

LUTHERAN CHURCH OF AUSTRALIA

SA/NT District Aged Care Council

“WE WANT TO BUILD A RETIREMENT VILLAGE!”

A guide to Congregations
who wish to respond to a need to care for their elderly folk.

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1. Preamble

We often hear someone in a congregation say there are a lot of elderly folk in our parish and would it not be a good idea to build a Retirement Village/Hostel/Nursing Home to Care for them?

To address this question there are many facts and figures that one should be aware of before embarking on such a task. Indeed, it is important to know answers to some of the following questions before embarking on such a project:-

- What is the actual need we are trying to meet?
- Can support be provided in the person's current home?
- How many of our elderly folk would support such a venture?
- Are there others in the community in such need?
- Is there already someone in the community providing for such need?
- Will we get Government support?
- What finance is available, both capital and operating?
- Do we need Government approval for this (licensing)?
- Which Acts of Parliament and Regulations do we have to comply with?
- What are the consultancy and planning costs that will be payable to investigate the feasibility of the project?
- What are the demographics of the "catchment area"?
- What does the cash flow projection for such a project look like?
- Are matching deposits available through LLL?
- Will Local Government (Council) support the planning application?
- Is the possible location subject to zoning and/or building restrictions?
- Etc.

The following sections in this paper set out some guide-lines which will assist in answering these questions or directing you to people who can assist in achieving success in your chosen path.

2. Definitions

Often, despite the best intentions, different terms mean different things to different people.

Services provided in a Residential Aged Care Facility are not the same as services provided in a Retirement Village.

Services for the Aged can be delivered in many ways and forms.

The two main areas are:-

- **In the Home**

Government and non-Government Agencies provide a myriad of services to the elderly in the home (including, but not limited to the following):-

- Meals on Wheels;
- Local Council Services;
- HACCP - Home and Community Care Packages;
- CACP - Community Aged Care Packages; and
- EACH - Extended Aged Care at Home Packages.

Services provided include the delivery of food, assistance with daily living, domestic services or nursing care.

- **In an Aged Care Facility**

Low Care Facility (formerly called Hostel); and
High Care Facility (formerly called Nursing Home).

These facilities provide assistance with daily living needs and nursing care.

More details relating to these options can be obtained by reference to various Government publications including:-

- DPS Guide to Aged Care (DPS Publishing Service);
- Aged Care - make the choices that are right for you (Department of Health and Ageing);

Definitions

- Home and Residence - Choices for Older People (Department of Family and Community Services); and
- The internet is an excellent source of information and contact. www.health.gov.au is a good starting point.

Whilst the State Government is involved in some of the above services, primarily the Federal Government has jurisdiction in these areas under the *Federal Aged Care Act* and *supporting Principles and Regulations*.

There are many and varied Rules and Regulations regarding the licensing, construction and operation of an Aged Care Facility: too numerous to detail in this paper. For more information, contact the Chair of the Aged Care Council who will be able to direct you to someone who will be able to assist you.

What is a Retirement Village then?

A Retirement Village is an aggregation of independent or semi-independent people, living (normally) in free-standing or co-located “apartments/cottages/villas”.

The following are some general characteristics of a Retirement Village:-

- **Physical**
 - there is no limit as to their size, from as few as four to many hundred;
 - the units may vary in size from one to three to four bedrooms;
 - they may be on one level or many levels; and
 - communal facilities, such as dining rooms, bowls and tennis courts, may or may not be provided.
- **Services**
 - as residents are independent, the operators would not normally provide personal care services; however,
 - external agencies may provide some in-home services.

Definitions

- **Legal and Financial**

- residents of a Retirement Village have to be at least 55 years of age (but not necessarily retired);
- financial arrangements (cost of entry and ongoing maintenance fees) vary from Village to Village;
- there are a range of rights of tenure from “*License to Occupy*” through to “*Strata and/or Community title*”;
- entry and exit fees and arrangements vary widely;
- Retirement Villages are covered under a strict State Act of Parliament titled the *Retirement Villages Act*;
- at December 2004 there is no legal requirement for Villages to be accredited. (However, there is voluntary scheme operated by the Retirement Villages Association called “*Australian Retirement Village Accreditation*” which Villages may pursue if they wish.);
- owners may be “*for profit*” or “*not for profit*” (religious or charitable based institutions); and
- residents cannot be charged ongoing fees that are greater than the actual running costs of the Village.

So, if you feel you want to proceed with the idea of building a Retirement Village in/or near your congregation, the remainder of this paper will give you some guide-lines to follow.

3. Feasibility Study

The most vital preliminary function to perform is to determine if, in fact, there is a need for such a Village.

To determine this need, a properly constructed market survey must be undertaken. (This should include parishioners and non-parishioners to cast the net widely in the target area.)

To achieve this, it is desirable to establish a steering committee of suitably qualified and committed people with a wide cross-section of representation from the community and, preferably, some understanding of the aged care industry.

Professional advice should be sought to ensure the correct questions are asked and the correct responses received.

For example:-

- What are the age demographics for the area?
(See client projections below.)
- How are these expected to change in the next 5/10/20/50 years?
- What is the financial capacity of the potential residents, eg, value of properties locally that would be sold by the incoming resident? What other assets may be available, eg, family farms are often transferred to another generation, not sold to realise capital?
- What would be the effect of long term vacancies on the facility?

Other Items to be considered are:-

- **For the LCA**

It is important that the following is determined or occurs:-

- how the proposed Retirement Village will be related to, and provide support for, the ministry of the Lutheran Church in the area;
- the relationship with, and support for, other christian denominations of a proposed Lutheran Retirement Village in the area;

Feasibility Study

- discussions are held with the Chairman of the Aged Care Council and the Director of Mission, Lutheran Church of Australia, SA/NT District;
 - the level of pastoral support that will be provided; and
 - the level of funding available through the LLL and District processes that need to be followed with application, earmarked deposits, etc.
- **Facilities to be Provided**

Ascertain the level of care required.

 - Independent Living Units;
 - type and level of support required, if any;
 - need for Nursing Home requirements now and in the future (estimate time frames);
 - determine where these additional services will be sourced from;
 - assess local medical and hospital facilities, their capacity to provide services to the elderly and their proximity to the proposed Village; and
 - assess local transport (in anticipation of resident's eventual inability to drive) and its capacity, frequency and proximity to the proposed Village.
- **Client Projections**
 - research and nominate an appropriate catchment area;
 - ascertain interest of other Lutheran congregations and other denominations in the proposed catchment area; and
 - study the demographics of the proposed catchment area to report on:-
 - ▶ number of people by age groupings in the proposed catchment area as well as the population age structure;

Feasibility Study

- ▶ population projections for the area under consideration and Aged population as a proportion to the total population;
 - ▶ number of lone persons households in the catchment area;
 - ▶ average weekly income for people by age groupings in the proposed catchment area; and
 - ▶ the sale price of homes in the proposed catchment area.
-
- **Develop a Database** of clients likely to purchase units in the Retirement Village.

 - **Provide Projections** for the first five years of the Retirement Village development.

4. Current Aged Care Provision

- Determine and describe the current aged care provision of all levels in the catchment area.
- List the number of clients of each retirement village in the area.
- Ascertain the reaction of each of these retirement villages to a new Lutheran Village.
- Determine the level of co-operation for support from Residential Aged Care Facilities in the catchment and adjacent areas to cater for clients as their dependence increases.
- Determine the number of Commonwealth Funded Places in the catchment area and ascertain if the levels of funding are being met by applying the Commonwealth funding ratios to the age population statistics. Government has strict quotas for licences in each local area.
- Are there any existing groups who may already be meeting to plan for aged care in the catchment area?
- Does the Government or local hospital have any beds available currently or likely in the future which may be converted for use as a Residential Aged Care Facility?

5. Ownership and Governance

- Develop a plan for the legal ownership and governance of the Retirement Village giving consideration to whether it would be operated by a Lutheran congregation or an association of Lutheran congregations or whether it would be separately incorporated under the Associations Incorporation Act.
- Consider the role (if any) non-Lutherans, or other denominations, might have in the management of the Village.

6. Site and Facilities

- Determine the amount of land required.
(Can this be donated or acquired for a nominal sum?)
Remember the cost of land may not be recovered fully until the site is fully developed.
- Choose the most appropriate general location within the catchment area.
- Examine the availability of appropriate sites.
- Choose a most likely site and provide plans of how it might be secured.

Some of the considerations for the site might be:-

- availability of power;
 - availability of water and sewerage;
 - physical attributes of site, eg, flatter site more appropriate and less expensive to develop and disability access;
 - availability of transport, shops, etc;
 - availability of health support facilities locally;
 - impact on neighbours to the site;
 - consider future building style and lifestyle trends; and
 - ensure any building design is aged care friendly (advice may be required).
- Develop a projected capital development program and cash flow projections. Some of the considerations for development could be:-
 - Village design taking into account local heritage, urban trends, etc;
 - unit design including disability access, the local environment, building codes, etc;

Site and Facilities

- Village Centre and other facilities, eg, leisure and social activities;
- are any services being offered, eg, hairdresser, meals, library, etc? and the cost of establishing these services?;
- will the Village have an emergency call system? and who will respond if it is activated?; and
- fire safety.

7. Finance

- Prepare costings for the projected capital program required to meet the determined initial demand and projected growth over 5/10/20 years indicating how this commitment will be met.

Factors which would need consideration may include:-

- fencing, landscaping, roads and services;
 - marketing of the project;
 - Architects and Engineers;
 - Council costs for approval;
 - salaries for marketing, sales and possible office staff;
 - legal documentation and business structure;
 - insurance;
 - additional building costs incurred when building in country areas;
and
 - sensitivity of financial model if sale and occupancy of units is delayed.
- Develop a five-year recurrent expenditure forecast to match client intake and display how this commitment will be met. Consider local availability of qualified and experienced staff.
 - Provide an overall five-year capital and recurrent budget.
 - Other finance factors to be considered include:-
 - impact of GST;
 - loans and interest costs;
 - availability of donations or earmarked deposits;

Finance

- basis of retentions for the units;
- will the organisation provide benevolence?;
- on going maintenance and depreciation; and
- impact of slow sale of units.

Liaison with the Aged Care Council along the way will ensure the District is fully informed as your plans develop.

The Council will endeavour to direct you to people within the Lutheran Church of Australia who have experience in these areas and guide you along the way.

The Council will assist as far as it is able to ensure your project achieves its identified and supported aims, so feel free to contact the Chairman of the Council or a person nominated by him for assistance.

8. Relationship with the LCA and LLL

For various reasons, including but not limited to Risk Management, it is important that congregations and/or interested parties clearly establish the relationship proposed between any new body and the LCA. Whilst this is desirable in a general sense, it is especially critical if it is foreshadowed that an LLL loan is likely at establishment, or in the future.

The following comments are provided to ensure that the formalising of these linkages is not overlooked.

- **Use of Lutheran Name**

If the word “*Lutheran*” is to be incorporated in the name of a new body written permission must be sought and obtained from the District Church Office before proceeding.

If the name “*Lutheran*” is not to be incorporated in the name of the new body this fact should also be advised to the District Office as a courtesy.

- **Constitutional Link to the LCA**

In whatever legal form the new body is established the Constitution must clearly state what its linkages are to the LCA.

This may be done in many forms and a dialogue should be held with the District to establish this. For example, the LCA would be interested in things in the proposed Constitution such as:-

- the general wording of the Constitution;
- statement of relationship to the LCA;
- confessional basis; and
- winding up provisions.

In addition to any Constitution the LCA may also request that a memorandum of understanding between LCA and the proposed body be entered into.

Relationship with the LCA and LLL

- **General**

As each case in the future may well be different, the above sets out some general guide-lines that should be considered as a new body proceeds with any proposed Retirement Village project.

The secret of a successful project will be communication with the District, early and often.