of older Australians.

It is important to also highlight that retirement communities are an affordable housing option. A two-bedroom unit in a retirement community is on average 43 per cent more affordable than the equivalent median house in the same postcode; however, most villages are effectively full with the vacancy rate in the ACT decreasing to 4 per cent in 2023.

Government policy, like the inclusion of retirement villages in the ACT developer licencing scheme, and planning policies that provide extra concessions and bonuses to residential, social and affordability housing types are negatively impacting investment in new retirement village developments.

Without governments levelling the playing field it is challenging for the sector to stack up against other asset classes when it comes to the financial viability of developments.

Returns for retirement villages are lower than standard residential developments due to several factors including more onerous design, additional built form requirements and the upfront cost of providing on-site infrastructure amenity for residents.

One of the great upsides for residents are the communal facilities and amenities that act as the beating heart of these communities, keeping people engaged and connected, and healthier and happier, but they come at a cost to investors when compared to standard residential developments.

Competition for suitable development sites is also challenging and in most capital cities retirement villages need to compete with standard residential developers for new sites. Typically, retirement villages are not the "highest and best use" particularly in urban infill areas. Unless there are favourable controls or zoning, retirement living developers are disadvantaged.

One way of ensuring housing diversity and the freeing up of older stock, is to establish minimum land allocations for retirement communities in new greenfield and master planned developments. Greater access to land for retirement communities through minimum land allocations in undersupplied areas,

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<sup>4</sup> [State of the Housing System 2024 | NHSAC](#)

<sup>5</sup> [State of the Housing System 2024 \(nhsac.gov.au\)](#) p. 5



like the targets in place for social and affordable housing, will go some way to incentivise additional supply.

In March the RLC noted the comments from Shane Rattenbury, Minister for Consumer Affairs, acknowledging that availability is the biggest barrier for Canberrans considering moving into retirement living.

*"We see very high occupancy rates, we see waiting lists, I certainly I've had plenty of people saying they'd like to go into a retirement village, they just can't get into one.... We can't just leave it to the retirement living sector to sort itself out."*

Mr Rattenbury identified two key elements that are needed to meet growing demand.

*"One will be as new greenfield areas are put together, it will be about making sure there is allocated space for retirement villages and similar developments," he said. "Certainly, through the current planning reforms, there has been a focus on making Canberra a more compact city, thinking about how we increase density in retirement villages is clearly part of that story."*

We look forward to continuing our engagement with the ACT government to ensure the planning system is an enabler of new retirement communities, rather than prohibiting them.

#### **Focus area 4 – Access and connection**

As Australians age, it is important they have access to supports and services that address both physical, social and emotional wellbeing. Recognising the importance of their residents' holistic wellbeing, retirement communities combine facilities, programs and services to improve both the physical and social wellbeing of residents.

Physical wellbeing is enhanced by enabling increased physical activity through ready access to facilities and sporting programs, in addition to ease of access to healthcare professionals onsite.

Social and emotional wellbeing is supported by ensuring access to mental wellbeing professionals and programs. Retirement communities also encourage social and community engagement by providing older Australians an environment with transportation services, as well as onsite amenities and events such as cafes, restaurants, and organised team sport activities that foster socialisation and engagement with their friends and fellow residents.

#### **Focus area 5 – Respect, inclusion, and belonging**

The retirement living sector is wholly focused on valuing older Australians. As privately funded housing providers, operators continue to innovate and evolve their product offerings in direct response to their residents needs and desires.

Loneliness, inactivity and depression among older Australians is a growing area of concern. Retirement communities are addressing these issues with data showing that residents spend more time with family and friends, are happier and more socially active.



The World Health Organisation declared loneliness as a global public health concern equating its impact on an individual's health as being equivalent to smoking 15 cigarettes a day. By their communal design retirement communities provide safe, inclusive and supportive environments where residents have many opportunities to socially engage with fellow residents should they choose to.

Research shows that compared to older Australians not living in a retirement community, residents are 15 per cent more physically active, 41 per cent happier, five times more socially active, twice as likely to catch up with family or friends and have reduced levels of depression and loneliness.

Keyton is a leading owner and operator of retirement villages in Australia, who champions the health and wellbeing of their residents through the continual innovation of the products and services they offer.

The Keyton Retirement Living Lifestyle Report is a biennial survey of 4,500 Australian adults over 55 years, who are retired or semi-retired. The 2024 report revealed that 65 per cent of people living in a retirement community volunteer, compared to 17 per cent of older Australians living in their own home<sup>6</sup>.

The report also found that 57 per cent of over 55s living in a retirement village rated their level of connection to other people, family and friends as excellent/very good. This is significantly higher than every other group including renters, those living in their own home with a mortgage or own their home outright.

The report also found that almost two thirds (65 per cent) of residents say they feel safer while 46 per cent feel less isolated and 40 per cent feel more supported than they did prior to moving into a retirement village. With Australia's ageing population, these results indicate the nation's retirees feel more supported, connected and safer when living in a retirement village<sup>7</sup>.

Further proof of the value and satisfaction felt by residents who have made the move into a retirement community can be found in the most recent Net Promoter Score (NPS) captured in the 2023 Property Council Retirement Census. More than 35,000 residents were surveyed by operators across Australia and the aggregate sector NPS was 44 – a high score that demonstrates the willingness of current residents to recommend retirement living to others.

Retirement communities provide purpose designed environments that allow older Australians to be healthier, happier and more socially connected in their retirement.

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<sup>6</sup> [Keyton | The Keyton 2024 Retirement Living Lifestyle Report](#) p.8

<sup>7</sup> [Keyton | The Keyton 2024 Retirement Living Lifestyle Report](#) p.10 Keyton are members of the RLC.