

VILLAGE LIFE DEBACLE

Recently you might have seen publicity regarding troubles that beset tenants of Village Life accommodation at four villages in Victoria and others interstate. The owner of ten rental villages, MFS Investment Group had a dispute with the management company they had contracted to run the accommodation, Village Life, and decided to terminate Village Life's contract and obtain vacant possession of the properties. This meant that overnight 450 older people were informed that they were to be evicted.

It was astonishing (but not surprising) that a company could act so callously to decide to wash their hands of their housing responsibility and threaten the secure tenancy of these elderly people, many whom are frail aged between 80 to 90 years old. It highlights the situation where some businesses see their first responsibility being to their shareholders and the profitability of their company.

While it is standard practice for companies to alter their business focus and direction where their priorities change, it is essential that those who invest in the human services and welfare field understand that they have a duty of care to the people who receive their services. To ensure that unscrupulous operators are held accountable we believe it is the responsibility of government to protect vulnerable and disadvantaged consumers in situations such as Village Life.

Consumer Affairs Victoria acted with vigilance in responding to the Village Life eviction crisis. They co-ordinated a swift plan of action that included sending officers to the villages to make contact with the tenants, scrutinised the notices of termination so that accurate advice could be given to the tenants, co-ordinated an accommodation strategy with other government departments and also tried to broker mediation between the business parties in dispute, MFS Group and Village Life. This response, and the accompanying publicity, put pressure on the business parties that eventually provided an outcome where MFS have appointed a new company, Sunny Cove, to take over the management and averted

a disaster occurring.

Although the immediate crisis has been cleared, our organisation is still very concerned for the future of residents of this form of accommodation. We have recently heard that MFS Group have decided to sell their retirement living portfolio. While it is hoped that another investor will take over the ownership at some stage, and Sunny Cove have a 25 year lease on the management of the villages, we believe this recent crisis has highlighted some important issues that our organisation has been speaking out about for some years. A longer term strategy is required to address these concerns.

HAAG believes that security of tenure, along with affordability, is the most important issue for older tenants. On a daily basis we see the dire health consequences of insecure housing on older people. We have seen many older people enter a serious health episode if they are served a Notice to Vacate where, for example, a landlord decides to sell their property. Older people are looking for accommodation that provides them with long term tenure. Being forced to move house is so traumatic that it often causes a health crisis with long term consequences such as premature entry into a hostel or nursing home, thus ending the older person's independent life.

We believe that the state government must conduct a review of aspects of accommodation arrangements provided by businesses like Village Life and a number of other operators in the retirement industry. We believe where such businesses are offering long term accommodation for seniors that there should be legislative protections available to the tenants to ensure that they have appropriate tenure security that protects them against a repeat of the recent traumatic events.

Village Life type accommodation is currently covered by the Residential Tenancies Act, which does not allow for long term tenancy leases. In nearly all cases, if leases are offered they are generally no longer than 6-12 months. Village Life has offered tenants periodic tenancies, thus 60-120 day notice provisions can

apply. These termination periods are totally inadequate for frail elderly people. Such an expanding industry means these arrangements will be more commonplace in the future.

A review of such accommodation must highlight the need to investigate the potential for inclusion of longer term lease arrangements for what we call 'rental villages'. Such a review would determine the appropriateness of coverage of this accommodation under the Residential Tenancies Act and if amendments are required to such legislation. Another option may be to incorporate these tenancies under the Retirement Villages Act where long term or lifetime leases are generally offered. We are currently seeking advice from our solicitors, Middletons, who are conducting pro-bono research on a number of accommodation issues for us, including other forms of tenure such as caravan and residential parks. We will provide information in our next newsletter of the outcomes of the advice provided by Middletons.

Our organisation has been investigating the operation of Village Life for a number of years. We have conducted interviews and community education forums at a number of villages, provided casework support to individuals where disputes have arisen, and lobbied for better regulation of their operations in a number of areas. We will be offering to contribute our acquired knowledge to any proposed investigation or review.

We believe this is an excellent time to pursue real reform for tenants in this form of housing. The recent public and political outcry has supported the need for reform. We understand that public statements by the landlord, MFS Group, have also supported the concept of longer term tenure for tenants. Additionally, we note that the NSW Minister for Fair Trading has announced a Task Force to review the viability of this form of housing for tenants. While our organisation does not necessarily support concurrent reviews, we do however support Victorian co-operation with the NSW Task Force and we would gladly offer our expertise and experience to it.

This should lead to a further investigation in Victoria that reflects

on our state situation, due to our legislation requiring separate consideration due to its separate jurisdiction.

Ultimately, while regulation is the best we can probably achieve in the short term, we believe this situation highlights that private business can't be trusted to provide housing for people on low incomes. While there are many good things about this type of accommodation as an attractive option for tenants due to the services that are provided, it is incumbent upon governments to take responsibility for operating this type of housing. Only then can we be sure that the primary objective of the housing is to provide care and support for older people, rather than this being a secondary consideration after profits have been made by the owners and shareholders.

HAAG is now seeking a meeting with the minister for Consumer Affairs, Daniel Andrews, or officers of Consumer Affairs Victoria to discuss the urgent need for a review of rental villages.