

RETIREMENT COMMUNITIES



Setting Standards for
Retirement Communities

AN OVERVIEW
written by Jenny Hope



RETIREMENT COMMUNITIES
THE BEGINNING

There's nothing new about Retirement Communities, they have a history dating back over a century – whether as retirement villages, extra care developments, assisted living schemes or close care apartments.

Starting in this country, there is Whiteley Village in Surrey, which arose from the bequest of philanthropist William Whiteley, successful departmental store entrepreneur, as a home for his own retired staff. The first residents arrived in 1917, and although the store has long gone, it is still flourishing today, a charitable trust, with affordable homes in an idyllic village setting, available for rent to people of limited means.

Also in Surrey is Elmbridge Village, which was the United Kingdom's very first privately-owned Retirement Village to be created in the country. Developed in 1981 it modelled itself on the retirement schemes already established in the United States.

The British sweet tooth helped build the first of the Retirement Communities in the North of England, thanks to the chocolate maker Joseph Rowntree's Foundation and Trust Board. They took the plunge in 1998 to invest in a Continuing Care Retirement Community (CCRC) at Hartrigg Oaks, York, an affordable housing option for older people that enabled them to live in their own homes, in a vibrant, stimulating environment.

It was really in the United States that the Retirement Community concept first took off in a big way. Back in the 1920s, the more far-sighted among fraternal, labour and religious bodies were planning for life after work. After

World War II private builders began to realise the potential in marketing homes to older people. From the 1960s Retirement Communities were developed across the United States, driven by recognition that many older people were asset rich and income poor. They could afford to enjoy retirement by tying up their assets in housing that simultaneously brought them a lifestyle of relaxation, care and company.

One of the most well-known is Sun City, a complete new town for 25,000 inhabitants, created in 1983 especially for the young at heart, with facilities such as nursing homes, shops, churches, restaurants and bars.

Another successful overseas location for thriving Retirement Communities is New Zealand, where again, it all started with charitable trusts establishing facilities for low-income elderly people. As in the United States, it became clear there was also a market for those who were able to pay for it.

The first purpose built private Retirement Communities in New Zealand opened in the 1980s, and from the early nineties until the present day these communities for private homeowners have increased. Today, around 5% of the population over 65 lives in Retirement Communities.

'Britain's population is ageing fast.

The number of people older than 85 is expected to double by 2030. Yet Britain's elderly are badly served by the housing market.

PERCENTAGE OF PEOPLE OVER THE AGE OF 65 WHO OWN THEIR HOME OUTRIGHT

71%

Although 71% of people over the age of 65 own their homes outright, lots still live in large family houses, paying dearly to heat empty bedrooms and struggling with too-large gardens, broken boilers and council tax bills. This is bad for old people, and contributes to Britain's worsening housing shortage.'

The Economist, January 2014.

According to polling by Demos, a think tank:

PERCENTAGE OF OLDER PEOPLE KEEN TO MOVE

58%

ONE IN FOUR IS INTERESTED IN THE IDEA OF A RETIREMENT PROPERTY



WHAT IS A RETIREMENT COMMUNITY?

A Retirement Community provides self-contained accommodation (which can be purchased or rented with security of tenure) that has been designed with the needs of older people in mind.

If needed, care and support is available 24-hours a day, usually by staff based on the premises. Retirement Communities also provide additional facilities – for example, meals are available in restaurants or dining areas, and there is access to communal facilities which are managed to encourage an active social programme in the community.

Providing a home for life and enabling people to 'age in place', residents can enjoy their own lifestyle and live with maximum independence.

Moving in retirement used to be just about downsizing, but now a new rapidly expanding generation of older people is demanding more than just a change of address.

Planning ahead is a way of life for the current generation of over-65s, which helps explain the booming interest in the Retirement Communities described above.

These communities might include residents' lounges, restaurants, health and wellbeing spas, cinema and hobby

rooms, as well as assisted care, all on-site. The availability of 24/7 care and support is a key element of such communities.

They are mostly purpose-built, or adapted from beautiful, often historic buildings, with a view to maximising comfort and minimising outgoings. Better insulation and high energy-efficiency ratings improve bills and winter warmth, with modern design making switches and sockets easier to reach, and safe walk-in showers virtually standard.

Typically homes range from around 500sq ft. to 1,500sq ft., many with modern open plan lounge and dining spaces, built-in storage and ensuite bathrooms. One, two and even three-bedroom properties are available, either purpose built apartments and cottages, or skilful conversions.

In many Retirement Communities, an array of in-house support staff can also deal with laundry, cleaning, meals, shopping and transportation. Security is considered crucial, so housing is often within a secure environment, with a 24-hour on-site emergency call system and CCTV security.



Retirement Communities can also be referred to as retirement villages, independent living, very sheltered housing, extra care apartments, assisted living schemes or close care apartments.



The range of accommodation available in the United Kingdom caters for most needs and incomes and there are currently about 500 Retirement Communities, both in peacefully rural as well as vibrant urban locations.

WHAT ARE THE BENEFITS?

This style of living for older people enables them to live in their own home, within a community that offers security, care, independence and opportunities to socialise. Each community differs but all will offer communal facilities for residents.

Some Retirement Communities may offer restaurants, bars and cafés, swimming pools, gymnasiums and fitness classes. There will be activities that will meet all levels of interest, offering customers the freedom of choice. Social calendars can include book clubs, arts and crafts classes, film evenings and activities that extend out into the wider community. As part of the decision making process, prospective residents will be made aware of the social side of these Retirement Communities.

At the same time these Retirement Communities may offer a level of personal health care and support, provided in peoples' individual homes, that previously was only available within a residential nursing home.

Within this type of retirement living there is a general sense of community which offers peace of mind for couples and the assurance that they will always be near each other, even if one spouse needs more care.

The aim of all the country's Retirement Communities is to encourage people to retain independence for longer, in a safe and secure environment, and unlike traditional care homes, allowing people, where possible, to retain their security of tenure by purchasing their own property.

This helps keep people in their own homes longer, when before, they might have had to move to a nursing home. As for some of the Retirement Communities, residents can transfer to an on-site care facility providing more specialised independent nursing.

Recent studies have proved that older people remain more independent in a Retirement Community than when admitted to a care home. People who were frail or had chronic conditions have often found their health actually improves in these environments.

An increased number of active, healthy members of society approaching, or beyond, retirement represents a new phenomenon unique to the modern era, of an active Third Age.

There is growing evidence that a generation that has always demanded more is not likely to accept the status quo, where the homeowner adapts to changing needs with an expensive check list; level thresholds, walk-in showers and stair lifts.

They want accommodation that supports their need for security, comfort and sociability within a home environment.

However, many have a healthy realism about what the future could hold - in 2013, **two thirds of NHS clients were aged 65 and over.**



CASE STUDY: David & Teresa

David and Teresa have lived in rambling detached homes ‘in the middle of nowhere’. They’ve enjoyed ultra-modern living in a Far Eastern apartment block under endless blue skies.

Now they’re living in an historic two bedroom apartment, rumoured to have been a Reverend Mother’s home. And, according to Teresa: *“It’s turned out better than we ever envisaged.”*

The couple live at a retirement village on the outskirts of Abbotskerswell, which was originally home to an order of nuns.

After selling their import business, David and Teresa moved to Penang, in the Far East. Seven years later, they decided to buy a home back in the UK.

“We wanted a home we could visit but lock up and leave while we were abroad,” said Teresa. *“We’ve lived in the Devon area for 38 years and our family are here so that’s where we started looking.”*

The couple knew nothing about Retirement Villages but found The Priory on the internet. Their daughter visited the third floor apartment and insisted it was perfect.

“We’re in the old Priory building so are surrounded by original features” said David. *“We have the bell tower outside our door and, apparently, live in the Reverend Mother’s old home.”*

For four years, David, who’s 70 and his 68 year old wife, only spent a few months each year at The Priory, but enjoyed the security of knowing while they were abroad their apartment was being looked after.

Then, 18 months ago, they decided to make the wholesale move back to the UK. That’s when they really began to get involved in village life.

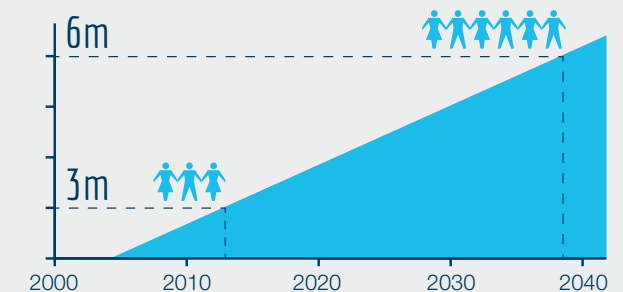
Teresa is now secretary of the residents association and involved with the gardening club. The couple enjoy ballroom and Latin dancing at groups in the local area and, while he still works part time in a consultancy capacity, David also finds time to play golf.

And their four children and seven grandchildren keep them busy.

“We have plenty of visitors and every one of them has been knocked out by this place,” said Teresa. *“It’s the perfect place for a new start. You can’t help but make friends, it happens automatically.”*



The number of **over-80s in the UK** is set to double to **6 million by 2037**, sparking fears of a care crisis.



CASE STUDY: Joan

Fashion conscious Joan feared she would never walk again when she broke her hip at the beginning of 2013.

But, just a few months later, the determined 97 year old was back on her feet again, helped by the team at the retirement community in Wellingborough. She was able to celebrate in style when they took her on a special trip to London Fashion Weekend.

Joan was encouraged on the road to recovery by her Well-being Advisor Marion.

When Marion saw the pictures of Joan in the front row for the catwalk show, she said: *"My heart leapt and I thought*

how marvellous it was. I felt joy at what we had achieved as a group to get her back to where she is now. It's something she would never have done if she hadn't come into the retirement community family."

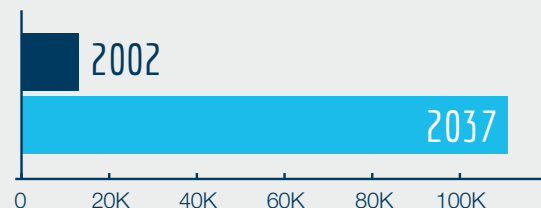
Joan, a great-grandmother, had moved in to her retirement community two years ago. She'd fallen and fractured the neck of her femur and needed an operation to insert a pin and a metal plate. Marion went to see her in hospital and it was then that she promised her she would walk again.

Joan came back to her retirement community still in pain and with restricted mobility. Marion visited her regularly to give her support and guidance, arranged for her to have physiotherapy and encouraged her to keep going when she wanted to give up.

Now Joan is able to walk again, although she sometimes uses a walking frame for support, and has been able to keep her independence.

"She is just a wonderful lady," says Marion.

In 2037, there will be **111,000 centenarians** - up from **13,000 in 2012**.



Projections say that increases in lifespans - attributed to improving medicine, growing wealth, healthier lifestyles and less physically demanding work - will lead to a society where **more than one in five people is a pensioner**.



Growing life expectancy means that **one in 12 people will be an octogenarian**, according to the Office for National Statistics.





WHAT ABOUT THE COSTS?

Retirement Communities are often considered to be a lifestyle investment, although they can also offer the reassurance of owning an asset that may appreciate in value. You are buying or renting a home where you may be able to stay for the rest of your life.

Some developments may be able to offer a try-before-you-buy evening or weekend free of charge, or even allow you to rent a furnished apartment for three to six months before buying.

Peace of mind is enjoyed by residents knowing their maintenance and facilities are included in a monthly service charge, which is sometimes capped until they leave the community.

There are three main areas of cost to consider; the upfront purchase of the property or annual rental, on-going service and care charges; and the fees that may be due when you leave the community.

Buying the accommodation

Typically a two-bedroom property today (2014) is likely to cost from £150,000 to £400,000, although prices will be generally higher in major cities such as London.

Service Charges

These are usually charged monthly and cover buildings insurance, maintenance and village amenities and staffing. These costs can vary from £60 to £265 a week (2014), depending on location and amenities on offer. Some are reviewed annually in consultation with residents' committees; others may increase with the rate of inflation.

Residents will generally pay their own utilities, council tax, telecoms and contents insurance on top of their service charges.

Some operators, but not all, also charge annual ground rent, which varies up to around a maximum of £600 per annum.

Some operators require residents to make contributions to a Maintenance Sinking Fund – this usually covers longer-term maintenance needs of the village. It may be charged on an on-going basis, while others charge on exit, and some do not make any charge at all.

Additional charges are usually levied for extra services or extra care packages. These include supplying meals, cleaning, personal care, and services not covered in the regular service charge. If health requirements change and the level of care provided needs to increase, charges will move up accordingly.

Fees taken on exit

Leaving the property may incur a charge that has different names depending on the operator. It may be called an Exit Fee, Assignment Fee, Deferred Management Charge or Deferred Membership Fee and is payable to the village operator.

The calculation of the charge varies but it is generally a percentage of the purchase price or selling price depending

on the period of occupancy and other factors. It can be a percentage based on the number of years spent in the scheme, or be a fixed percentage, or a combination of both.

Reputable operators take very seriously their role in explaining all their charges and fees to both the prospective resident and their close family well in advance of any contract being drawn up, rental agreement signed, or purchase taking place. Any operator who does not make this of prime importance should be closely questioned or preferably avoided.

ARCO has been at the forefront of ensuring that residents are provided with clear, transparent and upfront information on the prices payable when moving into a Retirement Community. All ARCO members must comply with the principles set out in the ARCO Charter. More information on the Charter is available at www.arcouk.org.

In comparison: Nursing home care costs in the United Kingdom

There are many variables when deciding on what type of retirement living is suitable. Health care requirements and location can impact on this hugely. Some retirees may need an immediate level of care and support on a regular basis.

Depending on where you live in the United Kingdom, according to the Laing & Buisson Care of Elderly People Report 2012/2013, care home fees on average can range from £463 to £598 per week. This equates to £24,000 - £31,100 per annum. And on average, you can expect to pay £720 per week on Nursing Home fees, equating to £39,000 per annum. Depending on location this can in some places double.

While the care provided in care homes is usually of a very high standard, it is usually not possible to buy or securely rent a room in a care home.



Are there affordable options?

With shared ownership and rental options available amongst the ARCO members, there will be a solution to suit all requirements.



WHAT IS ARCO?



Setting Standards for
Retirement Communities

arcouk.org

The Associated Retirement Community Operators (ARCO) is the main body representing the Retirement Community sector in the United Kingdom. Retirement Communities may also be referred to as retirement villages, independent living, very sheltered housing, extra care apartments, assisted living schemes or close care apartments.

ARCO continually strives to:

- **Promote confidence in the sector**, ensuring that all members are providing a high quality service to their residents. To this end, all ARCO-registered schemes have to adhere to the standards laid out in the ARCO Charter.
- **Raise awareness of the Retirement Community model** amongst older people and stakeholders alike
 - ensuring that all older people are aware of the variety of housing options available to them; and that policy makers fully understand the ways in which this type of housing provision can meet the lifestyle, health and social care needs of our ageing population.
- **Increase the volume and quality of expertise within the sector** and share this with members, continually investing in research to better understand and promote the socio-economic value of the housing with care model.

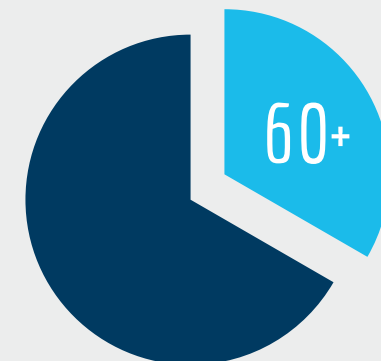
ARCO was formed in 2012, and represents more than 300 Retirement Communities in the United Kingdom. This equates to approximately 50% of all housing with care schemes and includes both private and not-for-profit providers.



It is estimated that over the next two decades, **the number of those aged 60 and over in the UK will increase by more than 40 per cent.**



By 2035, nearly a third of the population will have reached the milestone age, according to the Royal Institute of British Architects (in its report Silver Linings).



LIVING IN RETIREMENT COMMUNITIES OVERSEAS

USA

The option of living in a Continuing Care Retirement Community (CCRC) is increasingly popular in the United States – the number of residents doubled in the last decade, in what is a far more mature market than the United Kingdom.

There are over 2,000 CCRCs where residents have access – under one contract – to an independent living unit (an apartment or cottage), residential amenities and long-term care services.

There are three levels of care in most CCRCs which follow the stages of a person approaching older age from independent living, in which residents live on their own and have access to a wide array of amenities, to assisted living, where help may be required with daily tasks; then through to 24-hour nursing home-style care.

Charges levied by most CCRCs include an entrance fee and a monthly fee, with costs varying according to factors such as the size and type of housing unit, luxury element, whether the person enters alone or with a spouse, and how much future care is covered. Entrance fees average from £165,000 and service charges average at around £1,700 per month. More 'intensive' nursing care can cost between £2,500 to £5,000 per month, and above.

Australia

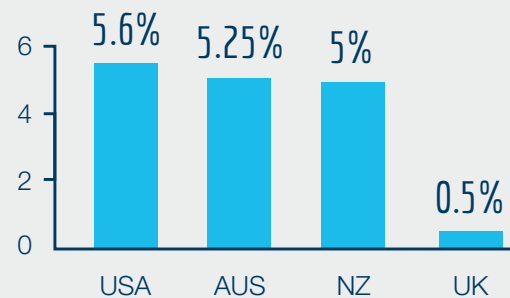
Just over 5% of Australians aged 65 and over live in Retirement Communities. The traditional not-for-profit system resulted in low upfront costs to help people buy into the Retirement Community.

Today, most Retirement Community models include the Deferred Management Fee (DMF) structure for residents. DMF typically offers residents a lease or a 'License to Occupy' and the operator will take a deferred fee when the unit is resold.

Exit fees will vary, according to how long the stay is but will generally be 30%-40% of the value the dwelling is sold for. Capital gain sharing arrangements also vary.

Retirement Communities are very well established and accepted in Australia, so much so that each Australian State and Territory has its own legislation that regulates their operation, ensuring that the wellbeing, rights and interests of both residents and retirement village operators are fully considered.

Population over 65 living in retirement communities



New Zealand

There are around 350 Continuing Care Retirement Communities in New Zealand, equating to about 5% of the over-65 market.

New residents generally buy their apartment, but rather than buying a lease they get an Occupation Right Agreement (similar to a License to Occupy) for the duration of the residents' life.

Exit fees for Retirement Communities in New Zealand mean that outgoing residents will typically get back 70-80% of what they paid for their unit, with all of the capital gain going to the Retirement Community operator at the end of their stay.

New Zealand Retirement Communities are governed by The Retirement Villages Act 2003 which, as in Australia, is there to protect the interests of residents and retirement village operators.

Both Australia and New Zealand have these respected, established regulatory bodies in place to guide and support residents, prospective residents and Retirement Community operators. They are structured, in front of a legal framework, to ensure fair and best practice is adhered to within their country's respective Retirement Community industry.

Now, as the sector continues to grow rapidly in the United Kingdom, ARCO offers its members and their residents' confidence, guidance and support. By highlighting the importance and raising awareness of the Retirement Community industry, ARCO ensures that the right steps are in place to support the health and social needs of an ageing population.



Setting Standards for
Retirement Communities

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