

Supply and Location Drivers of Australian Retirement Communities

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Abstract

This thesis examines the supply and location drivers for retirement communities in the Central Coast, Newcastle and Hunter regions of New South Wales, Australia. Retirement communities represent a response by operators to housing older Australians. They are not geographically restricted like residential aged care and can be located in a range of property zones. Why older people move to retirement communities and the health and social benefits of living there have been well established. In contrast, there is limited research examining the reasons for operators (for-profit and not-for-profit) choosing to establish and operate these properties.

The research for this thesis is based on a mixed-methods approach, commencing with the development of a detailed database and digital mapping. This approach facilitated an examination of the history of retirement communities in the study area. Semi-structured interviews with operators, financiers, planners and consultants who had been active in the industry since the 1980s (29 interviews, 40 interviewees) were conducted. Interviewees provided insights into how operators, policymakers and financiers have responded to Australia's ageing demographic, government policies of the day, economic and financial influences plus local geographies.

This research revealed that there is no one single driver promoting operators to establish retirement communities; operators interact with multiple factors in making these decisions. These factors were examined through three analytical frameworks: policy, financialisation and materialities. Using three different frameworks provided a lens through which to examine these multiple factors and the interactions driving supply. What became apparent was a diverse set of operator strategies and practices in the supply of retirement communities.

Diverse and shifting policies have influenced and continue to influence the industry. Early policies facilitated the entry of for-profit operators, who were responding to an ageing demographic and inward migration to the study area. Operators established properties and followed this by amalgamating properties into portfolios. These portfolios emerged as a new investment opportunity for institutional investors, further consolidating the industry. The financial turmoil following 2008 resulted in financial failures of some of these new investors. As the industry grew and the number of residents increased, tensions between residents and operators resulted in governments introducing legislation regulating operations and protecting residents' rights.

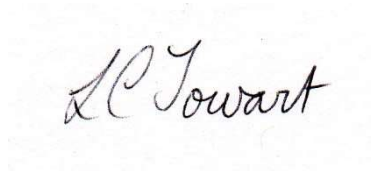
Early predictions of increasing numbers of wealthy retirees demanding lifestyle housing choices have not proved accurate. Increasing numbers of retirees with insufficient housing equity encouraged operators to commence more affordable options, including rental retirement villages and manufactured home estates. The absence of policies focused on manufactured home estates has seen this form of housing evolve into retirement communities. The cost of development of these sites was generally lower which in turn improved financial returns for operators. They can also be located on problematic sites, such as flood affected, placing residents at risk.

Beyond policy and financial drivers, the materialities of coal, water and medical and retail facilities emerged in the study area as important factors influencing supply. Voids from underground coal mining increased construction costs, which in turn influenced the financial feasibilities (financial returns) of retirement villages. Water, through flooding (and associated planning processes), concentrates retirement villages (as opposed to manufactured home estates) on lands that are not subject to flooding. Medical and retail facilities frame development locations as retirement villages are required to be proximate or have access to these facilities.

The supply of retirement communities is not simply a response to a growing ageing demographic and increased demand. It is the product of the complex interaction of policy drivers, financial ambitions and processes, and the material structure of development locations. This thesis draws together and analyses the diverse set of factors and interactions driving the supply of retirement communities in the case study area. In doing so, it fills an important gap in contemporary understanding of housing for older people in Australia.

Certificate of Original Authorship

I hereby certify that the work embodied in this thesis is the result of original research and has not been submitted for a higher degree to any other University or Institution.

A handwritten signature in black ink, reading "Lois C Towart", is centered on the page. The signature is written in a cursive style.

Lois C Towart

17 April 2020

Date

Ethics Approval 5201701135(R)

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Acronyms and Abbreviations

ABS	Australian Bureau of Statistics
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CHP	Community Housing Provider
CRA	Commonwealth Rent Assistance
LGA	Local Government Area
MHE	Manufactured Home Estate
MSD	Mine Subsidence District
NFP	Not-For-Profit
NSW	New South Wales
PCA	Property Council of Australia
SA NSW	Subsidence Advisory New South Wales – formerly Mine Subsidence Board (MSB)
SEPP	State Environmental Planning Policy
SEPP 5	State Environmental Planning Policy 5
SEPP SL	State Environmental Planning Policy Seniors Living
TR	Taxation Ruling

All currency is in Australian dollars, unless otherwise specified.

Chapter 1 Introduction

1.1. Introduction

Housing for older people is important, research findings demonstrate a correlation between appropriate housing with health and welfare outcomes (Windle, et al., 2006; Productivity Commission, 2015). Why people move to and enjoy living in retirement communities has been examined in published research and there have been attempts to quantify the supply (Stimson & McGovern, 2002; Grant Thornton, 2014; Property Council of Australia, 2018). In contrast, there has been little research into the drivers of supply. Australia, like many other developed countries has an ageing demographic, and this research contributes to an understanding of why and how specialised housing for older people is supplied.

My interest in researching the supply drivers and location choices of retirement communities originates from my previous employment valuing specialised housing for older people and residential aged care. As part of the valuation process I would speak with the operators of these properties and many provided information as to why a property had been established and why that location had been chosen. There were nearly always a number of driving and influencing factors, all of which differed from the standard economic rationale articulated for developing residential apartments, office buildings, shopping centres and warehouses.

These conversations came back to me when I commenced academic research into housing for older people (aged 65+). Published studies of retirement communities have focused on residents, the reasons for their choice, their preference for a retirement community and their level of satisfaction while living there (Buys, 2000; Moschis, et al., 2005; Buys, et al., 2006; Grant Thornton, 2011; Bernard, et al., 2012; Crisp, et al., 2013; McCrindle & Madden, 2013). In contrast, there has been little research into why operators establish retirement communities and their rationale for location choice. Unlike residential property that developers build and then sell to occupiers and investors, retirement communities include an operational business along with the land and buildings. Therefore, in deciding to establish a retirement community, an operator is also deciding to establish an ongoing business. Retirement communities do not have geographical quotas like residential aged care and are not restricted to specialised zonings like service stations. They represent a response by for-profit and not-for-profit (NFP) operators to a multitude of factors including Australia's ageing demographic, government policies of the day, economic and financial influences plus local geographies.

This research explores the reasons why operators establish retirement communities and their rationale for location choice. The period since World War II (WWII) is the focus of this examination as this is considered the modern period for housing for older people and aged care (Howe, 1992; Howe, 2003). There is no single driver inducing operators to establish retirement communities and select locations, rather, they have responded to the ageing demographic and multiple further factors in making their supply and location decisions. These responses are examined in this thesis under three different frameworks namely, policy, financialisation and materialities.

This chapter provides an introduction to the research. The next section introduces the study context, retirement communities and the three main types of Australian retirement communities. The research aims and questions are then introduced. This leads into how the three main frameworks (policy, financialisation and materialities) were employed to address these research questions. Finally, the structure of the thesis is outlined.

1.2. Study Context: Housing for Older Australians

The majority (92.4%) of older Australians live in general residential housing (Table 1). Retirement communities are a type of housing for older people who choose to live in an age-specific community. For the purposes of this research retirement communities have the following defining features; they are congregate housing, entry/occupancy is on the basis of age and they provide access to one or more services or facilities. Three main types of Australian retirement community were identified: Retirement Village, Rental Retirement Village (rental village) and Manufactured Home Estate¹ (MHE). These are broad categories and within each there is considerable diversity of price points, business models, services and amenities. There is also some blurring of boundaries between categories and individual properties may comprise multiple types of retirement communities.

¹ Also called Residential Parks, Land Lease Communities, Mobile Home Villages and Relocate Home Parks

Table 1: Australia, Proportion of Residents aged 65+ by Dwelling Location

Property Type	Number	Percentage
Caravan/residential park or camping ground	69,667	2.0%
Marina	1,118	0.0%
Manufactured home estate	6,062	0.2%
Retirement village (self-contained)	184,240	5.4%
General Residential	3,163,841	92.4%

Source: ABS 2016 Census of Population and Housing

Residents in private dwellings. Excludes institutional settings of residential aged care, hospices & hospitals

1.2.1. Retirement Villages

There is limited academic or industry-based research into the size and structure of the retirement village industry in Australia. In 2002 McGovern and Baltins observed that the industry featured both a small number of large retirement village operators and a large number of small retirement village operators. This industry structure of both small and large operators has been notably resilient and continues to this date (NSW Fair Trading, 2019). It is estimated that there is a total of 2,272 retirement villages in Australia (Grant Thornton, 2014). A further feature has been the continued presence of NFP operators; this group operates approximately 40% of retirement villages nationally (Gadens, 2014; Grant Thornton, 2014).

Retirement villages operate under specific state and territory retirement village legislation (Table 2) and each act defines a retirement village in and for that jurisdiction. Legislation focusses on operations, particularly consumer protection. Entry to a retirement village is restricted to those who have achieved the age of 55 and no longer working full-time, however there are exceptions with younger spouses and people with a disability. The predominant demographic of retirement villages is older than 55 with an average age of entry of the mid-70s (McCrindle & Madden, 2013). A defining feature of retirement villages is that entry entails an initial capital payment from which a component is deducted on exit (exit fee²). On entry to a retirement village, residents enter into a contract with the village operator that gives them the right to live in the property and specifies how the exit fee is calculated (Gadens, 2014). This is discussed in more detail in Chapter 5.2.4 (McCullagh, 2013; Gadens, 2014). The future income to operators is this exit fee which can be estimated but not reliably predicted, thereby increasing the level of risk to investors (Inge, 2003).

² Also referred to as a deferred fee, a deferred management fee (DMF) and a departure fee

Table 2: Retirement Village Legislation in Australia

State/Territory	Acts	Regulations
Australian Capital Territory	<i>Retirement Villages Act 2012</i>	<i>Retirement Villages Regulation 2013</i>
New South Wales	<i>Retirement Villages Act 1999 (amended)</i>	<i>Retirement Villages Regulation 2017</i>
Northern Territory	<i>Retirement Villages Act 1995</i>	<i>Retirement Villages Regulations 1995</i>
Queensland	<i>Retirement Villages Act 1999</i>	<i>Retirement Villages Regulation 2010</i>
South Australia	<i>Retirement Villages Act 2016</i>	<i>Retirement Villages (Fees) Regulations 2018</i> <i>Retirement Villages Regulations 2017</i>
Tasmania	<i>Retirement Villages Act 2004</i>	<i>Retirement Villages Regulations 2015</i>
Victoria	<i>Retirement Villages Act 1986</i>	<i>Retirement Villages (Contractual Arrangements) Regulations 2017</i> <i>Retirement Villages (Infringements) Regulations 2018</i> <i>Retirement Villages (Records and Notices) Regulations 2015</i>
Western Australia	<i>Retirement Villages Act 1992</i>	<i>Retirement Villages Regulations 1992</i>

Source: Author

The most common types of tenure in retirement villages include the following (McCullagh, 2013; Greiner, 2017):

- Leasehold. This provides the resident with the right to occupy a dwelling and use common facilities for the duration of the lease agreement which may be for a set period (50 or 99 years) or for life.
- Loan Licence. This provides the resident with the right to occupy a dwelling and use common facilities. As it is a license agreement the resident does not have an interest in the land and is therefore not eligible for capital gain.
- Strata Title and Community Title. In this category the resident owns the freehold strata title and the body corporate owns the common property. There are additional legal conditions for holders of strata and community title in retirement villages.
- Other structures including trust and company title. These have been observed but are not common.

A dwelling can also be occupied under a rental agreement and individual state legislation may limit either the proportion or quantum of rented dwellings in a retirement village.

There is considerable variety in built form, density, size, price points and facilities of retirement villages. Retirement villages can be anything from fewer than 10 dwellings with limited community facilities to extensive estates of more than 600 dwellings with luxurious community facilities and amenities. Built forms range from low-density villa units with small individual

gardens to high-rise towers, often including aged care and community facilities and everything in between.

1.2.2. Rental Retirement Villages

Rental villages comprise congregate age-segregated rental housing operated under state tenancy legislation. The operator is able to restrict entry on the basis of age and/or disability. A feature of many such properties is that rental payments are indexed in relation to the age pension (McNelis, 2004; Grant Thornton, 2014). Since no upfront capital payment is required on entry, they appeal to older non-homeowners.

There is even less academic or industry-based research into the size and structure of the rental village industry in Australia (McNelis, 2004; Grant Thornton, 2014). Rental retirement villages can be accommodation only or they can include additional services. The prevalent model comprises residential complexes of pensioner units ranging from four dwellings to more than 60 dwellings. Many properties were originally developed under historic policy stimulus packages (McNelis, 2004) (Chapter 4.2.1) or were retirement villages where the level of accommodation (number of bedrooms) was insufficient to achieve an incoming capital payment. In the early 2000s, for-profit operators trialled a rental village model that provided meals and housekeeping (linen change, cleaning) in specially constructed complexes (Village Life Ltd, 2004), an operational model that was similar to a traditional boarding house (Grant Thornton, 2011). Similar to retirement villages, there is a small number of operators with large portfolios and a large number of operators with one or a few rental villages.

1.2.3. Manufactured Home Estates (MHEs)

MHEs evolved from caravan parks and their operational model reflects this history. An operator owns a large site with services (sewerage, water, power) plus some facilities (community centre). A resident purchases a relocatable home, either from the operator or another supplier, assembles this home on a designated site within the MHE and pays rent to the operator (Department of Housing and Public Works, 2014). In some states, the operation of MHEs is under specific legislation, whereas in other states their operation is under a combination of residential tenancy legislation and caravan park legislation (Table 3). MHEs are marketed as over 55 estates and operators may enforce an age restriction when they are permitted to do so

under legislation. Residents in MHEs are noted for a younger demographic compared to those in retirement villages (Department of Housing and Public Works, 2014).

Table 3: Specific Manufactured Home Estate Legislation in Australia

State/Territory	Acts	Regulations
Australian Capital Territory	-	-
New South Wales	<i>Residential (Land Lease) Communities ACT 2013</i>	<i>Residential (Land Lease) Communities Regulation 2015</i>
Northern Territory	-	-
Queensland	<i>Manufactured Homes (Residential Parks) Act 2003</i>	<i>Manufactured Homes (Residential Parks) Regulation 2017</i>
South Australia	<i>Residential Parks Act 2007</i>	<i>Residential Parks Regulations 2007</i>
Tasmania	-	-
Victoria	-	-
Western Australia	<i>Residential Parks (Longstay Tenants) Act 2006</i>	<i>Residential Parks (Longstay Tenants) Regulations 2007</i>

Source: Author

From an operator's perspective, MHEs require relatively lower capital investment as the cost of constructing the individual dwellings is met by the residents themselves. Due to the relocatable nature of this housing, to date they have been developed as detached dwellings and often on sites where land is cheaper than residential subdivision.

A feature of MHEs is their affordability, relocatable homes are generally priced at a lower level than surrounding residential housing (Mowbray & Stubbs, 1996). Older Australians who do not have significant levels of housing equity face constrained housing choices and find this affordability attractive (Connor, 2004) and MHEs are promoted on the basis of their affordability (Mowbray & Stubbs, 1996). The majority of residents are reliant on the Commonwealth age pension and Commonwealth Rent Assistance (Department of Housing and Public Works, 2014; Robinson, et al., 2017). Second-hand relocatable homes are often available for sale, these can be an even more affordable housing option.

Since the mid-2010s operators have commenced trialling a more upmarket model with lifestyle amenities and higher-priced relocatable homes (Ingenia Communities Group, 2018). Operators also construct relocatable homes and earn a profit from this activity (Ingenia Communities Group, 2015). Many operators require incoming residents to purchase homes through specified suppliers from whom they earn a commission. It is estimated that there are in Australia approximately 200 estates that are operated exclusively as MHEs, a number that excludes

tourism parks which have a component of age segregated permanent sites (Colliers International, 2016).

1.2.4. Summary

Australian retirement communities cater to the diversity of older people with a range of locations, accommodation, built form, price points and services and facilities. A summary of the main features of Australian retirement communities is in Table 4.

Table 4: The three main types of Australian Retirement Communities

	Occupancy	Legislative Oversight	Income to Operators	Resident Payments
Retirement Villages	Residence contract (loan licence, leasehold, strata title)	Specialist state retirement village legislation	Exit fee payable when a resident departs	Capital payment on entry, monthly service charge, payment of fee on exit (from sale proceeds)
Rental Villages	Rental agreement	State residential tenancies legislation	Regular rental (fortnightly) payment	Fortnightly rental payment
Manufactured Home Estates	Rental agreement	Specialised MHE legislation in some states, residential tenancies legislation in others	Regular rental (fortnightly) payment, exit fee in some states	Purchase of manufactured home, fortnightly rental payment, payment of an exit fee in some states

Source: Author

Older people are heterogenous and the diversity of retirement communities meets this heterogeneity. The different types of occupancy, with their varying requirements for initial capital payment and ongoing payments, also facilitates a wide range of price points. As the industry has evolved and numbers of residents have increased, legislation has been introduced, including restricting monthly service fees to recovery of expenses and clarifying residents' rights (Chapter 4). Each of the three types of retirement communities has a different income return structure which has assisted or impeded efforts by large institutional investors to convert retirement communities into financial assets (Chapter 5). The diversity of older people is reflected in the diversity of operators of retirement communities resulting in an industry where

no single operator dominates. Both for-profit and NFP operators coexist, ranging in size from very small local NFP operators to large international investors (Chapter 5.3.5.1).

1.3. Research Aims and Questions

This research aims to understand the supply and location drivers of Australian retirement communities. Research has shown that age-appropriate accommodation provides benefits to residents (Buys, et al., 2006; Crisp, et al., 2013; Kendig, et al., 2014) and operators have a role in supplying this for Australia's ageing population. Unlike residential aged care, retirement communities are not geographically allocated; rather, they represent a response by operators. This research seeks to understand why operators choose to enter the industry, establish individual properties and select locations. In order to address this aim, four interlinked research questions were developed as follows:

1. How has a diverse set of **policy** initiatives influenced supply and location decisions since WWII?
2. What are the financial drivers of the supply of retirement communities and to what extent has **financialisation** shaped industry structure and supply?
3. How, and to what extent, have **material** elements of development locations in the study area influenced the supply and location of retirement communities?
4. How have policy, financial and material influences come together to shape the supply of retirement communities in the study area?

In order to address these interlinked research questions a case study region comprising the municipalities of Central Coast, Lake Macquarie, Newcastle, Port Stephens, Maitland and Cessnock was used. The analysis reveals how interactions between multiple factors influence operators of retirement communities in their decisions on supply and location. Using three separate frameworks (policy, financialisation and materialities) supply and location drivers were examined through database development, mapping, document analysis, policy analysis and semi-structured interviews. Further information on the research framework and approach is provided in the next section.

1.4. Research Approach

This section introduces the research approach, outlining each of the frameworks or theoretical entry points – policy, financialisation and materialities – used in this research. Chapters 4, 5 and

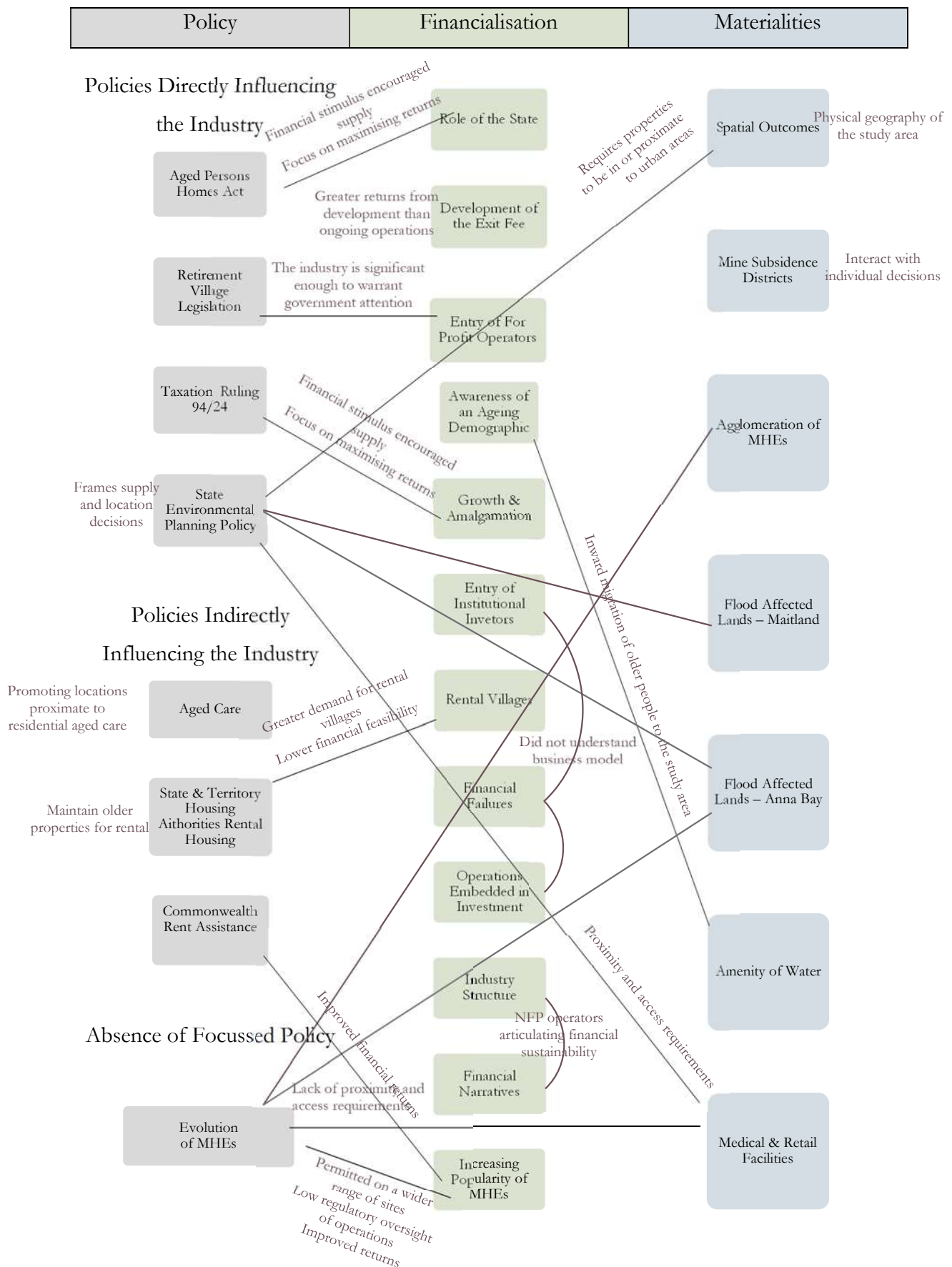
6 explore how operators have responded to each of these factors in making supply and location decisions. The concluding chapter of this thesis reviews these interactions and draws policy, financialisation and materialities together, demonstrating how dynamic and complex relationships between operators and these factors have driven supply and location decisions.

Policy, financialisation and materialities of the case study area influence and interact with each other shaping supply and location decisions by operators. These interactions between policy, financialisation and materialities are not immediately obvious from a cursory examination of supply outcomes, but were revealed by examining the histories of operators, locations and individual properties plus through interviews with operators.

Figure 1 outlines the three frameworks and the interactions between them that were drawn on in this thesis. Policy, financialisation and materialities are each in a separate column and components of the three are identified in each of these columns. Policy issues are highlighted in grey, financialisation issues in green and materialities in blue. Interactions between the components and additional factors are detailed in text.

Supply and Location Drivers of Australian Retirement Communities

Figure 1: Linkages between Supply and Location Drivers of Retirement Communities



This section outlines the analytical framework used to investigate the supply and location drivers of retirement communities, policy, financialisation and materialities. Succeeding chapters examine how operators have responded to these drivers and how they interact with multiple factors in making their supply and location decisions. The final chapter of this thesis reviews these interactions.

1.4.1. Policy

Most developed countries are experiencing population ageing (CEPAR, 2013; OECD, 2015) and have developed specialised congregate accommodation for older people. In different countries specialised housing for older people is subject to a range of government policies at local, regional and national levels (Brecht, 2002; Stula, 2012; Glass & Skinner, 2013; Granbom, et al., 2014; Towart, 2019). Policymakers in different geographies are informed by research, debate and policies in other locations and policy mobilities and transfer have been observed (McCann, 2011; Pawson & Hulse, 2011; Prince, 2012; Murphy, 2016). In examining government policies that have shaped Australian retirement communities, similarities to other geographies in processes and tensions involving politics plus environmental and economic interests have been observed (Jacobs & Manzi, 2013; Murphy, 2016; Baker & McGuirk, 2017).

Since WWII, operators have interacted with a diverse and shifting set of policies. A hierarchical and historical framework (Figure 20, page 65) was used in this research to examine how operators have interacted with policies directly influencing the industry, policies indirectly influencing the industry and an absence of focused policy. Policies directly influencing the industry are those that are focused on housing for older people. Policies indirectly influencing the industry are focused on the non-retirement components of operators' businesses which, in turn, influence their retirement components. MHEs have developed as a type of retirement community without the level of legislative overview applied to retirement villages and rental villages. An absence of focused policy improves financial returns for MHE operators and facilitates their establishment on a wider range of sites. This absence of focused policy has encouraged the evolution of MHEs into a type of retirement community.

Policies focused on housing for older people include Commonwealth aged persons homes legislation, State retirement village legislation, Taxation Rulings and state planning legislation. The *Aged Persons Homes Act 1954 (Cth)* provided assistance to NFP organisations to supply

homes for older people through financial incentives by awarding matching grants for the capital cost (Dargavel & Kendig, 1986; Le Guen, 1993; Fine & Stevens, 1998). This funding encouraged NFP operators to commence accommodation where further financial incentives through incoming payments by residents could be achieved (Fine & Stevens, 1998; McNelis & Herbert, 2003). The phasing out of these grants in the early 1980s is considered to have levelled the playing field and facilitated the entry of for-profit operators into the industry (Howe, 1992; McGovern & Baltins, 2002; McNelis & Herbert, 2003). Coinciding with this entry of for-profit operators into the industry, individual states began to introduce specific retirement village acts and regulations (Table 2, page 4). As the ageing demographic became more apparent, in 1994, the Commonwealth Government provided taxation advantages through the Taxation Ruling 94/24 (TR 94/24). This ruling allowed the cost of acquiring or developing a retirement village to be expensed against revenue in the year in which it occurred (Australian Taxation Office, 1994). TR 94/24 was criticised as it resulted in an emphasis on financial returns through the packaging of investment structures around retirement villages, rather than delivering appropriate accommodation for older people and it was withdrawn in 2000 (Gordon, 2003; Inspector-General of Taxation, 2004; Persson, 2008). Coinciding with the entry of for-profit operators in the 1980s, New South Wales (NSW) introduced specific planning policies for housing for older people and it is the only state that has such specific planning policies (Property Council of Australia, 2016). State Environmental Planning Policies (SEPPs) have precedence over planning controls at the local government level and have been in place in various forms since 1982 (Ross, 2008). The SEPP is well regarded by industry as it provides surety and consistency in planning outcomes (Property Council of Australia, 2016). Both the Commonwealth age persons homes legislation and TR 94/24 provided financial incentives that induced supply. Both these policies resulted in criticisms that operators were maximising revenue not providing benefit to older people (Howe, 1992; McNelis & Herbert, 2003). State operational and planning legislation has shaped the industry since the 1980s.

Policies focussed on the non-retirement components of operators' businesses include aged care legislation, state and territory housing legislation and the Commonwealth Rent Assistance (CRA). Operators that have both retirement communities and residential aged care are influenced by aged care policy settings and funding levels, which, in turn, influence their retirement accommodation business strategies (Gadens, 2014). The location of residential aged care is geographically controlled through a license system (Department of Health, 2018) which influences the locations of retirement communities. In addition to providing residential aged care, NFP operators often provide social housing as part of their mandate, and many are also

community housing providers (BaptistCare, 2018). This thesis examines how policy settings and changes influencing social housing provision also influence operators of retirement communities in their business strategies. CRA influences operators' strategies because it is a non-taxable supplement payable to recipients of a Centrelink pension who are private renters (King & Melhuish, 2003). It has different implications across the three types of retirement communities influencing operators' strategies (Department of Veterans Affairs, 2019; Department of Social Services, 2019).

MHEs have developed as retirement communities in the absence of focused policy and outside the retirement village, aged care, aged housing and rental housing sectors. To date, MHEs have not been the subject of focused policy governing planning and operations at the level that permanent housing for older people has (Mowbray & Stubbs, 1996; Greenhalgh & Connor, 2003; Connor, 2004). The situation where an absence of focused policy has encouraged operators to establish a type of (affordable) housing in Australia, has parallels with the informal urban settlements observed in many developing countries (Huchzermeyer, 2001; Roy, 2005).

Operators have interacted with policies directly influencing the industry, policies indirectly influencing the industry and the absence of focused policy in various ways. These policies have stimulated construction with financial incentives, framed operations and development, influenced location choice and redevelopment strategies and encouraged the evolution of MHEs as a type of retirement community. The outcomes of these policies are examined in Chapter 4.

1.4.2. Financialisation

Financialisation has been defined as 'the increasing dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households' (Aalbers, 2019b, p. 4). Geographers and planners have studied the financialisation of owner-occupied housing and home mortgages (Coakley, 1994; Rolnik, 2013; Fernandez & Aalbers, 2016; Christophers, 2016a), of rental housing in North America (Fields, 2015a; Fields, 2015b; Fields, 2017a; Fields, 2017b; August & Walks, 2017) and of European commercial and residential property (Corpataux, et al., 2009; Theurillat, et al., 2010; van der Zwan, 2017). Research on how financialisation has affected Australian housing has considered local processes from a comparative viewpoint (Rolnik, 2013; Fernandez & Aalbers, 2016; Aalbers & Fernandez, 2016; Aalbers, 2017) and how financialisation of housing impacts on spatial patterns of socio-

economic disadvantage (Hulse & Reynolds, 2018). Since the financial turmoil of 2008/2009, financialisation has increased in popularity as a conceptual framework for examining transformations, particularly in housing and property markets (Fields, 2015b; Aalbers, 2016a; Fields, 2018; Aalbers, 2019a; Jacobs & Manzi, 2019).

Financialisation provides an analytical tool through which to examine the supply and location decisions made by retirement community operators. Australia's ageing population presented an attractive opportunity to operators to meet the demand for specialised housing. Retirement communities, similar to other property assets, are capital intensive (van Loon & Aalbers, 2017) and debt and equity funding has enabled operators to establish new properties in order to meet increased demand. Operators have been active participants in the financialisation process and have sought to reconfigure legal and regulatory frameworks to create investment products that meet the requirements of institutional investors. Studies of financialisation in other countries and types of property assets show a process driven by large financial institutions (Murphy, 2015; Wijburg, et al., 2018). In contrast, the financialisation of Australian retirement communities has involved operators as active participants, resulting in the conversion of Australian retirement communities into tradable assets.

Financialisation in other geographies and property markets has been driven by large financial and investment institutions. Investment banks and fund managers created securitised investments with home mortgages (Coakley, 1994; Rolnik, 2013; Fernandez & Aalbers, 2016). Listed and private equity investors converted residential rental property into financial assets (Fields, 2015a; Fields, 2017a; August & Walks, 2017). Investment banks and fund managers facilitated finance to social housing providers through bond issuance (Wainwright & Manville, 2017). Entry by these institutional investors into markets resulted in the increasing dominance of financial products and returns which could be analysed quantitatively (Theurillat, et al., 2010; van Loon & Aalbers, 2017; van der Zwan, 2017; Corpataux, et al., 2017). The focus was on what institutional investors wanted, with financial products and returns created to suit these investors.

Australian retirement communities demonstrate a context dependent financialisation process shaped by the heterogeneity of older people. Institutional investors were confronted by a diverse industry with complex fee structures, legal protection of residents and reputational and regulatory risk. This research studies how operators have been active in driving the financialisation of Australian retirement communities, a process which has happened over decades. By the 1980s, increasing numbers of relatively wealthier older Australians were

becoming more obvious (Dunstan, 1989; Robertson, 1990). For-profit operators, many of whom were residential developers entered the industry and established retirement villages (Northern Herald, 1987; Benalla Ensign, 2016). Properties developed in the 1980s were amalgamated into portfolios in the 1990s as operators sought listed equity and low risk diversification with commercial development (MacDermott, 1994). The one period where institutional investors attempted to drive the financialisation process was the 2000's when large fund managers and investment banks targeted the industry (AAP Bulletins, 2007; Macquarie Capital Alliance Group, 2007).

Following the financial turmoil that commenced in 2008, financiers and investors reappraised their risk criteria and their return requirements (SCV Group Limited, 2009). The slowing of the residential market and the high levels of debt employed by institutional investors resulted in a number of them exiting the industry, some with significant losses (Wilmot, 2010). Institutional investors that have remained do not dominate the industry and NFP operators strengthened their position in the financial turmoil by making strategic purchases (Becton Property Group, 2011). Financialisation has influenced NFP operators in that they increasingly enunciate financial narratives in their mandate emphasising the importance of financial sustainability (Catholic Healthcare, 2019). In the context of retirement communities, financial sustainability refers to generating enough cash each year to allow an organisation to fund ongoing capital requirements plus major investment when required (McKelvie, 2020). MHEs, a new type of retirement community, are being actively developed and purchased by operators and institutional investors due to their attractive returns on cost and the regular income return (Ingenia Communities Group, 2019).

Financialisation provides a framework with which to examine the evolution of Australian retirement communities and how individual properties in the study area have been part of this. Establishment, amalgamation into portfolios, receivership sales and the proliferation of MHEs in the study area have been part of this financialisation process. In Chapter 5.3, the outcomes of financialisation are examined through a series of examples that demonstrate how retirement community operators have interacted with financialisation.

1.4.3. Materialities and Assemblages

Materialities approaches and assemblage thinking are employed as an analytical tool to explore how the geography of the study area influenced the supply and location choices of retirement communities. In making supply and location decisions in the study area operators interacted

with local materialities of coal, water and medical and retail facilities. Materialities approaches focus on the interaction of the material or physical world with social, political and economic geographies (Lorimer, 2013). Researchers have studied how materialities as diverse as alcoholic beverages and climate have through relationships and interactions co-constituted urban built form (Latham & McCormack, 2004; Anderson & Wylie, 2009). These approaches examine the relationships between the material and the immaterial, resulting in current urban built form (Lees, 2002). Operators have interacted with materialities in the study area as well as with demographics, policy and finance resulting in them establishing retirement communities. The urban world, the town or city that people inhabit, its buildings, zones and neighbourhoods, is more than a physical outcome; it represents the current position of an ongoing interaction between the material and the immaterial (Latham & McCormack, 2004; Anderson & Wylie, 2009).

Assemblage thinking provides a way of conceptualising these complex relationships and linkages (Anderson, et al., 2012). This thinking acknowledges the intricacy and dynamism of physical, social, political and economic geographies and examines the processes that have led to the current built environment (Anderson & McFarlane, 2011; Edensor, 2012). This thesis examines how the materialities of coal, water and medical and retail facilities have influenced the supply and location of retirement communities in the study area.

First the presence of coal has constituted the study area since colonial settlement; historical mining activities influenced settlement patterns, of which retirement communities are a subset. Mining activities have resulted in material absence in the form of voids, leading to aboveground subsidence and influencing aboveground built form. In the region, town centres developed out of the pit top communities that formed around individual mine heads (King & Woolmington, 1960; Eklund, 2015). Current urban built form is a result of the interaction between the material resource with historical technology, politics and economics (Bakker & Bridge, 2006; Brenner, et al., 2011). Voids from underground coal mining influence land use patterns, planning frameworks and economic values aboveground (Stewart & O'Rourke, 2008). This absence continues to shape aboveground activities linked through history and town planning (Edensor, 2012). Assemblage thinking provides a way of unpacking the many interactions by which voids from underground coal influence aboveground activity, changing the financial feasibilities of development (UDIA, 2013; Property Council of Australia, 2015; Towart, et al., 2019).

Second, water has shaped the location of retirement communities through both flooding and the amenity of estuarine lagoons and coastal beaches. Flooding is a feature of the region and

historic flooding events influence projections of future flooding events (McEwen, et al., 2017), interacting with town planning and ultimately the location choices made by retirement community operators (McManus, et al., 2014; Forino, et al., 2017). Water's agency is made material through physical maps of flood affected lands that interact with land uses, insurance availability and property values (Donaldson, et al., 2013; McEwen, et al., 2017; Bowden, et al., 2019). This research examines respective interactions between flooding and the three types of retirement communities, resulting in different spatial outcomes.

The presence of estuarine lagoons and coastal beaches in the region provide environmental, visual and recreational amenity, attracting tourists and residents and shaping operators supply and location decisions (Gosford City Library, 2001; Gosford City Council & Wyong Shire Council, 2014). Research has shown that proximity to these waterways provides climate moderation and cooling summer breezes (King & Hodgson, 1995; Gosford City Library, 2001). The region has benefited from the sea change phenomenon, whereby people relocate to regional locations with coastal proximity (Gurran, 2008; Argent, et al., 2014; Gosford City Council & Wyong Shire Council, 2014). Amenity retirement migration to the study area has resulted in increasing populations of older people, encouraging operators to establish properties.

Third, relationships between retirement communities and medical and retail facilities are iterative. Medical and retail facilities provide amenities to residents, in turn retirement communities provide patronage to these facilities. Research into older people has shown that appropriate residential locations (and by proxy retirement communities) are those that have good access to amenities and services (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014). Different proximity and accessibility requirements under planning legislation for the three types of retirement communities shape spatial outcomes.

Materialities approaches and assemblage thinking provide a framework to examine how coal, water and medical and retail facilities have over time influenced the locations of retirement communities. This is examined through a series of case studies demonstrating how this influence is through multilayered interactions between operators of retirement communities and the materialities of the study area.

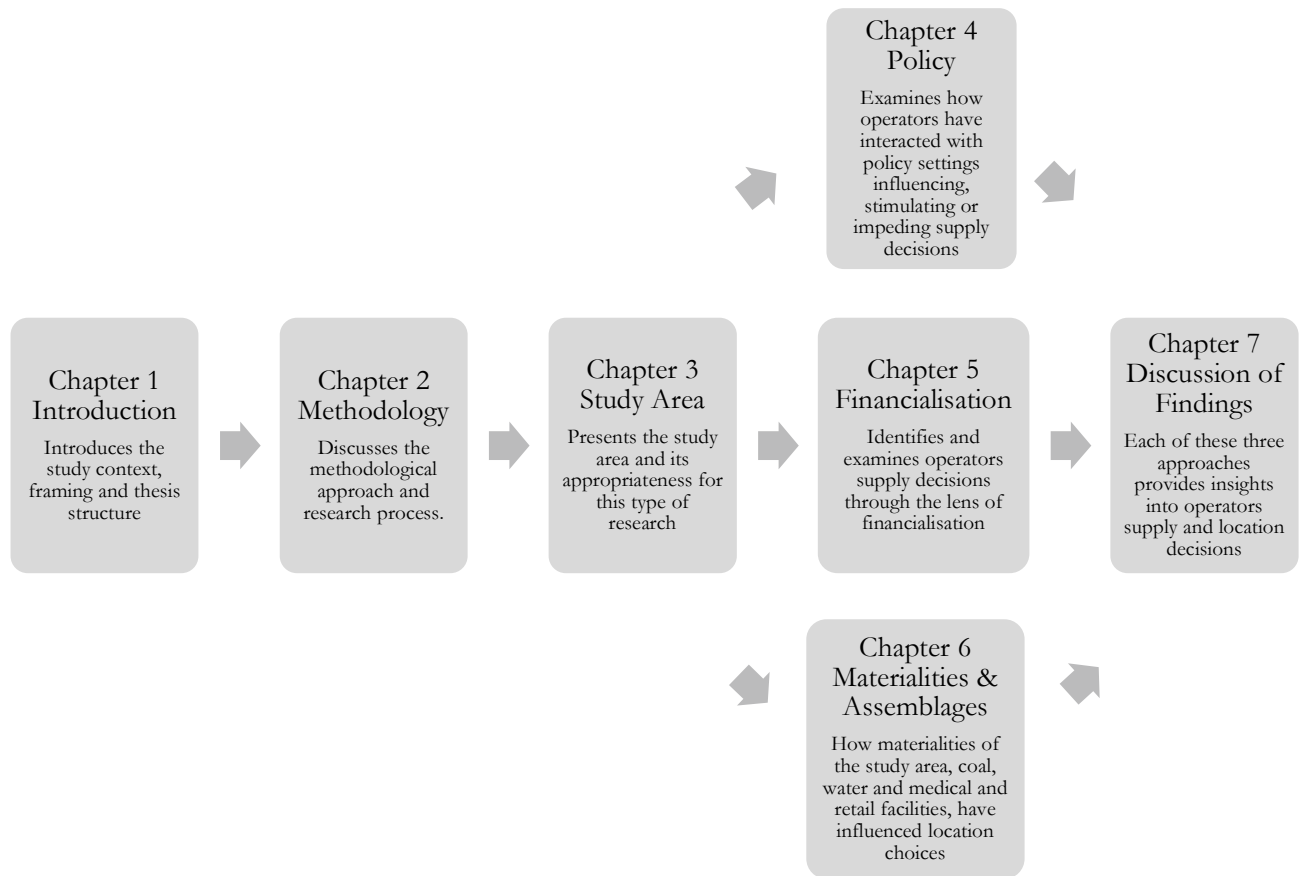
1.4.4. Summary

Policy, financialisation and materialities each bring a different viewpoint to the analysis of operators' supply and location choices. These three frameworks complement each other, each one providing unique insights and allowing interactions between each to be explored. Using three frameworks facilitates identification of these interactions which may well have been overlooked if only a single framework had been used. Each framework is multi-scalar revealing how national and international processes combine with local factors resulting in individual supply and location decisions.

1.5. Thesis Structure

This thesis is structured in seven chapters as explained in Figure 2. Chapter 1 introduces the subject and the thesis, elucidating the research questions, providing initial context and briefly exploring the research framework. Chapter 2 outlines and discusses the methodological approach to this research and the research process used. Chapter 3 introduces the study area, its history, demographics and a history of retirement communities in the region. This examination includes an assessment of how the study area facilitates this type of research.

Figure 2: Thesis Structure



Chapter 4 outlines how operators interact with policy settings and how supply location decisions are influenced, stimulated and/or impeded by policy. There has been no single policy regarding supply location or the operations of retirement communities in Australia. Rather, a diverse and shifting set of policies has been in place since WWII. A hierarchical and historical framework was used in this research to examine how operators have interacted with these policies and their influence on spatial outcomes.

Chapter 5 examines how financial actors, markets, practices, measurements and narratives have influenced the retirement community industry, encouraging and/or impeding operators' supply decisions. Since WWII, the industry has evolved from one dominated by NFP operators with a charitable mission to one where both for-profit and NFP operators coexist and both articulate meeting market demand and financial sustainability. Financialisation provides the lens through which to examine this historical evolution. Investors, particularly large institutional investors,

have had to adapt to an industry that is different compared to other geographies and markets where financialisation has been observed.

Chapter 6 employees materialities approaches and assemblage thinking as an analytical tool. This chapter examines how the agentic potential of coal, water and medical and retail facilities have influenced supply and location choices of retirement communities in the study area. Materialities approaches facilitate an unpacking of the relationships between the material or physical world with the outcomes of retirement communities. Assemblage thinking provides a way of conceptualising these convoluted relationships and linkages. This approach acknowledges the complexity of the real world and accounts for the numerous entangled processes by which the built environment is continually transformed.

Finally, Chapter 7 combines the three approaches, operators have interacted with policy, financialisation and materialities through relationships and interactions (Figure 1, page 10). Each of the three approaches brings a different viewpoint to examining how operators have interacted with diverse influences through multiple processes in making supply and location decisions. The histories of individual properties reveal these influences and processes, each one has a unique story. Policy, financialisation and materialities complement each other, each bringing a different viewpoint to the analysis of operators' supply and location choices.

Chapter 2 Research Methodology and Process

2.1. Introduction

This thesis examines the drivers of supply and location of retirement communities, using the Central Coast, Newcastle and Hunter region as the case study location. Studying retirement communities and the history of their establishment at a regional level facilitates identification and examination of specific supply and location drivers. This chapter first outlines the mixed-methods approach that was used to address the research questions. Second, it describes the research design, including details on the research activities, data sources, collection and analysis. Third, it explores my positionality, highlighting how my personal background, industry experience and professional network have assisted in the research process. Finally, information on ethics approval is provided.

2.2. Research Approach

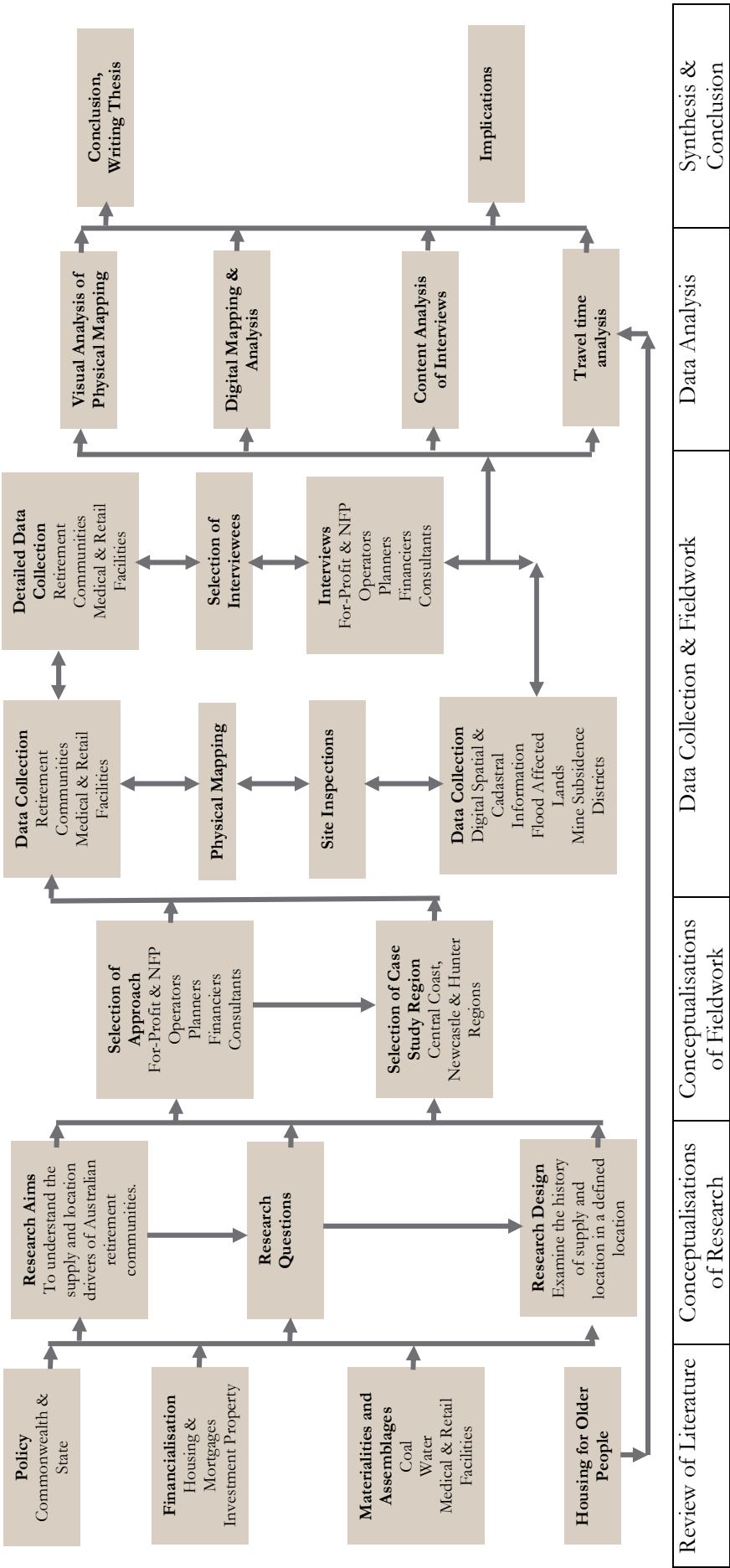
A mixed-methods approach has been adopted to examine the drivers of supply and location choices of retirement communities in the case study area. Varieties of mixed-methods approaches include both qualitative and quantitative datasets and multiple qualitative datasets (O'Leary, 2017). Qualitative approaches can be considered as looking at a problem from a wide-angle and quantitative approaches as looking at a problem in a more focused manner (Brannen, 2017). Multiple approaches and datasets allow more than one way to look at a situation using different framing approaches. The results produced by using different methods and datasets make the findings more credible through cross-referencing (triangulation) of analysis (Greene, et al., 1989; Bryman, 2006; O'Leary, 2017).

In this research multiple methods and datasets were used to examine the importance of proximity to services and facilities. In academic publications, location, specifically proximity to medical and retail facilities was flagged by older people as important (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014). In the semi-structured interviews for this research the importance of proximity was discussed. Plus, proximity of individual retirement communities to medical and retail facilities was analysed using travel time analysis. Cross-referencing the findings from the analysis of different datasets increases the understanding of how access to services and amenities influences retirement community operators in their location choices.

In a complementary mixed-methods approach, various methods are used to examine overlapping but different components of a phenomenon (Greene, et al., 1989; Bryman, 2006). Complementary approaches enable the identification and examination of the multiple factors influencing operators in their supply and location decisions. Sequential use of both qualitative and quantitative methods allows the researcher to use the results of the former method to inform the latter (Greene, et al., 1989; Bryman, 2006). In this research, the initial activities of data compilation and manual mapping helped identify spatial patterns and agglomerations worthy of further examination and these then informed questions for the semi-structured interviews.

The research approach adopted is explained diagrammatically in Figure 3.

Figure 3: Diagram of Research Process



A review of literature informed the conceptualisation of the research to understand the supply and location drivers of retirement communities. Published research has examined these drivers through surveys in which the residents provided the reasons for their decision and identified features of individual retirement communities that encouraged their decision. This research has approached retirement communities by examining the drivers behind operators' supply and location decisions. This entailed interviewing operators, planners, financiers and consultants. Conceptualisation of the research has informed the selection of a case study region, comprising the Central Coast, Newcastle and Hunter regions, which are discussed in more detail in Chapter 3.

Data collection and fieldwork commenced with compiling a database of all retirement communities in the study area. Historical published documents including Business Directory Yellow Pages³, annual reports and documents promoting retirement community living were used. Physical inspection of all the properties was conducted to ensure the accuracy of their descriptions (Chapter 2.2.2). This informed the selection of interviewees; this initial list was augmented using the snowball method (Chapter 2.2.3). The collected information was analysed, and initial physical mapping facilitated visual analysis of spatial outcomes. This was followed by digital mapping which allowed overlays of flooding and mine subsidence to inform the analysis (Chapter 2.2.4). The interviews were analysed for content that revealed patterns and themes in the supply and location decisions (Chapter 2.2.3.1). Proximity of individual retirement communities to medical and retail facilities was analysed using a travel time distance calculator (Chapter 2.2.5).

This section is organised as follows; first, the case study approach and its usefulness in this research are examined. Second, the method by which the data on individual retirement communities was collected is discussed. Third, the interview process including selection of participants, questions and analysis of interviews is examined. Fourth, physical and digital mapping of retirement communities and further information in the study area are discussed. Finally, the analysis of proximity between retirement communities and medical and retail facilities through travel time distance is examined.

³ Yellow Pages is a telephone directory of businesses which are organised by category rather than alphabetically.

2.2.1. Case Study Approach

This research employed a case study approach which allows a comprehensive exploration of complex issues and situations. The case study approach provides the ability for a case, or a number of cases, to be studied in detail using whatever methods are appropriate (Silverman, 2005; Kohlbacher, 2006). This approach can address a variety of purposes and research aims with the overall objective being to achieve a comprehensive understanding of the selected case. In-depth exploration of a case provides insights and can broaden understanding of wider issues (Silverman, 2010).

The case study approach facilitates examination of wider scale processes within geographical, social and economic contexts, thus providing insights from which generalisations can be made (Silverman, 2005; Kohlbacher, 2006). For this research, the in-depth study of supply and location drivers of retirement communities at a local and regional level would uncover how operators interacted with multiple factors in making their decisions. A region with sufficient size and diversity was selected rather than all retirement communities at a state or national level. A study of the Central Coast, Hunter and Newcastle regions was augmented with more specific case studies of operators, localities and individual properties, thereby allowing more detailed examination of individual histories.

2.2.2. Data Collection

Data was compiled on individual retirement communities in the study area. In addition, information was compiled on medical and retail facilities, median house prices, cadastral information (street layout, legal boundaries), mine subsidence districts and flood affected lands.

In total, 163 retirement communities (operational and under construction) were identified in the study area (Table 5). These properties comprise the three types of retirement communities and operators (for-profit, NFP).

Table 5: Operational and Proposed Retirement Communities in the Study Area

For-Profit Retirement Villages	NFP Retirement Villages	Rental Villages	MHEs
47	67	5	44

Source: Author

Initial information was compiled through desktop research sources, including operator websites, local government planning documentation⁴, aerial photography (NSW Department of Finance, Services & Innovation, 1966, 1971, 1980; Reed & Greenhalgh, 2004; Nearmap, 2019), legal information (RP Data⁵, title searches, Australian Securities and Investments Commission (ASIC) documentation), Yellow Pages, the Australian Government Department of Health and newspaper reports. To ensure the veracity of the data, information was cross-referenced with multiple sources, which revealed establishment dates. These were further cross-referenced between different sources, for example print media with aerial photos, to corroborate the establishment dates. In order for more detailed analysis to be conducted, information was compiled on individual properties, as follows.

- Name
- Address
- Owner/Operator
- Owner/Operator type – broad categories comprise for-profit and NFP
- Number of dwellings/sites
- Year established
- Further development proposed
- Co-location with residential aged care
- Sales/ownership history

In addition to data on individual retirement communities, information was collected on medical and retail facilities. Information on shopping centres was collected from the Property Council of Australia (PCA) publication that provided details on individual properties including their address, size and establishment date (Property Council of Australia, 2016). Information on public hospitals was obtained through NSW government websites including their address and establishment date (Fisher, 2017; Hunter New England Health, 2019).

Digital information of flood affected lands was obtained from the NSW Department of Planning, Industry and Environment (Department of Planning, Industry and Environment, 2019). The dataset identifies land with development implications due to the risk of flood as designated by the relevant NSW environmental planning instrument. Digital information on mine subsidence was obtained through Spatial Services, NSW Department of Finance and Services (Subsidence Advisory NSW, 2017a). The dataset identifies lands that have been proclaimed as being in a Mine Subsidence District under the *Mine Subsidence Compensation Act*

⁴ Available online

⁵ An Australian based provider of data on real property

1961. Median house prices for individual suburbs in the study area as at February 2019 were obtained from RP Data (RP Data, 2019b).

All retirement communities in the study area were visited (kerbside inspection) in January and February 2018 to verify the locations (and the existence) of the individual properties. This activity accurately established the types of individual retirement communities, as many were often only loosely described in marketing material. At least one external photo of each property was taken, this served as an aide-memoir when examining individual properties and to cross-reference construction methods/materials with information on the establishment date of each property. These inspections also facilitated observations regarding operator branding, socio-economic levels and accessibility. Data compilation enabled the construction of a database and visual and electronic mapping of retirement communities, plus the medical and retail facilities, flooding, mine subsidence and property values in the study area.

2.2.3. Interviews

Semi-structured interviews were used in this research and they were conducted with operators (current and historic), financiers, consultants and planners. Interviewing is considered a vital and valid research method, enabling the gathering of qualitative and descriptive data that would be difficult and/or time-consuming through other methods, such as questionnaires (Longhurst, 2016). Interviewing as a method is used in its own right and as a complimentary technique and/or precursor to quantitative analysis (Winchester, 1996). Information obtained from such interviews for this research illustrates the multi-layered processes involved in commencing retirement communities.

Interviews as a research method when studying the elite, the powerful and the corporate have become popular (Clark, 1998; Hughes, 1999). In-depth interviews with personnel in commercially focused organisations (corporate agents) provide situated knowledges of the geographies of supply relationships (Hughes, 1999). Corporate interviews supply information that allows a researcher to understand the complexities of commercial processes. Schoenberger (1991, page 180) states the usefulness of a corporate interview 'is to understand the firm's observed behaviour . . . in light of the firm's own history and circumstances and in the context of other considerations such as the firm's competitive strategy . . .'. Whereas Schoenberger (1991) focused on firms, namely commercial for-profit, this research included interviews with both for-profit and NFP operators. It was observed in the interview process and in the published literature (Chapter 5.3.5.2) that NFP operators articulated their objectives and their

outcomes in financial terms similar to those observed by for-profit operators. Interviews also provided access to the historical and shifting reasons underlying the corporate and government decision-making process and strategy implementation (Schoenberger, 1991). Information gained from interviews with operators, financiers, consultants and planners informed the complexity of this history in a way that would have been difficult with quantitative data alone.

2.2.3.1. Interview Participants

Semi-structured interviews can be described as a conversation with a purpose; the interviewer and respondent have an interaction in which the interviewer has a general plan of enquiry (Longhurst, 2016). Compilation of the database of retirement communities in the study area revealed a number of larger operators, who were initially targeted for interviews. Further, because of my previous industry experience I had established a number of contacts who suggested potential interviewees and agreed to facilitate introductions where necessary. Interviewees in this initial group suggested further interviewees; using the snowball method a total of 29 interviews with 41 interviewees were conducted. Six interviews involved multiple interviewees while the remaining 23 were with individuals. Semi-structured face-to-face and telephone interviews of between 20- and 60-minutes duration were conducted in participants' offices, university meeting rooms and AICD meeting rooms⁶.

The snowball method overcame limitations associated with known industry practitioners providing contacts only from within their circle (Bailey, 2019a). This is a method where one interviewee/respondent suggests or may help recruit another interviewee who may in turn suggest or help recruit even more. Approaching information-rich key informants can lead to suggestions and introductions of further interviewees (Bailey, 2019a). Initially I approached people who were currently active in the industry and had decades of experience. Multiple contact points were used including industry practitioners, local governments and consultants to overcome any self-selection bias. It is acknowledged that many of the interviewees/contacts identified the same personnel despite coming from different contact points. Following my initial contact, some respondents suggested other employees in their organisation who were willing to participate in interviews at the time and location arranged.

The Australian retirement community industry is not large; moreover, interviewees acknowledged that they had worked with a number of different employers over several decades,

⁶ Australian Institute of Company Directors, I am a member of this professional organisation. Meeting rooms are available in CBD locations (at a fee) for members use.

making de-identification difficult. Some interviewees explicitly requested that neither they nor their organisations were to be identified (Chapter 2.4). De-identification and confidentiality encouraged interviewees to speak freely and openly. A list of the de-identified interviewees is given in Table 6.

Interviewees were grouped into the following six broad categories

- 1) For-profit operator
- 2) NFP operator
- 3) MHE operator
- 4) Local government staff member/official
- 5) Financier
- 6) Consultant

Table 6: List of Interviewees

Number	Descriptor	Interview date	Brief Description
7	For-Profit Operator #1	March 2018	Personnel in medium size for-profit operator
17	For-Profit Operator #2	May 2018	Personnel in medium size for-profit operator
18	For-Profit Operator #3	May 2018	Personnel in medium size for-profit operator
19	For-Profit Operator #4	September 2018	Personnel in medium size for-profit operator
25	For-Profit Operator #5	October 2018	Personnel in large for-profit operator
28	For-Profit Operator #6	November 2018	Personnel in medium size for-profit operator
29	For-Profit Operator #7	November 2018	Personnel in medium size for-profit operator
30	For-Profit Operator #8	November 2018	Personnel in medium size for-profit operator
33	For-Profit Operator #9	November 2018	Personnel in large for-profit operator
35	For-Profit Operator #10	December 2018	Personnel in large for-profit operator
39	For-Profit Operator #11	February 2019	Personnel in large for-profit operator
40	For-Profit Operator #12	February 2019	Personnel in medium size for-profit operator
1	Local Government #1	March 2018	Personnel in local government in the study area
27	Local Government #10	October 2018	Personnel in local government in the study area
36	Local Government #11	December 2018	Personnel in local government in the study area
2	Local Government #2	March 2018	Personnel in local government in the study area
3	Local Government #3	March 2018	Personnel in local government in the study area
4	Local Government #4	March 2018	Personnel in local government in the study area
5	Local Government #5	March 2018	Personnel in local government in the study area
6	Local Government #6	March 2018	Personnel in local government in the study area
15	Local Government #7	May 2018	Personnel in local government in the study area
16	Local Government #8	May 2018	Personnel in local government in the study area
26	Local Government #9	October 2018	Personnel in local government in the study area
11	MHE Operator #1	May 2018	Personnel in large MHE operator
12	MHE Operator #2	May 2018	Personnel in large MHE operator
13	MHE Operator #3	May 2018	Personnel in large MHE operator
31	MHE Operator #4	November 2018	Personnel in small MHE operator
34	MHE Operator #5	November 2018	Personnel in large MHE operator
8	NFP Operator #1	April 2018	Personnel in regionally based NFP operator
9	NFP Operator #2	April 2018	Personnel in locally based NFP operator

Number	Descriptor	Interview date	Brief Description
10	NFP Operator #3	April 2018	Personnel in regionally based NFP operator
14	NFP Operator #4	May 2018	Personnel in regionally based NFP operator
21	NFP Operator #5	October 2018	Personnel in large NFP operator
22	NFP Operator #6	October 2018	Personnel in regionally based NFP operator
24	NFP Operator #7	October 2018	Personnel in large NFP operator
20	Consultant #1	October 2018	Professional property consultant
37	Consultant #2	December 2018	Professional property consultant
41	Consultant #3	February 2019	Professional property consultant
23	Financier #1	October 2018	Finance/banking personnel
32	Financier #2	November 2018	Finance/banking personnel
38	Financier #3	December 2018	Finance/banking personnel

Operators interviewed were currently and/or historically at the C suite level, that is, Chief Executive Officer, Chief Financial Officer and Chief Operational Officer. At the commencement of the interviews, operators were asked to give a synopsis of their background in the industry. All had more than 10 years' experience, a number had experience going back to the 1980s. Historical experience of this nature provided insights into how the industry had changed since that time. In addition, many had worked in both for-profit and NFP organisations. Operators acknowledged increasing complexity with a greater focus on skills and expertise at the strategic and operational level.

The local government personnel held positions in the local governments in the study area and were at senior level. It was acknowledged that while many had considerable experience in local government, none had decades of experience with their current employer. While they could comment extensively on current matters, their ability to comment on historical matters as far back as the 1980s was limited. Many suggested potential interviewees who had this experience.

Retirement communities are specialised industry with a limited number of financiers that lend to operators. Financiers that were interviewed had considerable experience within the industry, some going back decades.

Consultants were identified by initial interviewees as having expertise in the industry and in the study area. The industry has experienced both consolidation and amalgamation, and as a result, operators have accumulated significant expertise. Following the sale of their properties and portfolios, and rather than face retirement, these operators often became consultants as their expertise was in demand by new owners and operators.

Quotes are used in the empirical sections of this thesis, in text referencing is used for some comments made by interviewees. This is because while information was given freely in

interviews, verbatim quotes could identify some interviewees and organisations. Some of the information given was commercial in confidence including purchase and development decisions considered at board level.

2.2.3.2. Interview Questions

The interview questions were designed to elicit information and discussion, particularly the current and historical rationales for establishment and location decisions. Individual properties had a history or back story including original vendors, joint venture participants, development approval processes and negotiations with local government. These narratives added to the overall story of why and where retirement villages were established. Interviewees with significant historical experience were also asked to discuss how the industry had changed and to compare historical attitudes with those currently held.

The questions are listed in Appendix 1.

2.2.3.1. Analysis of Interviews

All the interviews were audio recorded and fully transcribed. Content analysis, a method whereby the written and verbal information is condensed into fewer but content-related categories was undertaken. The aim of content analysis is to obtain condensed and broad descriptions of phenomena with the outcome being concepts or categories describing phenomena (Silverman, 2010). The usefulness of content analysis lies in its ability to make replicable and valid inferences from the data to provide new insights. In this research interviewees provided detailed information regarding recent and historical activities including processes and decisions. In some cases, the information given was cross-referenced with other data sources including RP Data, newspaper articles and local government planning documents. Some NFP organisations had published histories of their activities including provision of housing for older people (Newland, 1989; Meredith, 1998; Bastian & McDonald, 2011; Catholic Healthcare, 2019), in contrast, few for profit operators had a written history. The corporate interviewing provided information on historical and recent business decisions and planning frameworks (Bailey, 2019a) and all the interviewees, including the NFP operators, spoke in a modern business language.

Schoenberger (1991) identified the ability of corporate interviews to discover strategic interrelationships and illuminate the decisions behind historical narratives. In discussing

historical decisions, the interviewees in this research revealed how operators interacted with demographics, policy, finance and local materialities in their business activities. Information elicited during the interviews was augmented by examination of other documents including recent and historical industry presentations, promotional literature, company filings and newspaper articles.

2.2.4. Mapping

Data on retirement communities and other properties was mapped as it was collected. This immediate visual analysis then informed further data collection and potential areas of focus. Following identification and description of individual retirement communities, physical mapping using stick-on dots on an A1 sized map enabled a visual analysis of spatial patterns and identification of the locations and issues that warranted further analysis. The A1 map was taken to the interviews and its presence encouraged discussion prior to, during and after an interview. Interviewees often volunteered further information about properties and locations as a result of this visual aid. Visual analysis of this map identified agglomerations of retirement communities including those in proximity to retail facilities (Chapter 6.5) and of MHEs (Chapter 6.3.3 and Chapter 6.4.3) which were examined further. The initial spatial patterns observed in this exercise also identified the importance of physical geography, materialities, which were examined in detail.

Digital mapping of retirement communities and medical and retail facilities was then undertaken using ARC GIS software. This information was overlaid with digital information on mine subsidence, flood affected lands, property values and travel time distance, thus facilitating further visual analysis and informing later interview questions. The Newcastle and Hunter region has been extensively undermined and the digital mapping of individual properties and proclaimed Mine Subsidence Districts (MSDs) highlighted the interactions between property development and mine subsidence which were investigated (Chapter 6.3.2). Regular flooding events are a feature of the region and retirement community operators interact with flood affectation differently depending on the type of property, resulting in agglomerations (Chapter 6.4.1). There was a range of property values across the study area and, an examination of these identified locations of amenity based on proximity to the estuarine lagoons (Chapter 6.4.4). Following calculation of travel time distance, this data was digitally mapped, enabling locations with good and poor access to be identified, including those warranting further examination (Chapter 6.5.2).

2.2.5. Travel Time Distance

Research of residents in retirement communities has indicated that proximity to facilities and services is an important factor in their decision to select a particular property (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014). In this research travel time distance was used to measure proximity or accessibility, this was calculated using an online software package from Intersect using Google Maps to calculate the travel time between identified locations. In this research, this was calculated between individual retirement communities and medical and retail facilities by private motor vehicle, public transport and walking. It is acknowledged that this measurement may not have been completely accurate at certain times, for example during morning and afternoon commuting. To calculate accessibility on a suburb basis, the travel time distance for individual retirement communities in each suburb was arithmetically averaged. Travel time distance did allow the accessibility of individual retirement communities and their locations to medical and retail facilities to be examined and displayed in a map.

Travel time distance in a private vehicle was the primary method of measuring proximity/access. It was considered the most realistic for hospital access as it showed the speed at which an ambulance could be anticipated to travel. Travelling to a doctor or medical specialist is a more discretionary decision that combines a wider range of locations of doctors and medical specialists plus an absence of urgency. Retail centres ranged from neighbourhood shopping centres (approximately 4,000m²) up to super regional shopping centres (greater than 30,000m²). Such centres enable comparison shopping, a wider range of retailers and often cheaper prices. The private vehicle was considered the most realistic form of transport for such shopping particularly for transporting purchases. Convenience shopping for items such as bread and milk may have been available closer, and people could be expected to walk to such convenience retailers. For major (weekly) shopping people were more likely to use a private car or, in the case of retirement communities a village bus service that had a similar travel time metric.

2.3. Positionality

My previous employment experience includes positions in valuation, funds management and research. Since 2000 I have specialised in the healthcare, retirement housing and aged care industry. This industry employment has given me in-depth understanding of the terminology, operational aspects and compiling of information on properties in this industry. Working as a

valuer of retirement communities and aged care facilities in the study area has given me familiarity with the region.

Positions in funds management and research provided insight regarding how superannuation funds, property companies and listed investors approached the industry. This experience has been particularly useful in my analysis of how financialisation has penetrated the industry. I was able to observe first-hand the lack of knowledge by investors from outside the industry when considering entering. When I briefed representatives of these investors, on more than one occasion they showed surprise when they were informed that residents in retirement villages could not be evicted in order to improve the investment performance. Off-the-cuff comments made in these meetings were revealing of the attitude and approach to the industry by these institutional investors.

2.4. Ethics

Ethics approval from Macquarie University was granted on 30 November 2017. The ethics approval number is 5201701135(R) and a copy is in Appendix 2. Ethical principles have informed this research regarding the initial contact with interviewees, obtaining informed consent and conducting the interviews. Interviewees were informed of matters of consent, privacy and confidentiality, the latter two are particularly relevant to this thesis as a number volunteered commercial-in-confidence information as part of the discussion. At initial contact they were given a list of indicative questions plus a written information and consent form enabling them to make an informed decision. Interviewees were de-identified (names, organisations, locations) to ensure confidentiality. All interviewees requested to be informed of the findings of this research and to receive copies of published research output.

2.5. Conclusion

This research has used an iterative mixed-methods approach. Such an approach facilitated the drawing out of information, cross-referencing between different data sources and avoiding the biases from a single process approach. An iterative mixed-methods approach also allowed the initial data collection and analysis to inform further data collection and analysis. This process enabled the drawing out of historical and recent relationships and interactions that operators make with multiple factors. Operators do not make such decisions in isolation and a mixed-methods approach facilitates an examination of these further factors. Using the lens of policy, financialisation and materialities an investigation into supply and location decisions of operators

revealed these interactions. The research method adopted also exposed important insights into why operators establish and continue operating this particular property type.

The next chapter provides an overview of the study area including demographics, property values and a history of establishments of retirement communities in the region. An understanding of this research context was required to facilitate interpretation of the research findings.

Chapter 3 Study Area

3.1. Introduction

This chapter introduces the geographic setting for this research, the Central Coast, Newcastle and Hunter regions of NSW. The region is situated on the Pacific coast of NSW and is located to the north of the Sydney metropolitan region (Figure 4 and Figure 5). The region is separated from the Sydney metropolitan region by the Hawkesbury River and Ku-ring-gai Chase National Park. Within the study area, Gosford is the closest to Sydney (75 km by road) and Nelson Bay is the most distant (210 km by road). The study area comprises six Local Government Areas (LGAs) with a total area of 5,731.6 square kilometres and a total population of 882,945 (Table 7).

Figure 4: Australia, New South Wales, Study Area

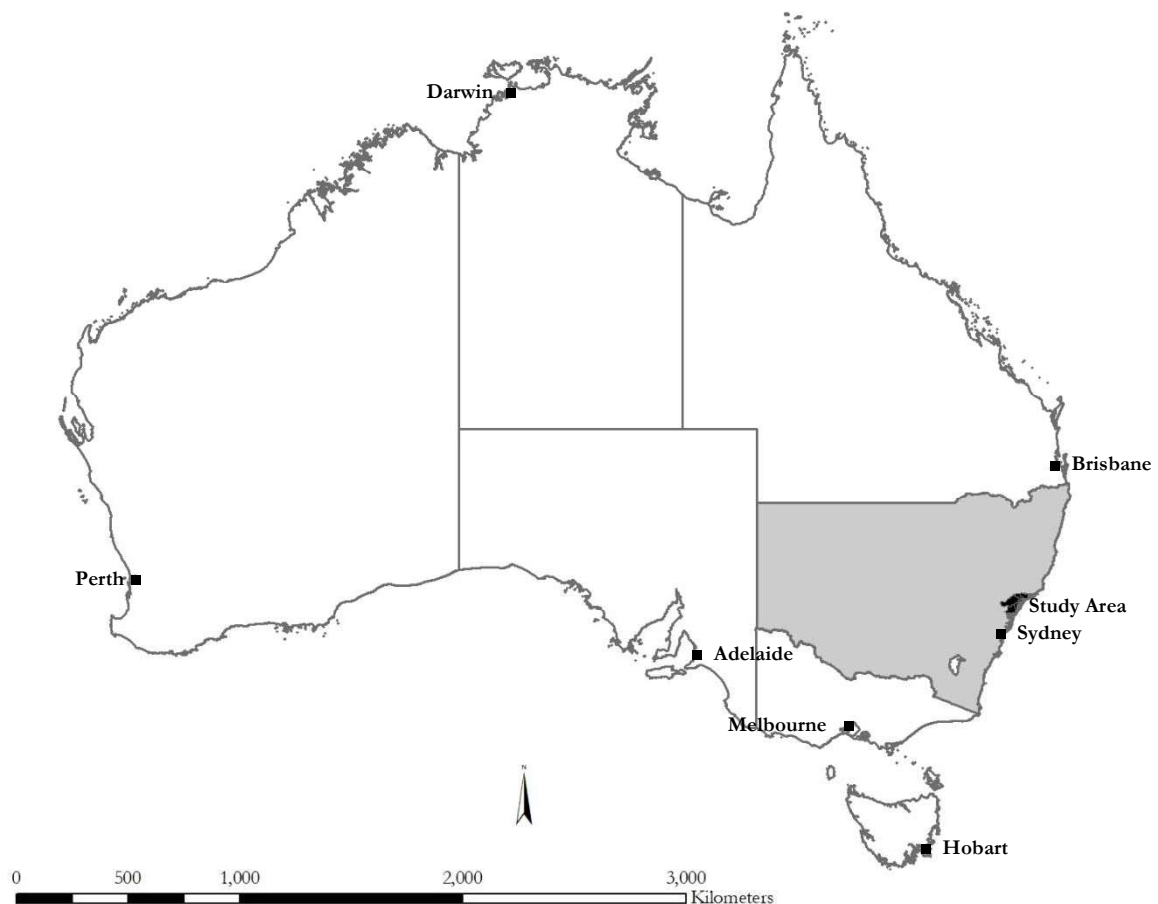


Table 7: Study Area Municipalities, Total Area and Total Population

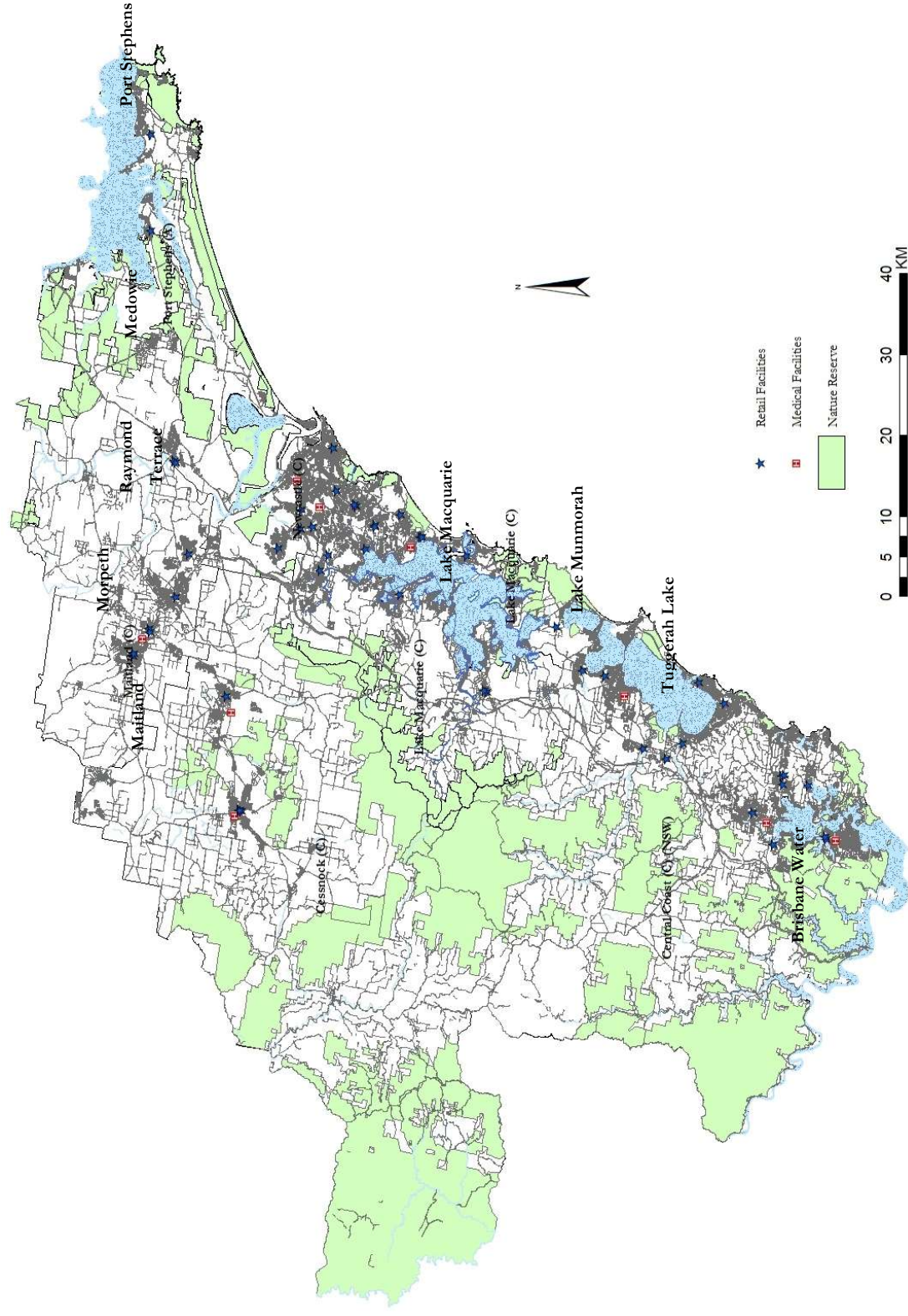
LGA	Area Km²	Population
Central Coast	1,681.1	327,736
Lake Macquarie	648.6	197,373
Newcastle	186.8	155,412
Port Stephens	858.4	69,556
Maitland	391.5	77,307
Cessnock	1,965.2	55,561
Total	5,731.6	882,945

Source: ABS Census of Population and Housing 2016

This study area offered the opportunity to conduct research into a heterogeneous region in terms of age profile, socio-economic status, population density, built form, economic drivers, local governments and localities. The range of localities included suburban (commuter and local), inner-city regional CBD, coastal townships, inland regional centres and rural. The study area accommodated the heterogeneity of older people and their diversity of housing choices (Judd, et al., 2010; Pinnegar, et al., 2012).

Parts of the study area are considered retirement destinations because of the higher growth rates in the numbers and proportion of older people compared to state levels (Chapter 3.2). This growth in population is attributed to inward migration of older people to both general residential housing and retirement communities (Gosford City Council & Wyong Shire Council, 2014; Strudwick & Newcombe, 2019). The relocation of people of all ages from larger population centres to regional coastal areas is referred to as sea change and this migration is in part attributed to the amenity of such coastal regions (Gurran, 2008; Argent, et al., 2014). The region used for this research therefore provided an opportunity to examine operators' response to amenity retirement migration. Housing in the region is relatively more affordable compared to parts of Greater Sydney and it offers a range of affordability between suburbs as measured by house prices (Chapter 3.4). This relative affordability encourages financial downsizing in retirement (Judd, et al., 2014).

Figure 5: Study Area



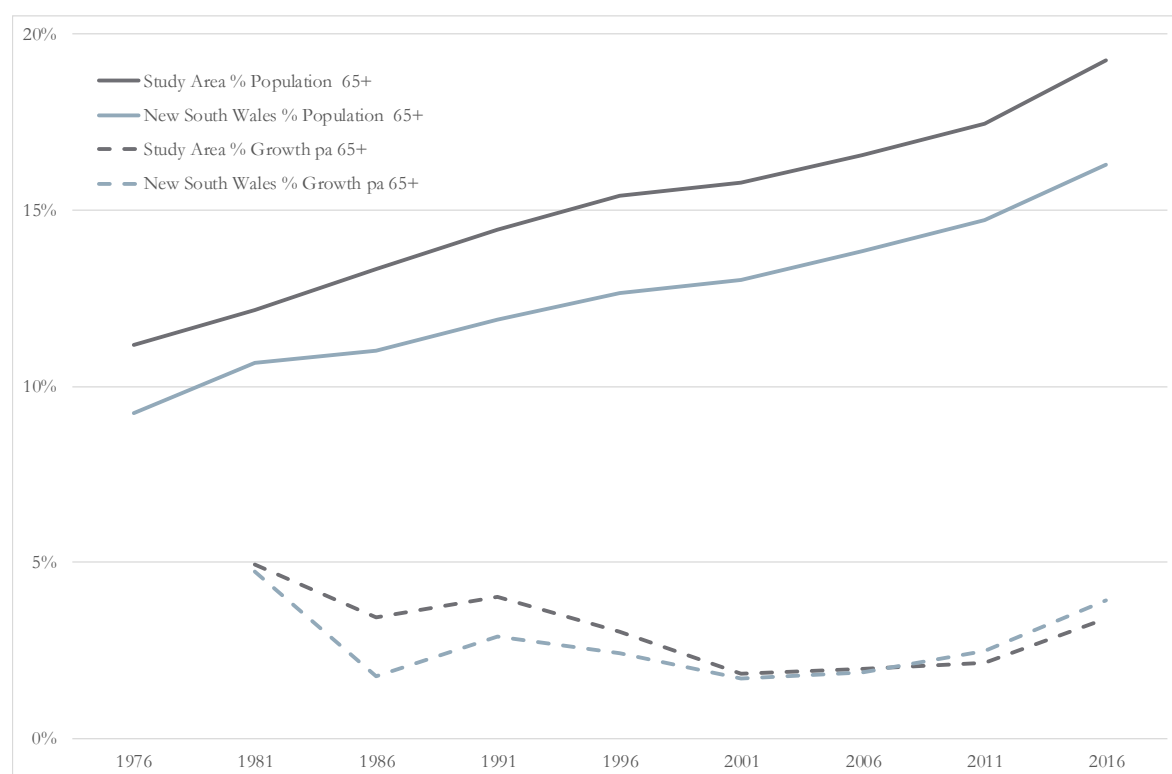
A total of 163 retirement communities were identified in the study area. Operators of these retirement communities were diverse, including large and small investors, locally focused operators and secular and faith-based NFP operators. Larger operators with properties in the study area also had properties in other parts of NSW and Australia.

The aim of this research was to explore the supply and location drivers of Australian retirement communities and this study area provided sufficient size and diversity to undertake this examination. This chapter is organised as follows; first the demographics of the region and individual municipalities are studied. Second, the history of the region and how this has impacted on the urban built forms of which retirement communities are a subset is reviewed. Third, property values in the region are discussed and this is followed by a history of retirement communities in the region on a decade-by-decade basis.

3.2. Demographics

The study area had an ageing profile, with both numerical ageing (i.e. the number of older people increases) and structural ageing (i.e. the proportion of older people increases). This is summarised in Figure 6 and Table 8. Between 1976 and 2006, the region was characterised by higher growth rates of people aged 65+ relative to NSW as a whole. From 1976 to 2016 the region has experienced higher proportions of this population cohort relative to NSW; according to the 2016 Census, the portion of older people in the study area was 19% in contrast to the state as a whole, which was 16% (Australian Bureau of Statistics, 2016).

Figure 6: Population 65+ percentage of the total and % growth pa 65+



Source: ABS Census of Population and Housing 1976, 1981, 1986, 1991, 1996, 2001, 2006, 2011 & 2016

Demographics for each municipality in the study area, the study area as a whole and NSW from 1976 to 2016 are presented in Table 8. Individual municipalities exhibit diversity in the proportion of older people and growth rates of this cohort. In this section, analysis of demographics within individual municipalities is discussed in more detail including policy and economic factors.

Supply and Location Drivers of Australian Retirement Communities

Table 8: Study Area Total Population, Population 65+, Annual Arithmetic Growth Rates and Proportion Aged 65+ for Municipalities and Statistical Local Areas

		1976	1981	1986	1991	1996	2001	2006	2011	2016*
Central Coast *	Total Population	120,774	163,319	191,646	229,424	260,839	285,508	297,961	312,184	327,736
	% Growth pa		7.0%	3.5%	3.9%	2.7%	1.9%	0.9%	1.0%	1.0%
	Population 65+	19,189	25,980	32,095	38,892	45,634	49,894	54,304	59,286	68,550
	% Growth pa		7.1%	4.7%	4.2%	3.5%	1.9%	1.8%	1.8%	3.1%
Lake Macquarie	% Population 65+	16%	16%	17%	17%	17%	17%	18%	19%	21%
	Total Population	131,802	147,943	153,540	162,026	170,495	177,619	183,142	189,005	197,373
	% Growth pa		2.4%	0.8%	1.1%	1.0%	0.8%	0.6%	0.6%	0.9%
	Population 65+	10,054	13,029	15,845	19,652	23,537	26,900	30,756	34,840	40,593
Newcastle	% Growth pa		5.9%	4.3%	4.8%	4.0%	2.9%	2.9%	2.7%	3.3%
	% Population 65+	8%	9%	10%	12%	14%	15%	17%	18%	21%
	Total Population	138,718	135,207	125,416	131,305	133,686	137,307	141,754	148,534	155,412
	% Growth pa		-0.5%	-1.4%	0.9%	0.4%	0.5%	0.6%	1.0%	0.9%
Port Stephens	Population 65+	16,219	18,083	18,700	21,335	22,310	22,236	22,401	22,940	24,721
	% Growth pa		2.3%	0.7%	2.8%	0.9%	-0.1%	0.1%	0.5%	1.6%
	% Population 65+	12%	13%	15%	16%	17%	16%	16%	15%	16%
	Total Population	20,935	28,295	36,011	43,735	51,288	56,677	60,485	64,808	69,556
Maitland	% Growth pa		7.0%	5.5%	4.3%	3.5%	2.1%	1.3%	1.4%	1.5%
	Population 65+	1,708	2,678	3,785	5,318	7,003	8,385	10,225	12,517	15,965
	% Growth pa		11.4%	8.3%	8.1%	6.3%	3.9%	4.4%	4.5%	5.5%
	% Population 65+	8%	9%	11%	12%	14%	15%	17%	19%	23%
Cessnock	Total Population	36,002	39,938	44,315	46,909	49,941	53,803	61,883	67,479	77,307
	% Growth pa		2.2%	2.2%	1.2%	1.3%	1.5%	3.0%	1.8%	2.9%
	Population 65+	2,778	3,221	3,830	4,489	5,265	5,990	7,236	8,556	11,085
	% Growth pa		3.2%	3.8%	3.4%	3.5%	2.8%	4.2%	3.6%	5.9%
Study Area Total	% Population 65+	8%	8%	9%	10%	11%	11%	12%	13%	14%
	Total Population	36,199	38,724	41,733	43,849	44,362	45,204	46,209	50,840	55,561
	% Growth pa		1.4%	1.6%	1.0%	0.2%	0.4%	0.4%	2.0%	1.9%
	Population 65+	4,136	4,428	4,710	5,220	5,625	6,034	6,275	7,156	9,116
New South Wales	% Growth pa		1.4%	1.3%	2.2%	1.6%	1.5%	0.8%	2.8%	5.5%
	% Population 65+	11%	11%	11%	12%	13%	13%	14%	14%	16%
	Total Population	484,430	553,426	592,661	657,248	710,611	756,118	791,434	832,850	882,945
	% Growth pa		2.8%	1.4%	2.2%	1.6%	1.3%	0.9%	1.0%	1.2%
New South Wales	Population 65+	54,084	67,419	78,965	94,906	109,374	119,439	131,197	145,295	170,030
	% Growth pa		4.9%	3.4%	4.0%	3.0%	1.8%	2.0%	2.1%	3.4%
	% Population 65+	11%	12%	13%	14%	15%	16%	17%	17%	19%
	Total Population	4,777,102	5,126,217	5,401,881	5,732,032	6,038,696	6,371,745	6,549,178	6,917,658	7,480,228
New South Wales	% Growth pa		1.5%	1.1%	1.2%	1.1%	1.1%	0.6%	1.1%	1.6%
	Population 65+	441,765	546,595	594,871	680,974	762,902	828,475	905,775	1,018,179	1,217,645
	% Growth pa		4.7%	1.8%	2.9%	2.4%	1.7%	1.9%	2.5%	3.9%
	% Population 65+	9%	11%	11%	12%	13%	13%	14%	15%	16%

Source: ABS Census of Population and Housing 1976, 1981, 1986, 1991, 1996, 2001, 2006, 2011 & 2016

* Gosford and Wyong municipalities are amalgamated into Central Coast.

Annual compound growth rates over the 40-year period from 1976 to 2016 show that individual municipalities and NSW have achieved greater growth rates and the 65+ population cohort compared to the overall population increase (Table 9). Rates of growth in the number of older people in the study area ranged from 1.06% for Newcastle to 5.75% for Port Stephens. In total, the study area achieved greater growth rates of population and those aged 65+ (2.90%) compared to NSW as a whole (2.57%). This relatively higher growth rate of older people in the study area is indicative of a region experiencing both natural ageing and inward migration of older people.

Table 9: Annual Compound 40 Year Growth Rates

	Population Growth	65+ Population Growth
Central Coast	2.53%	3.23%
Lake Macquarie	1.01%	3.55%
Newcastle	0.28%	1.06%
Port Stephens	3.05%	5.75%
Maitland	1.93%	3.52%
Cessnock	1.08%	2.00%
Study Area	1.51%	2.90%
New South Wales	1.13%	2.57%

Source: ABS Census of Population and Housing 1976, 1981, 1986, 1991, 1996, 2001, 2006, 2011 & 2016

3.2.1. Central Coast – formerly Gosford and Wyong LGAs

Gosford and Wyong have benefited from the improved transport links to the Sydney region, which facilitate commuting for work and travel for medical and social reasons (Gosford City Library, 2001). The Gosford and Wyong LGAs were amalgamated into the Central Coast LGA in 2016 and the data in the tables has amalgamated both LGAs. During the 1980s and 1990s Central Coast municipality achieved higher growth rates for the general population and older people compared to the study area and NSW. Since 1976, the Central Coast LGA has had an ageing profile; its proportion of older people, as at the 2016 Census, was 21% compared to 16% for NSW (Australian Bureau of Statistics, 2016).

3.2.2. Lake Macquarie

Over the period of analysis, the Lake Macquarie municipality experienced lower rates of population growth compared to the study area and NSW. The annual compound rate of growth was 1.01% compared to the study area growth rate of 1.51% and the NSW growth rate of 1.13%. In contrast, the rate of growth in the number of older people in Lake Macquarie LGA was higher than the whole study area and NSW. The annual compound growth rate of older people was 3.55% compared to the study area figure of 2.9% and the NSW figure of 2.57%. This is indicative of a location to which older people are relocating in greater numbers than a younger cohort (Lake Macquarie City Council, 2014). This migration pattern has resulted in Lake Macquarie LGA having a higher proportion (21%) of older people than the study area (19%) and NSW (16%) (Australian Bureau of Statistics, 2016).

3.2.3. Newcastle

Newcastle LGA is home to a significant proportion of the commercial and industrial business activity in the study area. Newcastle city centre and the Port of Newcastle have been the centre of commercial and industrial activities since early settlement (O'Neill & Green, 2000). The population profile reflects how the municipality has been influenced by the changing fortunes of the coal and associated industries. The traditional heavy industries that benefit from coal-fired power generation were affected in the economic downturns of the early 1980s and the early 1990s resulting in reductions in employment and outward migration (Marsden & Newcastle Region Library, 2004). In 1997, the closure of the BHP steel mills was considered an opportunity to reinvent the municipality with a focus on more modern service-orientated industries. Inner-city areas were revitalised with new employment opportunities and apartment developments popular with a younger demographic (Winchester, et al., 1996; Rofe, 2004; Property Council of Australia, 2015). The result was that Newcastle LGA now has a relatively younger demographic compared to other municipalities in the study area. In 1996 the number of older people was 22,310, comprising 17% of the total population in the municipality (1996 Census). Since 1996, revitalisation and changing demographics had increased the population in the municipality to 155,412, while the numbers of older people increased to 24,721, the total proportion of this cohort declined to 16% (Australian Bureau of Statistics, 2016).

3.2.4. Port Stephens

The Port Stephens LGA has three distinct population centres. The largest comprises the developments adjacent to Port Stephens and the Pacific Coast; the next is the main civic and commercial centre in Raymond Terrace; and the third is the group of inland residential suburbs around Medowie (Figure 5, page 38). Port Stephens experienced significant sea change population growth, particularly in the 1970s and 1980s, with higher growth rates in total population and in older people compared to the study area and NSW. The municipality has experienced the highest annual compound growth rate of older people (5.75%) compared to the study area (2.9%) and NSW (2.57%). In 1976 Port Stephens had a lower proportion of older people (8%) compared to the study area (11%) and NSW (9%). By 2016 the position was reversed and the municipality had the highest proportion of older people in the study area (23%) compared to the study area (19%) and NSW (16%) (Australian Bureau of Statistics, 2016). This rate of growth and ageing profile indicates a region experiencing inward migration of this older cohort (Port Stephens Council, 2016).

3.2.5. Maitland

The main population centres in the Maitland LGA are agglomerated in proximity to the historic river ports of Morpeth and Maitland on the Hunter River (King & Woolmington, 1960) (Figure 5, page 38). Post 2000 residential subdivisions focusing on non-flood affected land have resulted in higher rates of growth of the general population and of older people compared to the study area and NSW (Table 9, page 42). Notwithstanding this growth in population of older people, the municipality has a lower proportion of older people 14% compared to the study area of 19% and NSW of 16% (Australian Bureau of Statistics, 2016). This population structure indicates inward migration of a younger population cohort to the new residential subdivisions (NSW Department of Planning and Environment, 2016).

3.2.6. Cessnock

Cessnock has traditionally been an agricultural and mining centre; more recently there has been the development of a tourism industry focused on the Hunter Valley vineyards (O'Neill, 2000). The municipality has achieved lower growth rates in total population; the annual compound growth rate was 1.08% compared to the study area of 1.51% and NSW of 1.13%. Growth rates of older people in the municipality was also lower with an annual compound growth rate of 2.0% compared to the study area of 2.9% and NSW of 2.5%. Cessnock has an ageing profile with 16% of the population aged 65+ the same as NSW, in contrast to the study area where 19% the municipality has a younger profile (Australian Bureau of Statistics, 2016).

3.2.7. Study Area Comparison with NSW

In comparison to NSW, the study area has achieved higher rates of growth of the total population and of older people from 1976 to 2016 (Table 9, page 42). Greater rates of growth in the general population are indicative of inward migration (NSW Department of Planning and Environment, 2016). Central Coast, Lake Macquarie and Port Stephens LGAs have significant ageing profiles which is indicative of their status as sea change locations (Argent, et al., 2014; Strudwick & Newcombe, 2019). The demographic profile of the study area is a contributing factor in the development of retirement communities in the region. Operators have responded to these local demographics, along with other factors, and established retirement communities.

3.3. Regional History of the Study Area

The original inhabitants were the Awabakal and Worimi peoples in Newcastle and Port Stephens, the Wonnarua in the Hunter Valley and the Kuring-gai and Darkinung in the Central Coast. European settlement commenced in the early 19th century influenced by the natural resources of coal and water in the region (Chapter 6). Underground coal in the Newcastle area encouraged extraction and settlement capitalising on water transport through the Port of Newcastle constructed at the mouth of the Hunter River. Cattle grazing and dairying on alluvial lands in the Hunter Valley and along the estuarine lagoons benefited from proximity to permanent water (King & Woolmington, 1960). Logging (timber getting) using the waterways for transport resulted in large-scale land clearing (King & Hodgson, 1995; The City of Newcastle, 2015).

The Broken Hill Proprietary Company Limited, now BHP, established the first Australian steelworks in Australia in Newcastle in 1915 (Heys, 1998). This set the tone for heavy-industry based economic development in the region over the next 50 years with extraction, coal-based steel production and coal-based transport. In May 1997 BHP announced the closure of the steelworks (Marsden & Newcastle Region Library, 2004). This was not unexpected; the Australian economy was turning from its industrial development phase to an increasing reliance on service industries. Newcastle's deep-water port maintains a concentration of industrial activities in the locality (Port Authority of New South Wales, 2018), however there is now greater focus on services, including education, and tourism (Heys, 1998; O'Neill & Green, 2000; Marsden & Newcastle Region Library, 2004).

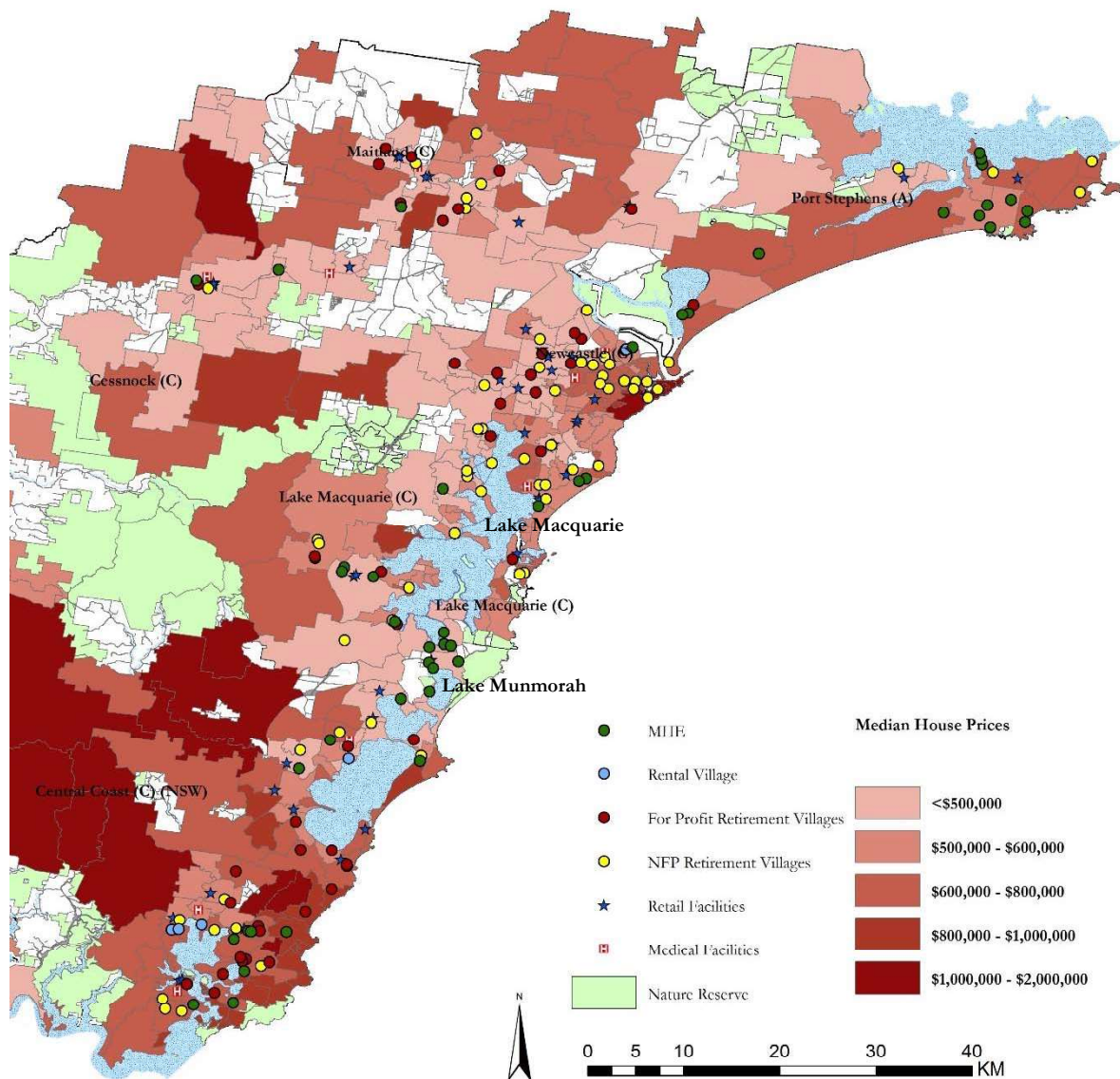
The Central Coast region benefited from its proximity to the Sydney region using water-based transport and its natural resources of timber and fish. Shipbuilding was the main industry around Brisbane Water in the 19th century and into the 20th century (Scott, 1999). The hilly terrain and intervening waterways encouraged disbursed settlements due to the difficulty of land access (Gosford City Library, 2001). Regular ferry services across the Hawkesbury River and individual lakes were a feature prior to the completion of major land transport networks (King & Hodgson, 1995). The completion of the Pacific Highway in 1930 and the replacement of the Hawkesbury River car ferries with a road bridge in 1945 opened the area up for day-trippers attracted to the recreational amenity of the estuarine lagoons (Gosford City Library, 2001). Electrification of the rail network in the early 1980s and the extension of the M1 Motorway in the late 1980s upgraded transport access further (Gosford City Library, 2001). Inward migration by older people (and commuters) has been encouraged by this improved access to the Sydney region.

Coal-fired power generation has been a feature of the region as proximity to coal mines provides cost efficiencies. This proximity is coupled with level lands on the west of the estuarine lagoons and access to water for cooling purposes. Earing and Vales Point Power Stations are located on the western edge of Lake Macquarie and use Lake Macquarie for inlet and outlet water. Munmorah Power Station is located on the western edge of Lake Munmorah and uses Budgewoi Lake and Lake Munmorah for inlet and outlet water (King & Hodgson, 1995; Scott, 1999). All are coal-fired power stations and benefit from attributes specific to the locality.

3.4. Property Values

The median house prices for individual suburbs in the study area as at February 2019 obtained from RP Data (Figure 7) show a range of prices, from below \$500,000 in suburbs on the western side of Lake Macquarie and Lake Munmorah and inland regions to above \$1 million in the coastal suburbs of Newcastle (RP Data, 2019b).

Figure 7: Median House Prices in the Study Area February 2019



Source: RP Data

A comparison of suburb based median house prices across the regions requires an understanding of factors in the data. Median house prices incorporate the value of the location, with coastal and riparian locations showing relatively higher medians. The region has a range of housing types, ranging from new freestanding houses (in excess of 400m²) to 19th century workers' cottages (RP Data, 2019b). Lot sizes vary across the region; built-up urban areas have suburban sized lots, whereas semirural locations have lots greater than 1 hectare (RP Data, 2019b) and these factors influence house prices.

A number of general observations can be made. Coastal and riparian locations have relatively higher values compared to those without this amenity. The southern region of the Central Coast (formerly Gosford LGA) has relatively higher property values compared to the northern region of this municipality and other LGAs. Inland and some coastal suburbs that feature hobby farms and bush blocks have relatively higher house prices. This reflects the larger lot sizes in these localities plus the tendency to construct larger dwellings on these properties (RP Data, 2019b). On the western shores of Lake Macquarie and Lake Munmorah there are three coal-fired power stations. Suburbs close to these coal-fired power stations have relatively lower values than those on the eastern sides of these lakes and on the western sides of lakes further south (Chapter 6.3.3).

Relative house prices in the region and compared to those of Greater Sydney influence downsizing and relocation decisions (Judd, et al., 2014). Operators interact with these prices, as well as the risks of mine subsidence (Chapter 6.3.1) and flooding (Chapter 6.4) when making their supply and location decisions.

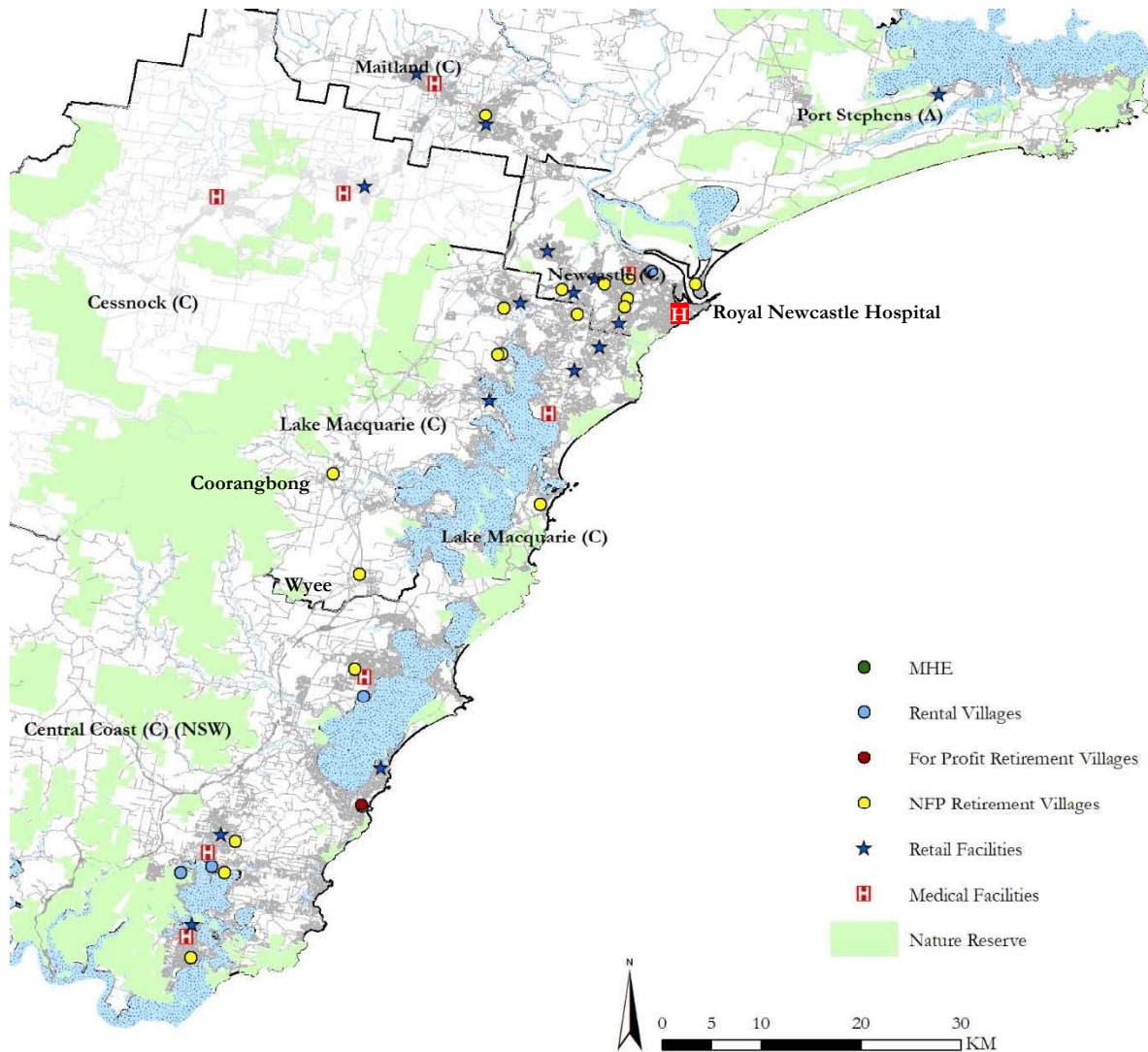
3.5. History of Retirement Communities in the Study Area

This section discusses the history of retirement communities in the study area prior to 1980. This is demonstrated through a series of maps at approximately 10-year intervals, showing the spatial distribution of the cumulative level of supply from 1980 to 2019.

3.5.1. Pre 1980

By 1980 there were 22 retirement villages and four rental villages in the study area. At this time, they were all operated by NFP organisations (one village was subsequently sold to a for-profit operator). Eight of the nine public hospitals in the study area were in their current location (John Hunter Hospital commenced in New Lambton in 1991). There were 15 retail centres in operation, a number of them in historic town centres (Figure 8).

Figure 8: 1980 Study Area Showing Location of Retirement Communities, Retail Centres and Public Hospitals



During this period, retirement communities were somewhat dispersed, the majority being located in established residential areas. There were two obvious outliers, Bethshan Ministries at Wyee and Adventist Avondale Retirement Village at Coorangbong. At the time of establishment, both these properties were distant from the main population centres and although the urban areas have expanded since these establishments, they remain distant. Both these retirement villages were established on existing land holdings by organisations seeking to provide retirement accommodation for those within their ministry and for retired overseas missionaries (Bethshan Ministries Limited, 2019). These establishments predated planning policies requiring proximity and access to services and amenities (Chapter 4.2.4). There may

have been permanent residents in caravan parks, but operators were not openly promoting permanent residency at this stage.

In the promotional material in the, Yellow Pages Business Directory, there was little distinction between retirement accommodation, residential aged care and/or other forms of sheltered housing for the disabled (Figure 9 and Figure 10). Marketing and promotion of retirement community living was limited, since many faith-based NFP operators promoted their facilities and services within parish and synod newsletters, rather than in the general media.

Figure 9: Newcastle Yellow Pages 1973

► Homes & Hostels	
Aboriginal Children's Advancement Socy Hostel	MyallRdGrdnSub Nctle 43 4362
Barnardo's Dr In Aust	19NewBimnt Nctle 45 4500
Burgmann House	4PittMayfld Nctle 68 3426
C. A. Brown Anglican Village	Brgl Nctle 58 1688
Country Women's Asscn Seaside Home	WatkinsStMerwthr Nctle 63 1530
Dudley Aged Men's Home	Ddly Nctle 49 7257
Ellimatta Girls' Home	VictoriaStEMalt Mal. 33 7627
King Edward Home	313Darby Nctle 2 2616
Lewis House Hostel for Young Men	HighfieldsStMayfld Nctle 68 2233
St. Albans C of E Home for Boys	GretaStAbdrre Cnck 90 1552
St Hilda's C of E Hostel for Girls	250Darby Nctle 2 1734
Salvation Army Men's Home	116HannellWickhm Nctle 61 3889
Victoria House	26VictoriaMayfld Nctle 67 1851
Wescott Presbyterian Aged People's Home	FullertonStStktn Nctle 28 1165
Woodlands Protestant Children's Home	LakeRdWisnd Nctle 55 9120
Y.M.C.A. War Memorial Hostel	CrebertStMayfld Nctle 68 3777
Y.W.C.A. Memorial Hostel	ParkwayAv Nctle 2 4031

Source: Yellow Pages 1973

Figure 10: Gosford Yellow Pages 1973

► Homes & Hostels	
Aubrey Downer Memorial Orange Homes for the Aged & Invalid	SunnysideAvPtClare Gsfrd 25 2521
Croatian Children's Home	HansensRdTmbUmbi Gsfrd 88 1209
St Joseph's Home for Children	KncmbrS Gsfrd 69 1151

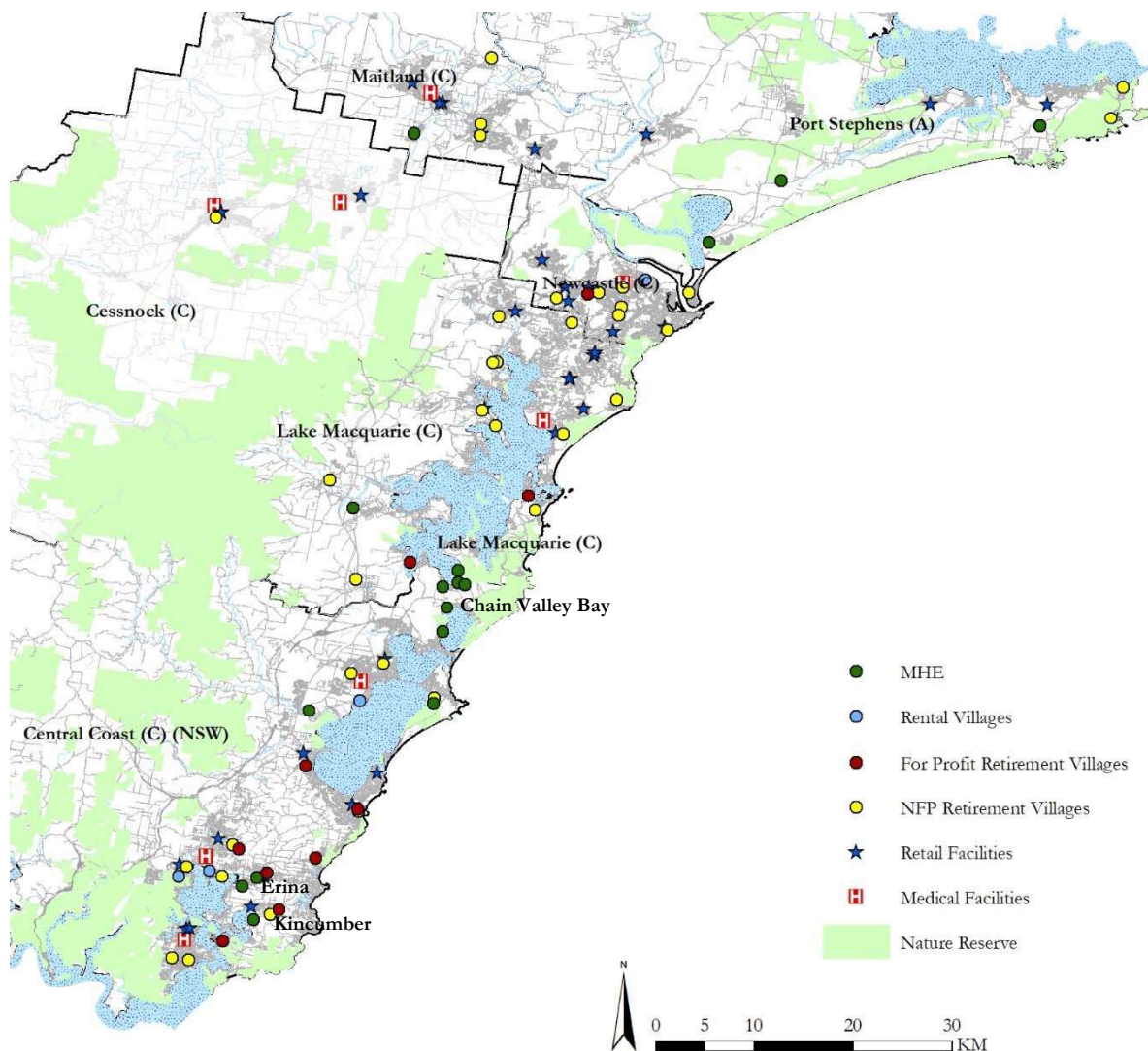
Source: Yellow Pages 1973

3.5.2. The 1980s

Development increased through the 1980s and by 1990 there were 49 retirement villages. The entry of the for-profit operators was observed and by the end of this decade this group had a total of 11 villages in the study area. Many of these new operators were locally based companies including The Glen Group (Chapter 5.3.1.3) and Paul Klumper who established Brentwood

Village in Kincumber. NFP organisations including Peninsula Villages, Port Stephens Veterans & Citizens Aged Care and Churches of Christ (now Living Care) operated 37 retirement villages. These NFP operators have remained in the region and have increased their holdings. While there was no change in the numbers of rental villages, it is likely that some of these rental villages may well have been operated at this time as retirement villages with an incoming capital contribution and an exit fee.

Figure 11: 1990 Study Area Showing Location of Retirement Communities, Retail Centres and Public Hospitals



By the end of the decade there were 16 MHEs, most of which had previously been operated as caravan parks and then commenced actively promoting the retirement lifestyle and marketing

to permanent residents. In 1986 permanent residence in caravan parks was given legal status, allowing park operators to advertise permanent sites openly (Chapter 4.4). In editions of the Yellow Pages, advertisements of MHEs emphasised permanent occupancy (Figure 13).

Agglomerations of retirement communities, both retirement villages and MHEs, were starting to be noticed in particular locations, including Gosford and around Brisbane Water. An agglomeration of MHEs around Chain Valley Bay and Lake Munmorah also commenced in this decade.

By the 1980s shopping centres featuring department stores, supermarkets, specialty shops and car parking had become established throughout Australia (Westfield Holdings Ltd, 2000; McNally & Malone, 2010; Bailey, 2019b). By the end of the 1980s there were 35 shopping centres in the study area, many of which were in historic town centres. Agglomerations of retirement communities formed around the shopping centres in Erina and Kincumber that had commenced in this decade.

Retirement villages were now being advertised under their own designated section in the Yellow Pages (Figure 12) but even in 1987, retirement village advertisements were still very functional with no emphasis on lifestyle or destination aspects. The language, however had changed; properties were no longer referred to as homes for the aged and invalid. By 1990 MHEs had started emphasising the retirement aspects of permanent living in what had hitherto been caravan parks (Figure 13 and Figure 14).

Figure 12: Newcastle Yellow Pages Advertisement 1987

Retirement Communities & Homes

See Also—
Homes & Hostels
Homes—Special Accommodation

Adelene Court (Hostel)
Katawarras Rd Wymng 24 4210
Berida Manor — Mt Eymard Country Estate
502 Moss Vale Rd Bowral
Ring from anywhere in Australia
Local call fee only (008) 02 6148

BERKELEY VILLAGE
INDEPENDENT UNITS
SERVICED APARTMENTS
NURSING HOME
Lorraine Ave Berkeley Vale 88 4998

BRENTWOOD VILLAGE
Avoca Dr Knmbr 68 1333
Brisbane Water Retirement
Scenic Dr Knmbr 68 1903
Cooninda Retirement Village
Neptune St Umna 41 6402
Elderslee Retirement Village
Bias Ave Bleau By 32 2218

HENRY KENDALL RETIREMENT VILLAGE
Maidens Brush Rd Wymng 24 6811
Henry Kendall Retirement Village
Nursing Home
Katawarras Rd Wymng 23 1922
Karagi Court Retirement Village
Bateau Bay Rd Bleau By 32 7455
Kiah Lodge Retirement Village
Bias Ave Bleau By 32 0790
Lakelront Retirement Village
Evans Rd Taly 96 4288
Matula Lodge Leech Cl Narara 28 4188
Nareen Gardens Retirement Village
Bateau Bay Rd Bleau By 32 5422
Operation Barnabas
129 Springwood Umna 41 6402
Wamberal 676 The Entrance Rd 84 4106

PENINSULA HOMES FOR THE AGED LTD
Arras Ave Umna 41 6353
41 7266
41 7535

Peridon Village Peridon Ave Dlys Pt 42 1385
R S L Rosemary Lodge
Bias Ave Bleau By 32 8366
Southern Cross Homes Inc
7 Bias Ave Bleau By 32 1704

Source: Yellow Pages 1987

Figure 13: Gosford Yellow Pages Advertisement 1987

MACQUARIE SHORES MOBILE HOME VILLAGE

PERMANENT RESIDENCE ONLY
A QUIET PEACEFUL PLACE TO RETIRE TO

Tall Timbers Rd., Lake Munmorah 58 8451

Source: Yellow Pages 1987

Figure 14: Gosford Yellow Pages Advertisement 1990

174 C Caravan—Caravans

Meander Village

RELOCATABLE HOME ESTATE
"A Happy Village for Adult Living"
ONE & TWO STOREY HOMES AVAILABLE
ALL MODERN FACILITIES

52 1371

18 BOYCE AVE., WYONG (½ Km. From Station)

Source: Yellow Pages 1990

3.5.3. The 1990s

This decade included the economic and financial downturn of the early 1990s. Notwithstanding this, development of new retirement communities continued and by 2000 there were 78 retirement villages, four rental villages and 31 MHEs in the study area (Figure 15).

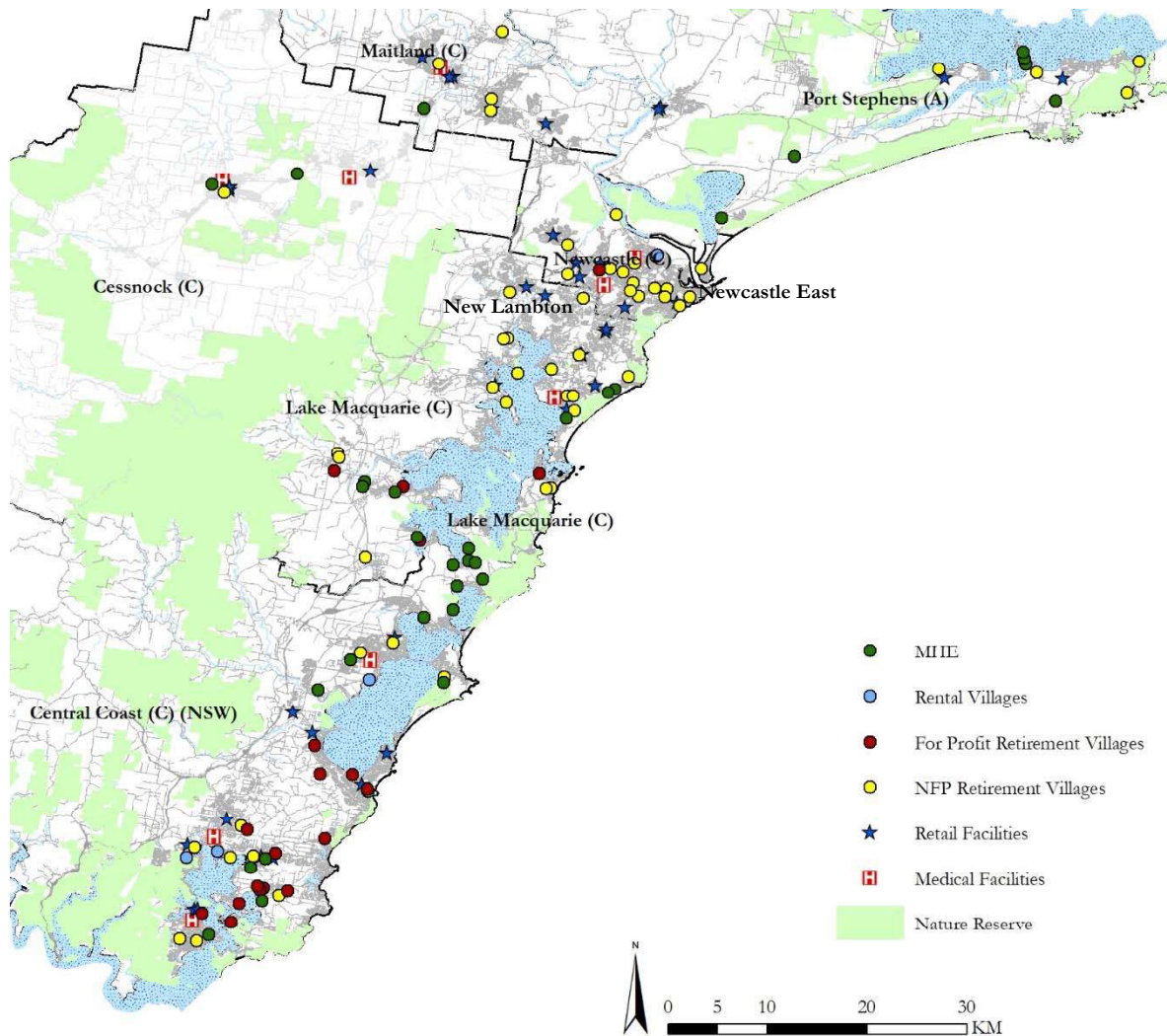
NFP operators increased their numbers of retirement villages by 15 to bring their total to 57. For-profit operators increased their numbers of retirement villages by nine to a total of 21. For-profit operators like the Glen Group continued establishing and operating a portfolio of retirement villages in the study area. Central Coast Retirement Limited, another local operator, established a portfolio of retirement villages that was subsequently purchased by South Australian company, Living Choice.

Catholic Care of the Aged Maitland Newcastle Diocese (Maitland Newcastle Diocese) established a total of eight retirement villages in the study area on historic landholdings in Maitland, Newcastle, Lake Macquarie and Port Stephens LGAs. These properties were considered to be subscale for retirement village establishment at that time, ranging in size from six to 27 dwellings. This size was insufficient to support community facilities and only half were co-located with residential aged care. By the mid-1990s the most prevalent type of new retirement village was either a lifestyle village with a larger number of dwellings or co-located with residential aged care. All were on sites historically owned by the Catholic Church, in established residential areas and previous uses included churches and halls (NSW Department of Finance, Services & Innovation, 1966, 1971, 1980; RP Data, 2019a). During the 1990s Maitland Newcastle Diocese was facing considerable claims for compensation by people who had been abused by Catholic clergy (Page, 1997; Nolan, 2002) and not all these claims could be met by insurance (Newcastle Herald, 2017). Under Canon Law a Catholic Parish cannot sell or divest existing sites without papal permission, which is difficult to obtain, although it is acknowledged there are criteria around this restriction and it is not always observed in practice (Date, 2008). Verbal information⁷ is that the church needed to generate revenue to meet these compensation claims. Retirement villages where the church continued to own the underlying property enabled the church to receive the development profit from original construction to meet these payments. In 2011 these retirement villages and the diocese's residential aged care facilities were transferred to Calvary Retirement Communities Hunter Manning (RP Data,

⁷ Sources providing this information requested not to be identified.

2019a). Although these properties were in established residential locations with an ageing demographic, the decision to commence is unique to this operator.

Figure 15: 2000 Study Area Showing Location of Retirement Communities, Retail Centres and Public Hospitals



By 2000 there were 31 MHEs in the study area, including both conversions of established caravan parks and new purpose-built MHEs, nearly doubling the numbers of MHEs in 1990. Many of these were marketed on the basis of their affordable retirement lifestyle through sources such as the Yellow Pages (Figure 16).

Figure 16: Central Coast Yellow Pages Advertisement 1996

CENTRAL COAST RETIREMENT LTD

Retirement Villages:
Broadwater Court
 79 Avoca Drive, Kincumber
Deepwater Court
 25 Park Road, Woy Woy
 Pt Frederick Court
 Albany Street, Gosford
63 1555
 79 Avoca Dr, Kincumber 63 1555

COOINDA VILLAGE

UMINA

62 LOVELY UNITS AT UMINA
 — Buses at Door
 — Perfectly Level Site
 — Excellent Amenities
44 3333
 Open 5 Days
 Weekends By Appointment
 12-18 Neptune St, Umina Beach 44 3333

DEEPWATER COURT RETIREMENT VILLAGE

WOY WOY

DISPLAY VILLA
Open 7 Days
 25 Park Rd, Woy Woy 44 3800

EAST GOSFORD PRESBYTERIAN RETIREMENT VILLAGE
 19 Victoria Gold E 23 2668
 East Gosford Presbyterian Village
 19 Victoria Gold E 23 2668
 Elderslee Retirement Village
 Bias Ave, Brau By 32 2218

GLENMERE

Assisted Living Apartments & Nursing Home
QUALITY CARE FOR THE AGED
 Nursing Home 93 1888
 Wahnonga Rd, Kamahl 93 1860

GOSFORD RSL LEISURE LIVING LTD

SELF CARE UNITS & SERVICED APARTMENTS
 Yallandine Ave, Gosford West 25 5583
 Mobile Telephone 018 68 7624

HENRY KENDALL VILLAGE

Maddens Brush Rd, Wyong 24 6811
 1800 944 912
 See Advertisement Next Page

HERITAGE MANUFACTURED HOMES ESTATE THE

LOCATED ON TUGGERAH LAKE Close to the Entrance
 (See Our Advert Under "Caravan & Tourist Parks")
 1 Evans Rd, Toukley 96 5533

Jeffries Hotel
 23 Sunnyside Ave, Pt Clare 23 4827
 Karagi Court 1 Yakkalla Brau By 34 2602
 Karagi Court Retirement Village
 1 Yakkalla Brau By 32 7455

Advertise to people ready to buy.
 The Yellow Pages™ is economical and gets results!

KARALTA COURT HOME VILLAGE

ERINA

Retire Close to Medical Centre
 Bus Stop, Erina Fair & Clubs
 Limited Number of New Cottages from *\$55,000
 Established Homes from *\$20,000
 Display Open 10am to 4pm
 *Price Subject to Variation
 33 Karalta Rd, Erina 67 7380

Kiah Lodge Retirement Village
 Ave, Fendley Pt, Brau By 32 0790

KILLARNEY VALE

Assisted Living Apartments & Nursing Home
QUALITY CARE FOR THE AGED
 Nursing Home 32 8855
 1 Daniel Ct, Killarney Vale 34 3044

Lake Haven Masonic Village
 Christopher Cn, Lke Hen 93 1169
 Legacy Brisbane Water
 57 Maons Pde, Gofrd 23 4977
 Legacy Brisbane Water Nursing Home
 Chamberlain Rd, Wyong 28 2433
 Legacy Village Residents
 27 Maons Pde, Gofrd 23 2226

MACQUARIE SHORES HOME VILLAGE

514 Tail Tenders Rd, Lke Moon 58 8451
 See Advertisement Page 865
 Matsuta Lodge Leech Ct, Narara 28 4188

NAREEN GARDENS

32 5422

See Advertisement This Page

5 Yakkalla St, Bateau Bay 32 5422

This Heading Continued Next Page

Use the Yellow Pages™

DON'T GUESS, FIND THE ANSWER IN THE YELLOW PAGES™

 **Yellow Pages**
 F0013801

Relaxed coastal lifestyle with the care and security of the Coast's finest retirement villages

Your choice of 2 villages: Kincumber or Woy Woy. Each site is flat, with one, two or three bedroom single storey villas, all within clear walking distance of shopping centres. All villas have a 24 hour alarm system with a resident nurse on call for your personal care and security.

Lifestyle
 Heated pool, spa, gymnasium, library, lounge, BBQ area, art, craft and workshop.

Care
 M&F North Gosford Private Hospital provides a unique quality care programme – personal care, nursing, therapies, meals and other care services are available in the comfort of your own villa. The traumatic move from self care villas to a hostel is not necessary.

M&F North Gosford Private Hospital

Broadwater Court
 Caring for your Lifestyle, Health and Independence
Stage II now selling - 35 NEW units
 • Indoor heated pool, community hall
 • Adjacent Kincumber Shopping Centre
63 1555
 79 Avoca Drive, Kincumber
 Open 7 days 9am to 5pm

Deepwater Court
 Caring for your Lifestyle, Health and Independence
 • Close to shopping centre, clubs, and Woy Woy train station
 • Indoor heated pool
44 3800
 25 Park Road, Woy Woy
 Open 7 days 9am to 5pm

NEW RELEASE
 Albany St, Pt Frederick 14 Units - Now Selling

Excellence In Care

Nareen Gardens

Planned retirement for easy living on the beautiful Central Coast

- The company of people who share similar interests..
- Quiet peaceful surroundings.
- Enjoyable activities.
- A community of caring and concerned people.
- Privacy and independence.
- The opportunity to encourage and assist others.

Nareen Gardens provides independent 1 & 2 bedroom units, hostel units and nursing care. Beautiful ocean beaches are within easy walking distance for magnificent scenery, swimming and fishing. Bowling greens, clubs and golf links are nearby.

32 5422
 5 Yakkalla Street, BATEAU BAY NSW 2261
 A CARING ORGANISATION OF THE UNITING CHURCH IN AUSTRALIA

Source: Yellow Pages 1996

Development of shopping centres continued and by 2000 there were 40 the study area but the number of shopping centres increased at a lower rate during the 1990s than during the 1980s. Comparing rates of growth between shopping centres and retirement communities, the former achieved their greatest rate of growth in the 1980s whereas the latter achieved a greater rate of growth in the 1990s (Figure 19, page 61).

During this decade John Hunter Hospital was established at its location in New Lambton, this replaced the Royal Newcastle Hospital that had been situated in Newcastle East (Fisher, 2017).

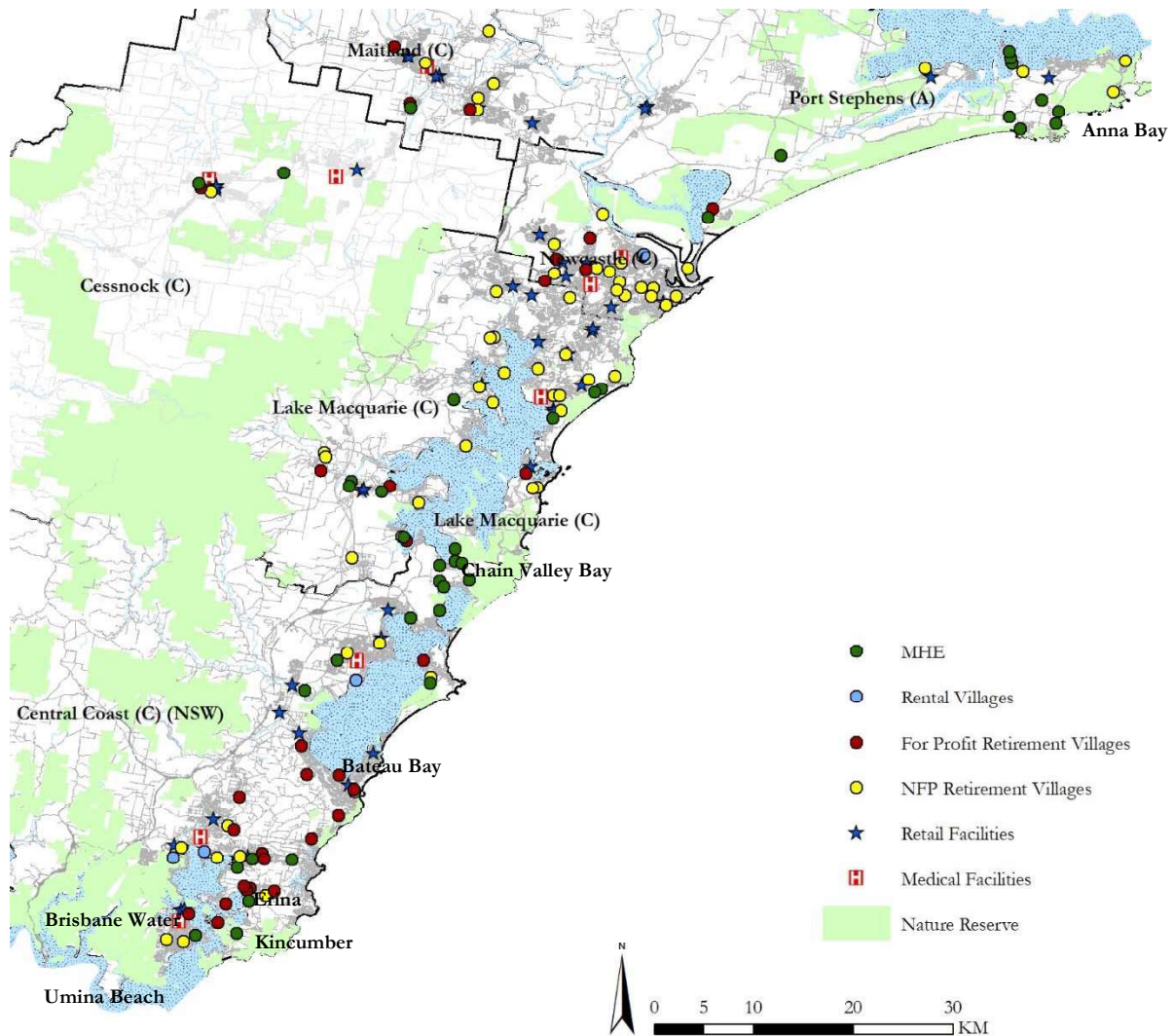
Advertisements in the Yellow Pages used language emphasising the lifestyle aspects of retirement living in the individual properties coupled with the amenity of the region. In addition, MHEs started advertising in the Retirement Communities section of the Yellow Pages, thus completing their evolution from caravan parks (Figure 16).

3.5.4. The 2000s

The 2000s included a period of consolidation that saw larger, often listed, for-profit operators accumulating portfolios of retirement villages (Chapter 5.3.3.1). The financial turmoil in 2008/2009 impacted on operators, particularly those with high levels of debt finance, and a number experienced difficulties (Chapter 5.3.4.1).

Establishment of retirement communities continued through the decade; this level of growth was at a lower level, numerically and percentage change compared to the 1990s. By 2010 there were 95 retirement villages, four rental villages and 39 MHEs in the study area (Figure 17).

Figure 17: 2010 Study Area Showing Location of Retirement Communities, Retail Centres and Public Hospitals



NFP operators increased their numbers of retirement villages by 5 to a total of 62 and for-profit operators increased their numbers of retirement villages by 11 to a total of 33. During this decade many local for-profit operators were purchased by large institutional investors including Stockland and Retire Australia. By 2010, the numbers of MHEs had increased by 8 to 39, again this was a slower rate of growth when compared to the previous decade.

Agglomerations of retirement communities could now be observed with a trend to establish new retirement communities proximate to existing properties. In the southern study area around Brisbane Water in the suburbs of Erina, Kincumber and Umina Beach, properties were established in residential areas close to shopping facilities. Individual properties in such agglomerations did not necessarily compete directly with nearby properties, rather operators

interacted with the amenity of the location and its attractiveness to retirees (Chapter 6.4.4 and Chapter 6.5). At the southern edge of Tuggerah Lake there is an agglomeration of retirement communities and retail centres in Bateau Bay. The agglomeration of MHEs around Chain Valley Bay and Lake Munmorah also increased in number during this decade (Chapter 6.3.3).

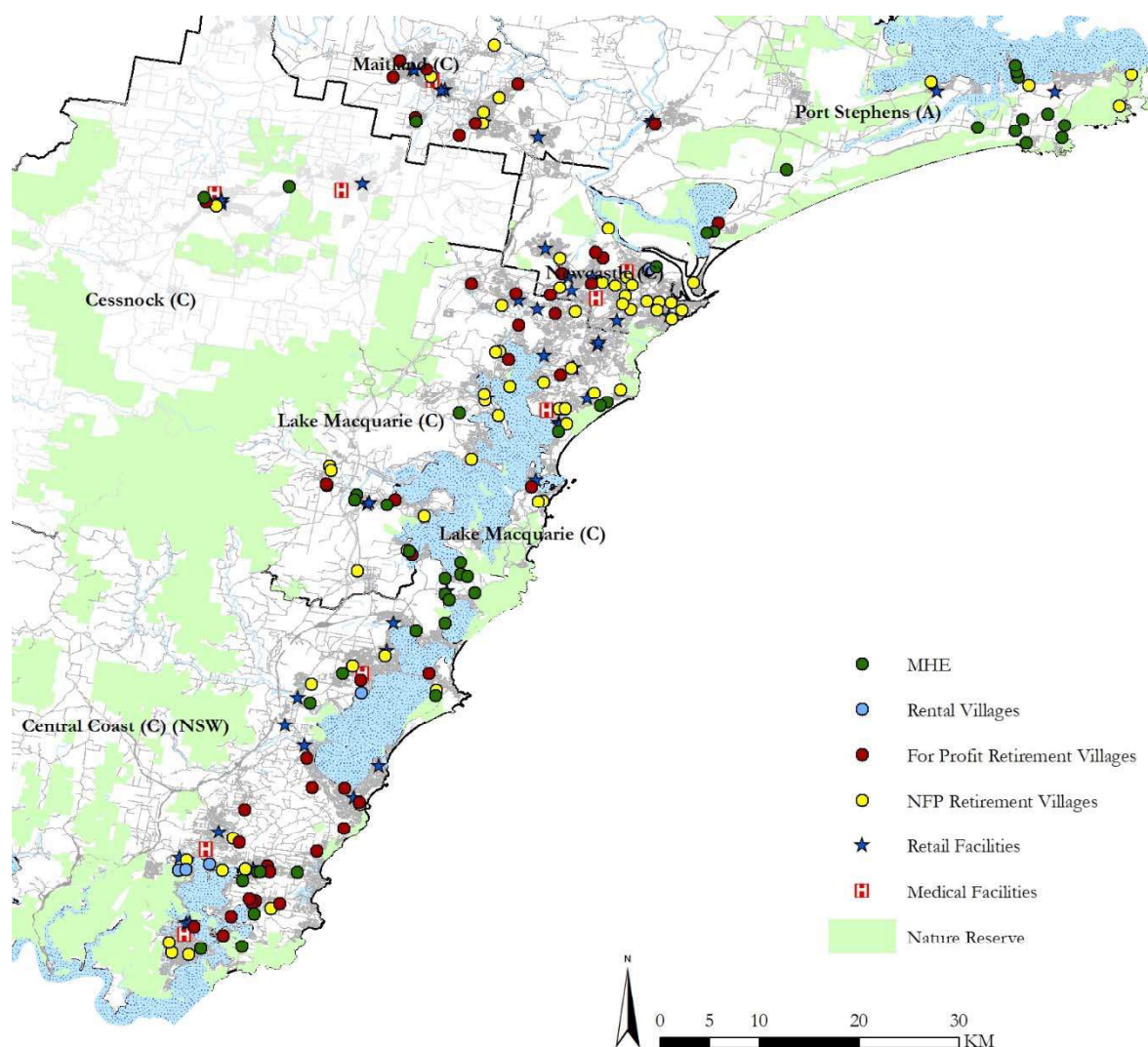
Newcastle and the northern side of Lake Macquarie had a notable collection of NFP operated retirement villages outnumbering the for-profit retirement villages. An agglomeration of MHEs in the Port Stephens LGA around Anna Bay and surrounding suburbs of One Mile and Bobs Farm also commenced during this decade. Some of these were converted from existing caravan parks, as the locality was an established tourist destination (Chapter 6.4.3).

Development of retail centres in the study area continued; nine new properties brought the total to 49 by 2010. Again, this was at a lower rate and level of increase compared to the 1980s.

3.5.5. Post 2010

By 2019 there were 110 retirement villages in the study area. Of these 65 were operated by NFP organisations and 45 by for-profit organisations. A further four retirement villages were under development, split 50/50 between for-profit and NFP organisations. Predictions in the early 2000s that NFP operators would exit the industry (MacDermott, 2003) have proved to be inaccurate, as this group has continued to expand its operations in terms of both number of sites and increased facilities on established sites.

Figure 18: 2019 Study Area Showing Location of Current and Under Construction Retirement Communities, Retail Centres and Public Hospitals



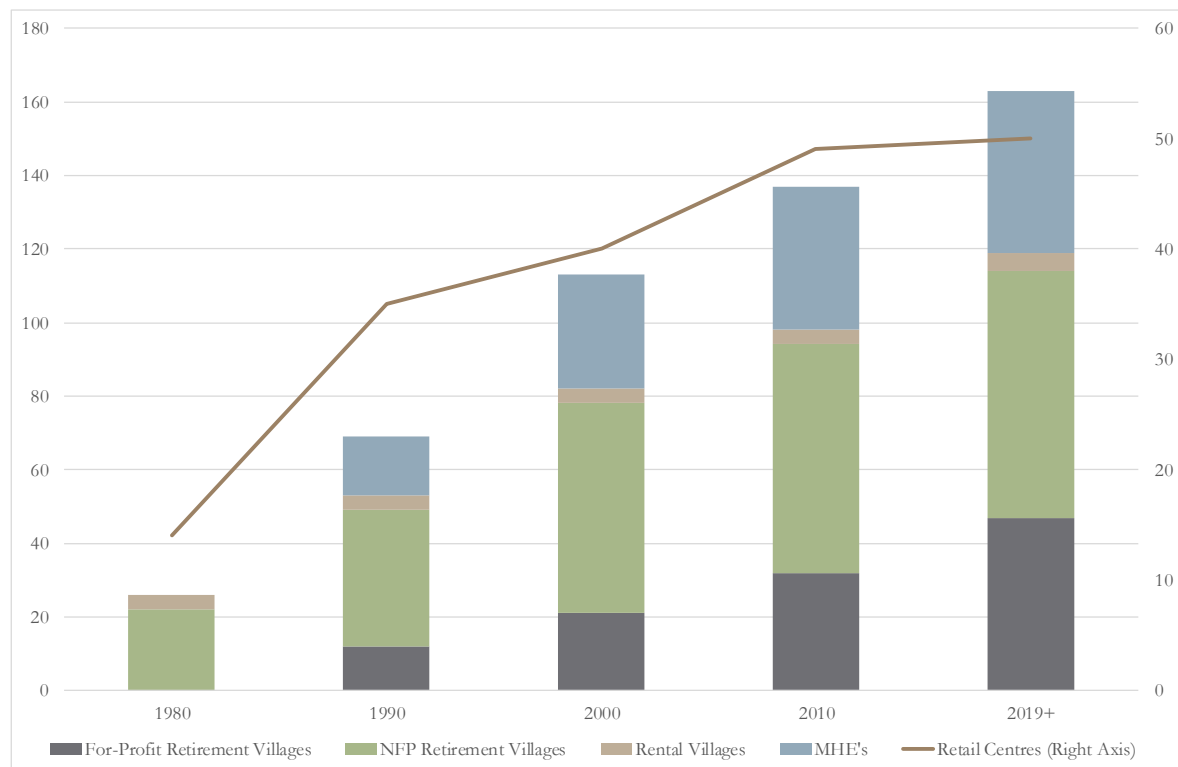
Development of a new rental village brought the total of this type of retirement community in the study area up to five. A further five MHEs were established during this decade, bringing the total number in the study area to 44. These were all purpose developed MHEs, not conversions from operational caravan parks (Chapter 4.4). This number challenges industry estimates that across Australia there were 200 MHEs exclusively for permanent residents across Australia (Colliers International, 2016). MHEs are less researched than retirement villages and as at 2019 there has been no clarification of the total size of the sector (Towart, 2013). One further retail centre opened in the study area to bring the total to 50.

As at 2019, a further four retirement villages are underway in the study area, all by established operators who had obtained all were in the process of obtaining planning approval (Chapter 5.3.5.1).

3.5.1. Summary

This cumulative supply of retirement communities and retail centres is shown in Figure 19. The growth in the 1980s can be attributed to the entry of for-profit retirement village operators into the industry and the formalisation of MHEs as retirement communities. In the 1990s there was close to a doubling in the numbers of retirement villages operated by for-profit organisations and MHEs. From 2000 there has been growth in numbers, but at a considerably lower rate in both proportion and quantum compared to previous decades.

Figure 19: Supply of Retirement Communities and Retail Centres in the Study Area from pre-1980 to 2019



Source: Author

Operators in the study area responded to the increasing numbers and proportion of people aged 65+ in the region (Table 8, page 41). There was initially a higher rate of growth in the

establishment of retirement communities, which can be viewed as catching up with the already ageing demographic in the region and this rate of growth stabilised from the mid-1990s into the first decade of the 21st century. Since then, the rate of growth in the establishment of new retirement communities has declined while the rate of population growth in the older cohort has increased.

It is difficult to draw simple conclusions, as within this data the size of individual retirement communities over time has varied. Many of the earlier (pre-1980) properties were relatively small, whereas many of the more recent (post-2000) are notably larger (Jones Lang LaSalle, 2006). Care should be exercised in drawing conclusions, since retirement communities are generally developed in stages (Stockland, 2013; Duffey, 2019) and it is difficult to determine exactly the historical level of completed and occupied dwellings at any point in time.

The history of retirement communities in the study area has similarities with the evolution of the retirement community industry across Australia. Prior to the 1980s NFP operators were the dominant group; post-1980s for-profit operators entered the industry, this has happened in other geographies around Australia (Howe, 1992; McGovern & Baltins, 2002; McNelis & Herbert, 2003). Consolidation by both for-profit and NFP operators has occurred in the region and across Australia (Chapter 5.3.2.2, Chapter 5.3.3.1 and Chapter 5.3.5.1).

3.6. Conclusion

The study area of Central Coast, Newcastle and the Hunter regions provides a diverse location in which to study the supply and location drivers of retirement communities. The region is sufficiently large, and has a range of socio-economic levels, demographics, economies and urban built form. Retirement community operators interact with multiple factors in making supply and location decisions and the ageing demographic of the study area is one of those factors. There is no one single driver inducing operators to establish retirement communities in a location rather they interact with demographics, policy, economics and the local geography in making their decisions. This thesis examines these factors under the frameworks of policy, financialisation and materialities and these three frameworks are examined in the next three chapters.

Chapter 4 Policy Influence

4.1. Introduction

Government policies have encouraged, framed and impeded operators' supply and location decisions. In addition to Australia's ageing demographic, in making supply and location decisions operators have interacted with further factors which are examined in this and the following two chapters. This chapter focuses on how operators respond to policy settings and how policy influences, stimulates or impedes supply and location decisions. It identifies and investigates government policies since WWII, which is considered the modern period for housing for older people and aged care (Howe, 1992; Howe, 2003). The focus is on how government policies have influenced operators in making supply and location decisions in the study area.

Australia is not alone in experiencing population ageing (CEPAR, 2013; OECD, 2015) and many countries have specialised congregate accommodation for older people. Where countries differ is in the financial and legal aspects of these types of housing (Brecht, 2002; Stula, 2012; Glass & Skinner, 2013; Granbom, et al., 2014; Towart, 2019). In individual countries, specialised housing for older people is subject to a range of government policies at the local, regional and national levels (Brecht, 2002; Stula, 2012; Glass & Skinner, 2013; Granbom, et al., 2014; Towart, 2019). Studies of policy mobilities and transfer have examined how policymakers are informed by research, debate and policies in other geographies (McCann, 2011; Pawson & Hulse, 2011; Prince, 2012; Murphy, 2016). Tensions between politics (and politicians) and voters plus environmental and economic interests (including property developers) have been examined by researchers (Jacobs & Manzi, 2013; Murphy, 2016; Baker & McGuirk, 2017). In examining government policies that have influenced Australian retirement communities, similar processes and tensions have been observed and these are discussed in this chapter.

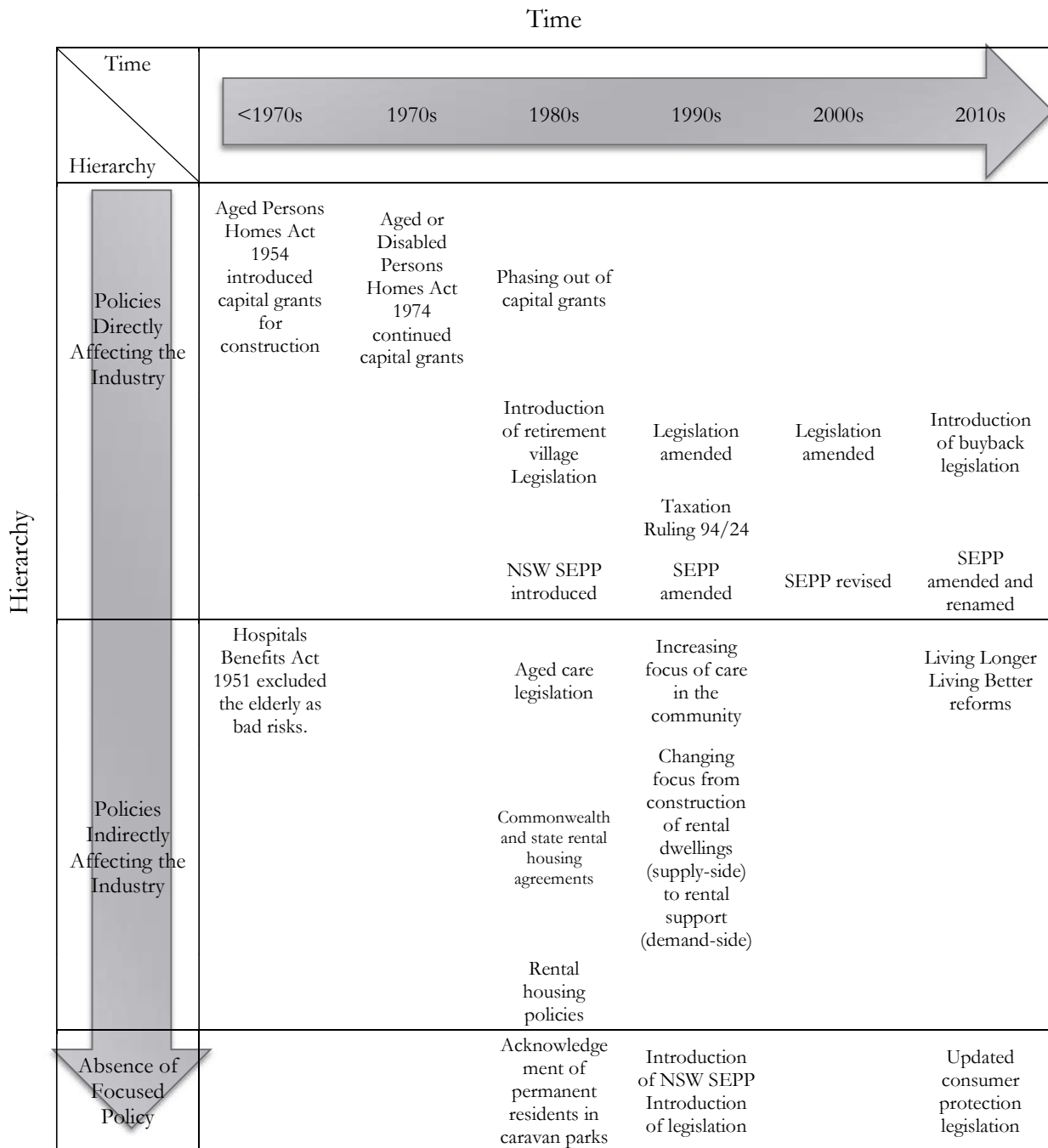
There has been no single policy regulating supply, location or operation of retirement communities in Australia; rather, a diverse and shifting set of policies has been in place since WWII. In this research, policy is examined using a hierarchical framework outlined in Figure 20 (page 65). The hierarchical framework comprises policies directly influencing the industry, policies indirectly influencing the industry and an absence of focused policy.

First, this chapter discusses policies directly affecting the industry. These are policies that directly stimulate and influence the industry and have as their core focus housing for older

people. Four policies are examined in this section; two – aged persons homes acts and Taxation Ruling 94/24 – are at the Commonwealth level and two – retirement village legislation and state environmental planning policies – are at the NSW State level.

Second, policies that indirectly affect the industry are examined. These policies influence the non-retirement components of operators' businesses which in turn influence their retirement components. Such policies impact upon retirement communities by influencing operators when part of their business includes aged care and/or social housing (McGovern & Baltins, 2002). Three policies are examined in this section, Commonwealth aged care legislation, State and Territory Housing Authorities Rental Housing and Commonwealth Rent Assistance.

Third, this chapter examined how an absence of focused policy has influenced the industry. MHEs have evolved as retirement communities without the policy focus of retirement villages and rental villages. Operators have interacted with this absence of focused policy by establishing MHE's on a wider range of (generally cheaper) sites, which has improved their financial returns. There are policies governing the establishment and operation of MHEs; however, they do not explicitly address the role of MHEs as retirement communities providing ageing in place. This absence of focused policy has encouraged the evolution of MHE's as retirement communities.

Figure 20: Hierarchical and Historical Policies Influencing the Supply of Retirement Communities


4.1.1. Policy Background

In the 19th and into the 20th centuries there was growing concern for the plight of older people (Fine, 1999). Prior to WWII ‘the elderly’ who were financially, physically or mentally unable to support themselves were accommodated through the establishment of asylums for the destitute and infirm. Charitable and religious orders provided services and care to older people and religious groups provided housing for elderly clergy and laity (Fine & Stevens, 1998).

Involvement in armed conflicts resulted in the establishment of charities to accommodate and care for veterans and their dependents (Bastian & McDonald, 2011). Arguably the greatest policy intervention in the 20th century targeting poverty reduction in older people was the introduction of the age pension in 1909. Prior to this, those without family support had to rely on their own savings to provide accommodation in retirement (Fine & Stevens, 1998).

An examination of these hierarchical and historical policies illustrates how governments have increasingly promoted market-driven responses (neoliberalism) to house older Australians. These responses have been through the phasing out of financial incentives that encouraged development and by changing the focus of aged care from delivery in an institutional setting (residential aged care) to that delivered in the community (Le Guen, 1993; Fine & Stevens, 1998). State and Territory housing departments increasingly provide rental support (demand-side) rather than construction of housing (supply-side). Policies at the Commonwealth level (aged care and taxation) were withdrawn following concerns that the industry had responded with strategies to maximise financial returns rather than benefiting older people (Chapter 4.2.1 and Chapter 4.2.3).

Government policy has influenced how retirement communities are developed and provides legislative oversight of operational activities. Such policy focus facilitated the early development of the industry including the entry of both for-profit and NFP operators (Chapter 5.3.1.1). Diverse and shifting policies increase complexity and place greater knowledge and expertise requirements on those involved within the industry (Chapter 5.3.4.2).

4.2. Policies Directly Influencing the Industry

Policies directly influencing the industry are those that are focused on housing for older people and these, can be financial (incentives/disincentives), operational oversight and planning controls. The policies that directly affect the industry stem from four different government areas namely, Commonwealth health and ageing, Commonwealth taxation, State/Territory planning and State/Territory consumer protection. This section explores how policies directly influencing the industry have shaped supply in the study area. The Commonwealth government legislation regarding aged persons homes provided financial incentives for capital works from 1953 to the early 1980s and encouraged NFP operators to construct housing for older people. In response to increasing numbers of retirement villages in the 1980s, individual states introduced retirement village acts and regulations that focused on operations and consumer protection of residents. As the ageing of the population became more apparent in the 1990s

the Australian Taxation Office (ATO) sought to stimulate the development of retirement villages through Taxation Ruling 94/24. The NSW State Government influenced the location of retirement communities first through State Environmental Planning Policy 5 (SEPP 5), then through the State Environmental Planning Policy Seniors Living (SEPP SL) and State Environmental Planning Policy (Housing for Seniors or People with a Disability) (SEPP SL). Each of these policies is discussed in this section.

4.2.1. Aged Persons Homes Acts

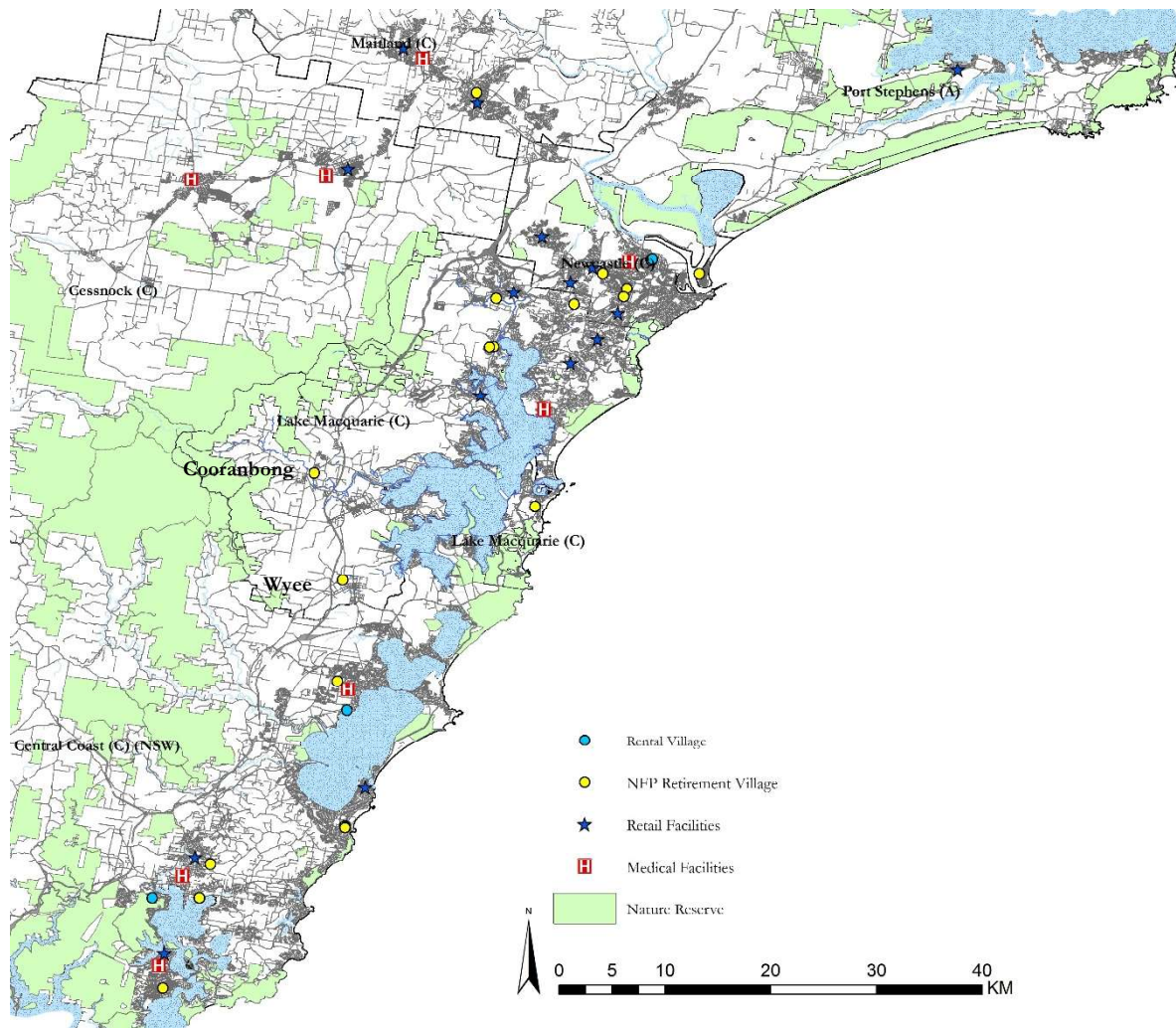
Government policy can directly influence supply and location of retirement communities through financial stimulus for construction. In the decades after WWII Australia experienced strong economic growth and two decades of conservative government. Housing and care services for older people reflected the conservative agenda of private supply with minimal government intervention (Le Guen, 1993; Fine & Stevens, 1998). During the immediate post-war period a focus of economic activity was on housing construction for returned veterans and to accommodate the numbers of new migrants (Hayward, 1996). The introduction of the *Aged Persons Homes Act 1954 (Cth)* provided assistance to approved charitable or religious organisations to either build or buy homes for older people by awarding government matching grants for the capital cost. This pound (£) for a pound (£) stimulus was doubled with an amendment in 1957 (Dargavel & Kendig, 1986; Le Guen, 1993). In tandem with this, concerns regarding older people needing long-term care were met by the introduction in 1963 of government funding to operate residential care facilities (Fine & Stevens, 1998; Fine, 1999). These nursing home benefits, a pound (£) a day, saw the entry of for-profit operators into the industry and introduced a mindset that older people were an asset from which revenue could be earned (Fine & Stevens, 1998; Fine, 1999).

In 1972 the Conservative coalition government was replaced by the Whitlam Labor government and the focus of policy moved from provision of care in an institutional setting to greater provision of care in the community. The introduction of the Community Health Program enabled older people to live outside residential aged care and still receive Commonwealth funded care assistance (Le Guen, 1993; Fine & Stevens, 1998). This was the beginning of a greater focus on care in the community which has continued in various forms to this day. The provision of accommodation by NFP organisations was further stimulated through the *Aged and Disabled Persons Homes Act 1974 (Cth)*, where again the government matched funds raised by operators for the provision of accommodation (Dargavel & Kendig, 1986; McNelis & Herbert,

2003). It is estimated that more than 30,000 dwellings for older people in various configurations were constructed under the *Aged Persons Homes Act 1954 (Cth)* and the *Aged and Disabled Persons Homes Act 1974 (Cth)*. Many of these dwellings remain in use as retirement villages, rental villages and social housing (McNelis, 2004). There was criticism at the time that there was no policy to ensure access for financially disadvantaged people under these Acts and these capital grants were phased out in the early 1980s (Howe, 1992; McNelis & Herbert, 2003). Many of these dwellings were occupied by older people who were in a financial position to make an initial capital payment for such occupancy, which allowed NFP operators to earn an investment return on dwellings for this cohort. This phasing out is considered to have levelled the playing field and facilitated the entry of for-profit operators into the industry (Howe, 1992; McGovern & Baltins, 2002; McNelis & Herbert, 2003).

In the study area 19 retirement villages and three rental villages were established between 1954 and 1980 when these Acts were in operation (Figure 21). These were all originally developed and owned by NFP operators (one retirement village was subsequently purchased by a for-profit operator). It is likely that the majority of these would have received Commonwealth government funding for capital construction and/or purchase. A further three retirement villages were established earlier than 1954 and may have undertaken construction during this period and received Commonwealth funding. The majority of retirement villages established between 1954 and 1980 were in urban locations. Two retirement villages were distant from established residential areas, Avondale at Coorangbong operated by Adventist Aged Care and Bethshan Eventide Homes at Wyee operated by Bethshan Ministries (Chapter 3.5.1). Both these organisations had historic landholdings and activities on these sites and were established prior to the introduction of SEPP 5.

Figure 21: Study Area Showing Location of Retirement Villages and Rental Villages Established between 1954 and 1980



Receipt of grant funding was approximately 40 years ago and would have been documented at the time (Hammond, 1985), however knowledge of historical funding by current personnel is often sketchy. Some NFP operators in the study area were able to report which of their historical properties included dwellings funded under these Commonwealth government grants as NFP Operator #6 explained:

... that site is a single stand-alone block of eight units that was built in the late 1960s, early 70s with a grant from the Commonwealth age persons housing.

Other operators were understandably vague and were unable to state explicitly whether or not Commonwealth grant funding had been received at the time of construction and/or purchase. Faith-based NFP operators often have a history of amalgamation of original parish retirement villages (Catholic Healthcare, 2019) (NFP Operator #6) and while there are formal records of

grant funding received, finding these documents often requires accessing archive storage which may not be easily achievable. It has been acknowledged that many of these original properties are no longer of a standard (in terms of accommodation, size and amenities) for which retirees would be willing to pay a capital contribution. These have often been redeveloped with new construction (NFP Operator #6) or ‘migrated’ to social housing where they are operated as a rental village as explained by NFP Operator #1.

... as well as building retirement villages we build affordable rental housing for seniors and these are affordable rental housing for seniors. ... so, as people turn over [leave] they [the incoming residents] don't have a retirement village contract we put new residents on a residential tenancy contract.

Historical legacy of this policy comprises the buildings constructed using this financial stimulus. These properties often remain in use for housing for older people. Interviewees acknowledged a strategy of growth by acquisition, including partially completed and operational retirement communities (Chapter 5.3.2.2). Within the study area interviewees could identify no retirement villages that had been decommissioned and converted to non-retirement use. The difficulty of obtaining vacant sites for new development was one of the reasons given for maintaining these older properties (NFP Operator #6). Much of the stock constructed was studio and one-bedroom dwellings often with shared laundries and other facilities (McNelis & Herbert, 2003). The original dwellings may not be desirable today as retirement village accommodation with an incoming capital payment, but they are considered adequate for social housing purposes (Chapter 5.3.5.2). for example, operators that are also Community Housing Providers (CHPs) will utilise the property either as a rental village or as general social housing. This emphasises that retirement communities have synergies with other types of housing provision, including social housing and can cross subsidise other operations and smooth cash flows in conjunction with development (Chapter 5.3.2.2 and Chapter 5.3.5.2):

Redevelopment of these historical sites often included expansion of the footprint by purchasing adjacent properties (NFP Operator #4). Many of these historical sites were not large enough for a modern retirement village and operators' redevelopment strategies often included accretive purchases of surrounding properties (James Milson Village, 2018). In the study area, the current size of retirement and rental villages that were established between 1954 and 1980 ranges from 8 to 215 dwellings. Retirement villages (even small ones) are usually constructed in stages (Stockland, 2013; Duffey, 2019) and it is likely that not all this construction occurred during the period when grants were available. Published research argues that the grants induced operators to establish dwellings (McNelis, 2004) notwithstanding this, there may be further factors that

influenced these decisions. The historical legacy of these policies in the study area includes properties and dwellings, many of which remain in use as retirement villages, rental villages and social housing.

The phasing out of capital grants for accommodation signalled a division in policy separating housing for older people from aged care either in a residential or community setting (Dargavel & Kendig, 1986; Howe, 1992). This division commenced with housing for older people regulated at the State level and aged care (residential and community) regulated and funded at the Commonwealth level. Financial stimulus under this policy interacted with nursing home subsidies that were introduced in the 1960s to encourage for-profit organisations to enter that industry (Chapter 4.3.1). Division of policy between different levels of government adds complexity to the industry and places greater knowledge and expertise requirements on operators, financiers, consultants, planners and policymakers (Chapter 5.3.4.2). Physically, the historical legacy of this policy includes built form and ongoing operating activities on sites commenced many decades ago.

4.2.2. Retirement Village Legislation

Government policy has a role in shaping operational activities within an industry. The introduction of specific retirement village legislation, influences operators' behaviour and impacts on financial returns. Policymakers are informed by research, debate and policies introduced in other geographies resulting in policy mobility and transfer (McCann, 2011; Pawson & Hulse, 2011; Prince, 2012; Murphy, 2016; Murdoch & Abram, 2017). In the 1980s individual states introduced specific retirement village acts and regulations, starting with Victoria in 1986, followed by South Australia in 1987 and NSW in 1989 (Table 2, page 4) (McGovern & Baltins, 2002; Vinden & Shaller, 2002; McCullagh, 2013). Retirement villages had historically been regulated at state and territory level under Companies Acts. When these state acts were amalgamated into the Commonwealth *Companies Act 1981 (Cth)*, retirement villages were initially included as prescribed interests (McCullagh, 2013). Introduction of specific retirement village legislation was a two-way street and industry was heavily involved in drawing up the original legislation. In order for the industry to grow and meet the needs of older Australians, legislation establishing frameworks and parameters for operations was required. By the 1980s industry bodies had commenced codes of practice and other frameworks and industry practitioners were heavily involved in drawing up the original legislation as explained by Consultant #3:

It started off as a code of practice, which wasn't legislated. And then the government realised, there were some dodgy operators around at that time as well. They had to sort of tighten it down a little bit more. Then they had various consultancy committees that were involved, reviewing the code of practice and then turning that into an Act.

This was an example of the introduction of policy involving discussions and input from industry. Introduction of specific State-based retirement village legislation reinforced the policy split between accommodation regulated at the State level and aged care regulated and funded at the Commonwealth level (Howe, 1992). All state and territory acts and regulations have an emphasis on consumer protection, notwithstanding that there are wording and definition differences between each jurisdiction (McGovern & Baltins, 2002). Retirement village legislation focuses on operational matters including information to be provided to prospective residents, residents' contracts, village rules, village budgets, meetings and dispute resolution (McCullagh, 2013).

Researchers have examined policy innovation, mobility and transfer particularly in social housing markets (Pawson & Hulse, 2011; Jacobs & Manzi, 2013; Jacobs & Manzi, 2014). Notwithstanding that models of housing for older people differ between countries, within Australia policy innovation and policy transfer has been observed since the introduction of individual state legislation. Introduction of legislation in one state in response to events and/or publicity is often followed by the introduction of similar legislation in other states (Johnson, 1998). In 2016 South Australia introduced legislation requiring operators to refund the capital contribution (less the exit fee) to exiting residents within a specified timeframe, in Queensland similar legislation was introduced in 2019. In NSW the government is currently (December 2019) discussing introducing similar legislation (Novak, 2016; NSW Fair Trading, 2019) thereby demonstrating where politics interacts with evidence-based policy. Introducing legislation to refund the capital contribution was a promise made by the Minister for Better Regulation, Kevin Anderson, in the 2019 NSW State election (Clun, 2019). NSW Fair Trading, prepared a comprehensive discussion paper for industry consultation prior to the introduction of any legislation detailing the total number of retirement villages in the state and the potential impact of any legislation (NSW Fair Trading, 2019). Despite this being an election promise, legislation is yet to be introduced.

The introduction of State-based retirement village legislation coincided with the entry of for-profit operators, reinforcing government focus on market-driven solutions for housing for older people (Chapter 5.3.1.3). As the numbers of retirement villages and their resident population have increased (Grant Thornton, 2014), these residents have acquired a political voice and can influence policymakers. In Australia voting is compulsory in Commonwealth and State

elections, which means that increasing numbers of retirement village residents can have greater influence on political outcomes. Where operators are large institutional investors with requirements to earn an appropriate return on assets, politicians have an incentive to focus on their constituents (Chapter 5.3.4.1).

Commencing in 2017 there was a series of media reports on tensions between retirement village residents and operators (Ferguson, 2017) (Chapter 5.3.5.1). Ongoing media publicity resulted in government inquiries into the nature of retirement village contracts focusing specifically on for-profit operators (Greiner, 2017). Government response was to amend retirement village legislation requiring operators to refund exiting residents their full entitlement within a specified timeframe (Novak, 2016; NSW Fair Trading, 2019). Following introduction of this legislation in Queensland one operator with five retirement villages was placed into voluntary administration. One of the properties was in the study area, Settlers Ridge Estate, Gillieston Heights and the legislative changes were cited as the reason for its financial difficulties (Schlesinger & Tan, 2019).

Studies into policymaking have revealed tensions in this process between the various actors (Jacobs & Manzi, 2013; Murphy, 2016; Baker & McGuirk, 2017), with retirement villages a further actor is introduced, that of large global investors. These large investors have to contend with inherently local concerns featuring local (State) politicians and policy and tensions have played out between the various actors. Increasing numbers of retirement village residents have interacted with the requirement of institutional investors to earn financial returns and this has resulted in a willingness of governments to legislate in favour of residents (Chapter 5.3.5). Recent amendments to retirement village legislation have had an impact on operators' financial viability which has implications for industry structure. Larger operators have sufficient balance sheet strength with which to meet this payment requirement but small operators and operators with a single property can face financial difficulties. Outcomes of these legislative changes include favouring larger better capitalised operators which would favour further industry consolidation.

4.2.3. Taxation Ruling 94/24

Policy involving financial stimulus has encouraged NFP operators to construct properties (Chapter 4.2.1) and policy involving financial benefits has encouraged for-profit operators to enter the industry. This section demonstrates how policy can directly influence decisions to establish retirement villages, specifically through the Commonwealth Government providing

taxation advantages for the construction and purchase of retirement villages. In 1984 the Australian Taxation Office (ATO) issued Taxation Ruling 94/24 (TR 94/24), which permitted expenditure incurred by a for-profit operator in acquiring or developing a retirement village to be treated as a revenue expense instead of as a capital expense. The rationale for TR 94/24 was that historically the industry had been dominated by NFP operators where there were no taxation consequences from construction and investment. For-profit operators who had entered the industry funded the construction of a retirement village through the incoming capital contributions paid by residents. This applied to retirement villages where long-term occupancy rights (in whatever form) were granted to incoming residents. The cost of acquiring or developing a retirement village could then be expensed against revenue, in the year it was incurred (Australian Taxation Office, 1994). TR 94/24 changed the focus of retirement villages from a business providing accommodation to older people to the creation of an investment product.

This arrangement stimulated construction of retirement communities and encouraged new for-profit organisations to enter the industry. Concerns were then raised regarding the financial packaging of artificial structures around retirement village investment products (Persson, 2008). Examples of artificial structures include developments being packaged with highly leveraged non-recourse funding with artificial prepayments ahead of construction of the property. Other artificial structures included retirement village developments with a prepayment for the deposit for land and construction with delayed settlement following completion of construction. These arrangements brought forward taxation deductions well in advance of the year in which the revenue was earned (Inspector-General of Taxation, 2004; Persson, 2008). This encouraged the formation of managed investment schemes containing retirement village developments that were mass marketed to investors to access the tax deduction. There were concerns that this resultant physical development was designed to maximise investment potential and not to meet the needs of older people (Gordon, 2003).

The quantum of construction stimulated by TR 94/24 is largely unknown. Murphy (2016) acknowledges the power of anecdotes and narratives rather than quantifiable evidence in policy processes. TR 94/24 provides an example of how anecdotes and narratives have influenced policy processes and the ATO withdrew TR 94/24 in 2000. It is not known how many operators were induced to enter the industry and commence construction but many established for-profit operators during this period benefited from this arrangement. This was explained by For-Profit Operator #9, 'a lot of what was done in Australia was driven by the taxation treatment at the time. . . A lot of what drove what we produced was taxation'.

TR 94/24 was in operation between 1994 and 2000 and by the early 1990s a number of for-profit retirement village operators were well established nationally and in the study area. Like the capital grants under the aged housing acts that encouraged housing provision by NFP operators, this ruling encouraged existing for-profit operators to expand and/or new operators to enter the industry to take advantage of this taxation benefit. For-Profit Operator #9 explained:

. . . from 1994 onwards ‘these things are the greatest financial outcome since sliced bread, so let’s build lots of this shit for the tax benefits that we can get, let’s do syndicates, let’s do MISs⁸, and by the way we will fill them with old people.’ There was not a lot of thinking around what people want, what kind of product, it was ‘build it and they will come for the tax consequences’

Analysing construction that occurred between 1994 and 2000 reveals further nuances about how taxation benefits could influence the supply of retirement communities. TR 94/24 may have induced commencement of construction but other factors in the region were also important. Within the study area, five retirement villages were established by for-profit operators between 1994 and 2000 but more than twice as many retirement villages (12) were by NFP operators (Figure 22 & Table 10).

Table 10: Establishment of Retirement Villages by Type of Operator 1994-2000

Operator type	Number of Villages	Number of Dwellings
For-profit Operator	5	773
NFP Operator	12	407

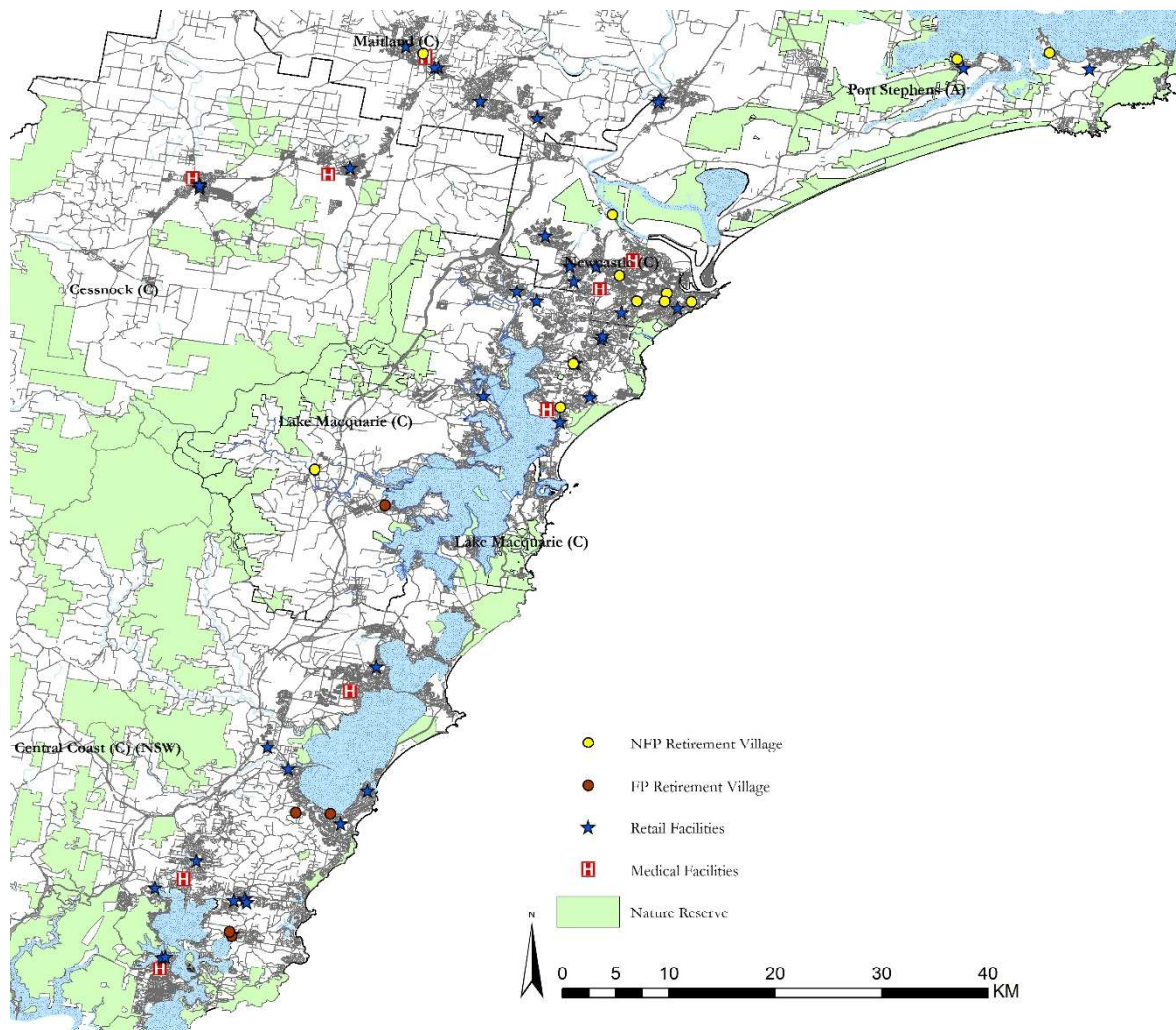
Source: Author

Of the five retirement villages established by for-profit operators four were by established operators expanding their existing portfolios. One retirement village was by an operator entering the industry, registering the operational company in 1998 and opening the retirement village in 2000. Criticisms of TR 94/24 that it encouraged inexperienced operators to enter the industry commencing retirement communities in inappropriate locations are not evidenced in the study area (Gordon, 2003). While the rationale for the withdrawal of TR 94/24 included Australia wide anecdotes and narratives (Inspector-General of Taxation, 2004; Persson, 2008), the study area presented different outcomes. Of the four properties established by established operators, three of these were by local operators and one by a national operator. A company

⁸ Managed Investment Schemes

search (ASIC, 2019) of the property established by the operator entering the industry revealed that it was owned by a group (or syndicate) of private investors, all of whom are still the original investors. All these properties established by for-profit operators were located in Lake Macquarie and Central Coast LGAs and were in, or proximate to established residential areas.

Figure 22: Study Area Showing Location of For-Profit Retirement Villages Established between 1994 and 2000



TR 94/24 has been credited with inducing developers to enter the industry with investment syndicates aggressively marketed on the basis of tax advantages (Buffini & MacDermott, 2000). By introducing taxation benefits government had a role in changing the perception of retirement villages to an industry where it was possible to make (tax advantaged) money from the ageing population (Chapter 5.3.2.1). Aggressive promotion of investment schemes, including one by a rebadged mining company, is considered a reason for the ATO withdrawing the ruling (Buffini

& MacDermott, 2000). Criticism that establishment was focused more on earning a financial return than on providing an age-appropriate product may have been true in other locations. Within the study area, operators' location choices interacted with state-based planning policies (Chapter 4.2.4), retirement villages established by for-profit operators were in urban locations with access to amenities (Chapter 6.5).

Analysis of these establishments revealed further details; the for-profit operators had considerably larger villages compared to the NFP operators (Table 10, page 75). Based on the total number of dwellings, the for-profit operators built nearly twice as many (773) as the NFP operators (407). Analysing the NFP operated properties, six were established by one operator, Catholic Care of the Aged Maitland Newcastle Diocese on historic properties. There were unique local reasons for this diocese to establish these properties and these were discussed in more detail in Chapter 3.5.3.

TR 94/24 did enhance the returns of for-profit operators establishing villages at this time. The majority of NFP operators established similar larger lifestyle villages and/or co-located with residential aged care without the inducement of this taxation advantage. Further local factors encouraged establishment. By the 1990s both the Central Coast (Gosford and Wyong) and Lake Macquarie LGAs were experiencing higher rates of growth in the 65+ population compared to NSW (Table 8, Page 41) and this inward migration was attributed to the attractive local amenity (Chapter 6.4.4). It is difficult to pinpoint the decision to establish a retirement village during this period solely on the financial stimulus from TR 94/24 and an examination of retirement villages established between 1994 in 2000 in the study area demonstrates that operators responded to a range of factors in making these decisions. At a national level, however, the financial stimulus encouraged investment in the industry with new construction and consolidation (Chapter 5.3.2.1).

4.2.4. NSW State Environmental Planning Policies

Policy through state-based planning controls for housing for older people has influenced supply and location choices of operators. This is achieved with State Environmental Planning Policies (SEPPs), NSW-wide planning policies that have precedence over planning controls at the local government level. The original State Environmental Planning Policy No 5 (SEPP 5) for housing for older people was introduced in 1982; it has been amended since and remains in force. To this day, NSW is the only state with such a planning policy. In other states specialised housing for older people is accommodated at local government level (Property Council of Australia,

2016). Evidence framed by narratives and anecdotes has been a feature used to acknowledge problems and persuade the benefits or problems associated with policy (Murphy, 2016; McCann, 2017). This anecdotal and/or narrative framing of evidence has been demonstrated in the reviews and amendments to this planning policy.

A feature of 1982 SEPP 5 was that aged care facilities had to be available with at least one facility provided on-site (NSW Department of Infrastructure, Planning and Natural Resources, 2004; Ross, 2008). In order for operators to achieve a commercial return on the residential aged care facility and care services, any development had to be large-scale. This favoured development on large land parcels in outer suburban and regional areas where such financial feasibility could be achieved (Ross, 2008). The negative outcome of outer suburban and regional locations was that many of the resultant retirement communities had poor access to outside services (NSW Department of Urban Affairs and Planning, 2000).

SEPP 5 was revised in 1998 to encourage infill developments on smaller sites in established locations. It recognised that many residents in retirement communities did not need permanent access to residential aged care and/or care services (NSW Department of Infrastructure, Planning and Natural Resources, 2004). In an example of anecdotal and narrative framing, concerns were raised by local governments about properties that had been disallowed at local government level but subsequently received approval under SEPP 5 (NSW Department of Urban Affairs and Planning, 2000; Ross, 2008). A major review of SEPP 5 was conducted in 2000 with changes to improve design issues and clarify access to community facilities and services requirements. Concerns regarding development continue to be raised particularly in established suburban locations with ageing populations (Ross, 2008). Studies of policy-making have observed tensions between politics, policymakers, voters, economic interests (Jacobs & Manzi, 2013; Murphy, 2016; Baker & McGuirk, 2017) and similar tensions are noted over the concerns about increased density available under SEPP 5 to improve financial performance (Ross, 2008).

This example reveals that policies are not fixed, and they can change to shape more positive outcomes. In 2004 SEPP 5 was reviewed and renamed as SEPP Seniors Living (SEPP SL) adding new restrictions and guidelines around site selection and design. Further requirements under the SEPP SL included provisions for different categories of housing for older people; requiring title covenants to restrict occupancy; introducing urban design guidelines; and adding design principles for neighbourhood amenity (Ross, 2008). Density bonuses remained in the

form of a floor space ratio⁹ bonus and a requirement for 10% of dwellings to be affordable. In 2005 a moratorium was imposed on seniors' living developments in rural areas adjoining urban land (Ross, 2008). In 2007 there was further revision including a change of name to SEPP (Housing for Seniors or People with a Disability) (SEPP SL). These changes introduced requirements for a site compatibility certificate from the Department of Planning prior to lodgement of development approval (Ross, 2008). These changes were directed at concerns regarding the overdevelopment of tree change and sea change locations and the impact on services and local amenity. A further feature of this change was the facilitation of housing for older people on land that was owned by or being used for an existing registered club (Ross, 2008).

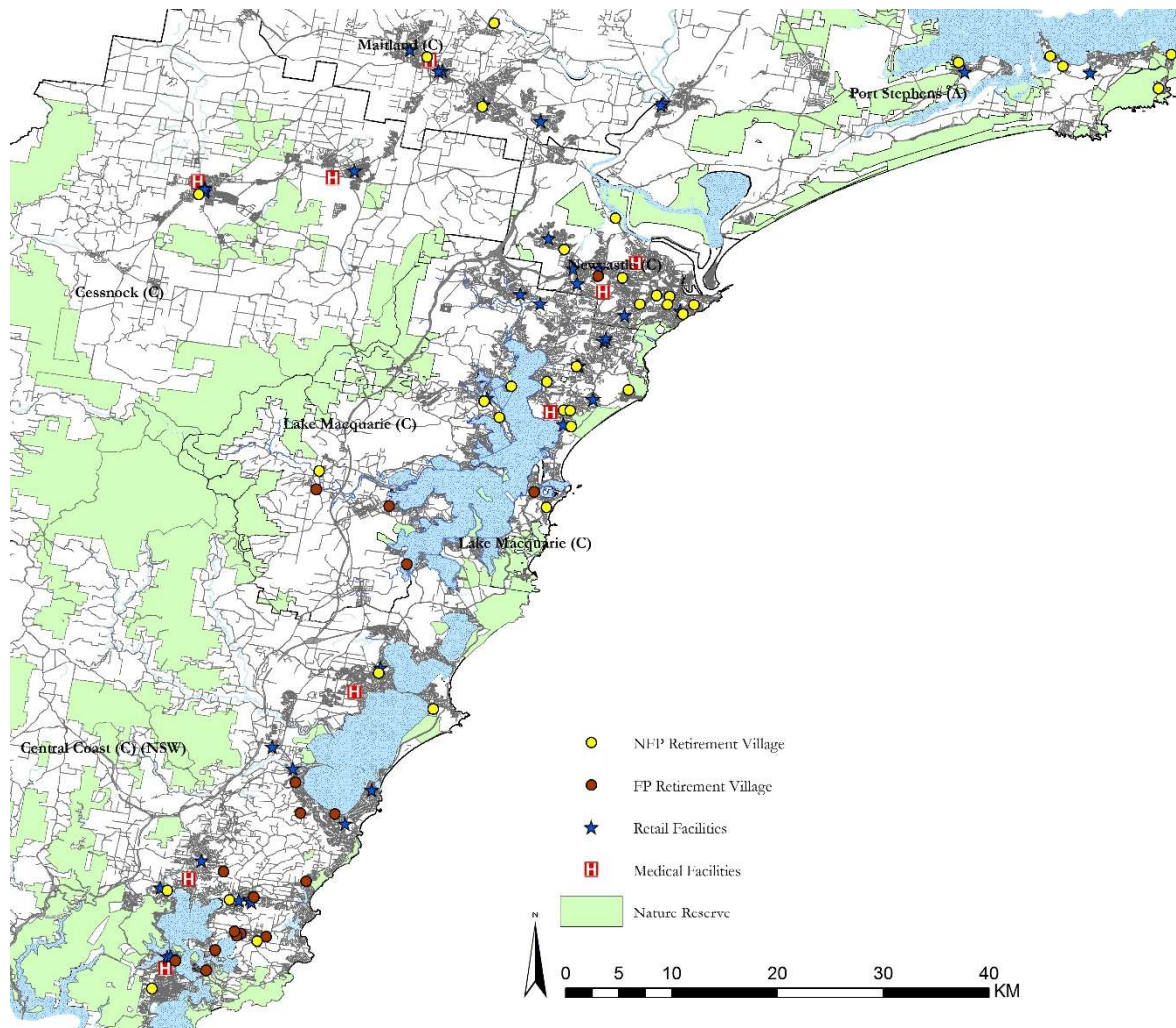
The retirement village industry has viewed these planning policies positively as they provided surety and consistency in planning outcomes (Property Council of Australia, 2016). The timing of the original SEPP (SEPP 5) in 1982 coincided with the entry of for-profit operators into the industry (Chapter 5.3.1.3). Coupled with the removal of capital grants to NFP operators, these policy changes demonstrated to the industry that market solutions to housing older people were supported by the government (Chapter 5.3.1.1), as discussed by Consultant #2:

. . . then SEPP 5 came in in the 1980s, obviously it was a recognition by government that there is an aged care housing crisis – Government ‘we can’t provide/accommodate that, how do we do make it attractive to the private sector to service that industry.’ And that was why SEPP 5 came in.

Examining the case study area demonstrates how policy in the form of planning regulations has influenced the supply and location of retirement communities. An analysis of development between 1982 and 2000 in the study area does not demonstrate that the SEPP promoted development removed from urban centres, despite criticism that this was the case in other locations. As Local Government #5 noted ‘I wouldn’t say that it has driven it, I would say it has assisted it. I don’t think it’s been an instrumental driver’. Establishment of retirement communities in the region was assisted by the SEPP rather than driven by the introduction of this planning instrument. The pattern of development in Figure 23 shows that while some properties were developed in liminal locations, the majority comprised infill development. Local geography certainly influenced locations; Central Coast LGA features fractured settlement patterns due to the hilly topography and intervening waterways resulting in more fringe urban locations (Chapter 6) (Gosford City Library, 2001). Newcastle and the northern areas of Lake Macquarie LGA feature more compact settlement patterns.

⁹ This is the ratio of gross floor space to land area.

Figure 23: Study Area Showing Location of Retirement Villages and Rental Villages Established between 1982 and 2000



The SEPP in its various forms has framed development of retirement villages and rental villages since inception and similar to the legislation that controls operational activity, the SEPP has become part of the environment in which retirement communities are established and operated (Property Council of Australia, 2016).

Policies directly influencing the industry have stimulated and framed operators' supply and location decisions. In addition, operators have interacted with factors including other policies, demographics, finance and materialities in the study area. These other factors include those local to the study area with inward migration resulting in an ageing demographic in Central Coast and Lake Macquarie LGAs. Historic landholdings and local expertise in the housing industry were also influential. In conjunction with policies directly influencing the industry,

policies focusing on housing and aged care indirectly influence the industry. Examining policies indirectly influencing the industry reveals further factors and relationships, all of which impact on operators' supply and location decisions.

4.3. Policies Indirectly Influencing the Industry

This section examines policies that indirectly influence the industry, motivating supply and location decisions in two ways. First, they influence the non-retirement components of operators' businesses and second, they increase demand from older people for social and affordable housing. Commonwealth aged care and rental assistance policies and State and Territory housing policies have all indirectly influenced the supply and location of retirement communities. Reduced Commonwealth funding to State and Territory housing authorities for the provision of social housing reduced supply, which increased unmet demand by older people (Groenhart & Burke, 2014) and operators that provide social and affordable housing acknowledge this increased (Pinnegar, et al., 2012; Faulkner, 2017). CRA also changed the financial feasibility of different types of retirement communities, encouraging operators to establish MHEs.

Policy separation between Commonwealth (aged care) and State and Territory governments (accommodation for older people) (Dargavel & Kendig, 1986; Howe, 1992) adds to the complexity of the retirement community industry, particularly for operators providing both housing and care services. Flexibility in care provision allows residents in retirement communities to receive care services and such residents may ultimately transfer to co-located residential aged care. From a resident's perspective, this can give the appearance of seamless provision. Operators have to contend with both State regulation and Commonwealth regulation and funding, which in practice can be complex (Gadens, 2014). Operators adopt a variety of strategies to meet demand for accommodation and care across a range of socio-economic demographics. Some operators occupy a single market niche, others have different product types to meet demand across the geographies where they are active (McGovern & Baltins, 2002). Operators who offer aged care (residential and/or delivered in the community) in addition to retirement community accommodation are influenced by Commonwealth legislation and funding.

Similar to older people, retirement community operators are themselves heterogenous. They have a choice of business models in offering residents a combination of accommodation and care services. The type of business model chosen by any single operator influences how they

interact with the policies is all examined this section. Residential aged care policies influence the business strategies of operators delivering care services in two ways. First, operators with aged care services and facilities directly interact with policy; and second, the geographical licensing of residential aged care influences location decisions. Housing policies influence the business strategies of operators with social housing (Chapter 5.3.5.2). These policies also influence demand by residents for social housing and encourage operators to explore ways in which this can be provided. CRA has improved the financial returns that operators derive from MHEs thereby encouraging operators to establish such properties.

4.3.1. Aged Care

Operators providing a combination of retirement community accommodation and aged care have a choice of business models and that choice of business model influences how they interact with aged care policy. Operators can focus specifically on either retirement communities or residential aged care at the exclusion of the other. Alternatively, they can offer a combination of accommodation, care services and residential care, referred to as trilevel care. Business models can be viewed as sitting on a spectrum anywhere between 100% retirement community and 100% residential aged care, as shown in Figure 24. Operators show a diversity of strategies in delivering combinations of care and accommodation which reflect individual histories, geographical focus and financial strength (Newland, 1989; Meredith, 1998; Bastian & McDonald, 2011; Catholic Healthcare, 2019).

Figure 24: Business Models for Accommodation and Care for Older People



Aged care policy influences operators of trilevel care in two ways. First, those operators with aged care (residential and services) interact directly with policy settings and changes. Second, aged care is geographically licensed, which has implications for operators' location decisions. Granting of licences for residential aged care is apportioned based on the population of older people within aged care regions.

Aged care policies impact on retirement community operators by influencing the trilevel care operators. This group provides retirement community accommodation (independent living), care services delivered to a recipient living independently and formal residential aged care (Gadens, 2014). The ability to offer trilevel care with independent living in a retirement community, home care services and residential aged care enables operators to offer a continuum of care or ageing in place to residents. This is attractive to incoming residents who are usually an older demographic (75+) compared to the incoming residents of previous decades (McCrindle & Madden, 2013). The two groups that focus 100% on either retirement communities or residential aged care can focus on competitive efficiencies in their business model. Operators that focus 100% on retirement communities focus on a market niche, for example Stockland with lifestyle living, or Oak Tree with affordable accommodation (Oak Tree Group, 2019; Stockland, 2019a). Conversely, organisations that focus 100% on residential aged care focus on operational efficiencies across their portfolio (Ansell Strategic, 2014). Trilevel care operators aim to achieve efficiencies by the integrated delivery of accommodation and care services. By offering ageing in place, which ranges from independent living up to high-level care, a resident need never move to another property. This gives trilevel care operators a point of difference compared to the other two types of operators (Ansell Strategic, 2017).

Aged care legislation influences the aged care component of a trilevel care business because of the impact on the retirement community component. Government policies have influenced the aged care industry in Australia, commencing with the closing of long-term care hospital beds in the 1950s, the capital grants for construction and the nursing home operational subsidies in the 1960s (Dargavel & Kendig, 1986; Le Guen, 1993; Fine & Stevens, 1998). These nursing home subsidies essentially guaranteed the income of residential aged care operators, encouraging expansion by existing operators and the entry of new operators (Fine & Stevens, 1998; Fine & Davidson, 2018). By the mid-1980s it had become apparent that publicly-funded aged care would be unaffordable into the future, given Australia's ageing population (Fine & Stevens, 1998; Fine, 1999) and aged care reforms commencing in 1983 established Home and Community Care (HACC) programs. This commenced the change in focus from aged care in an institutional setting to care services in the community. The outcome of these reforms has been increasing numbers of older people receiving care services while continuing to live in the community instead of entering residential aged care. By 1993, more than 80% of the people aged 65-79 and nearly 60% of the people aged 80 and older were living outside institutional settings (Fine & Stevens, 1998; Fine, 1999).

Concerns about the increasing current and future costs of aged care continued and the *Aged Care Act 1997 (Cth)* was introduced (Fine, 1999). This Act reinforced the principles introduced in the 1980s of a user-pays system with income-tested entry charges for residents entering aged care. The Act unified nursing homes (high care) and hostels (low care) into one system, allowing residents to remain in one location as they aged and their care needs changed (Fine, 1999; Productivity Commission, 2011). Following the 2011 Productivity Commission ‘Caring for Older Australians’ inquiry, Living Longer Living Better (LLLb) reforms were introduced under the *Aged Care (Living Longer Living Better) Act 2013 (Cth)*. This legislation removed the distinction between residential high care and low care and placed a greater focus on community care services instead of residential aged care provision (Gadens, 2014; Department of Health, 2017). These changes have phased out hostels that provided housing, assistance and care, where subsidised places were available for residents who were unable to make an incoming capital payment (Howe, 1992; Fine & Stevens, 1998; Kendig & Neutze, 1999; Jeon & Kendig, 2017). The removal of this type of affordable age-appropriate accommodation is credited with increasing demand for social housing (Chapter 4.3.2), rental villages (Chapter 5.3.3.2) and MHEs (Chapter 5.3.5.3).

Retirement community living provides age-appropriate accommodation and the congregate setting facilitates delivery of care services more cost efficiently, particularly because care service providers are not required to travel to multiple locations. The impact of these changes to aged care has been the increasing focus of care outside a residential aged care setting. The number of residents in residential aged care has increased over most years, it has been exceeded by the rate of growth of recipients of home care. This is illustrated in Table 11.

Table 11: Recipients of Care 2007-2017

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Permanent residential care	153,339	157,071	158,848	162,569	165,025	166,950	168,903	173,900	171,968	175,979	178,713
% Change		2.4%	1.1%	2.3%	1.5%	1.2%	1.2%	3.0%	-1.1%	2.3%	1.6%
Respite residential care	3,130	3,161	3,409	3,765	3,956	4,034	4,124	2,808	4,906	5,051	5,361
Home care	38,753	42,480	44,099	47,675	50,869	54,181	56,613	59,774	59,384	64,030	71,431
% Change		9.6%	3.8%	8.1%	6.7%	6.5%	4.5%	5.6%	-0.7%	7.8%	11.6%
Transition care	1,173	1,548	1,887	2,269	2,870	3,439	3,481	3,455	3,605	3,624	3,556

Source: AIHW

Current policy settings for residential aged care have resulted in increased pressures to maintain financial sustainability. In the context of retirement communities, financial sustainability refers to generating enough cash each year allowing an organisation to fund ongoing capital requirements plus major investment when required (McKelvie, 2020). From an operator's perspective having both retirement community and residential aged care can improve their overall financial performance. Operational synergies between the two facilitate keeping occupancy high for both components. Most operators with trilevel care focused on the profitability of the residential aged care. The function of a retirement community is to assist in the profitability of residential aged care. NFP Operator #4 explains this further, arguing that 'the driver is residential aged care, and if there is an opportunity to develop retirement living at the same time, well that's a bonus, if that stacks up'. This point was echoed by NFP Operator #5 'the focus was on the provision of residential care, the provision of independent living, retirement villages was secondary'. Providing additional care services (subject to licenses) does not result in significant extra costs and can often be accommodated within the existing business model (Ansell Strategic, 2017). NFP Operator #2 explains this further:

. . . if you look at what's happening in the aged care sector, the home care packages which is the government wanting to keep you in your home for longer [and out of residential aged care] makes it easier for us to provide care into the units.

. . . don't have to employ any extra staff here, because we've already got registered nurses and carers, and food, and laundry . . .

The Aged Care Act becomes very complex and a lot of red tape, very expensive. There is nothing wrong with compliance, but to have independent living and to bring services in makes it a lot easier for your business model to work.

The focus on financial sustainability of residential aged care has resulted in operators with trilevel care focusing on maintaining occupancy for of this component. This is explained by NFP Operator #4 'so, it's always a battle to keep (residential aged care) running at full occupancy, you need to run it at 98% capacity so as not to lose money, or at least 95%'. The ability for retirement communities to 'feed' residential aged care with residents was acknowledged. Due to the level of fixed costs residential aged care requires high levels of occupancy to ensure profitability and operators work to maintain this (Gadens, 2014; Ansell Strategic, 2014). This is described by NFP Operator #2 'nobody wants to go into aged care but it's (the retirement village) a feeder'. Operators acknowledge that there is essentially a 'formula' for the number of retirement village dwellings needed to keep a residential aged care place (bed) occupied. This formula is explained by NFP Operator #3 'at the moment, for every one bed you need about 10 villas to keep that one bed occupied'.

The ability for residents in retirement communities to receive care services provides an additional benefit to operators of residential aged care. Residents who receive care services, as opposed to people unable to receive care outside a residential setting, ultimately enter residential aged care with much higher care needs. These higher care needs result in higher payments to the residential aged care operator. There is a financial benefit to operators by having incoming residents with higher care needs as explained by NFP Operator #5:

. . . many new residential care facilities will take in anyone to fill the bed and it is getting more and more competitive in this space. And we believe that the retirement villages bring in the home care because it also gets the person out there in the community loyal to our brand and we have got that care right through. The driver is that eventually if we do need to receive that person in residential aged care, we will get a much higher ACFI¹⁰ than we would get, if they just came in off the street.

Where operators have trilevel care, location of retirement communities is driven by the location of residential aged care, which is geographically controlled through a license system. In order for an operator to provide Commonwealth government funded residential aged care in a region they need to obtain licensed places (beds); provision of these places is based on the numbers of people 70 years and older in a region (Department of Health, 2018). A trilevel care operator's expansion strategy is dependent on establishing a residential aged care 'beachhead' either by purchasing an existing property (and its licenses) or development (after obtaining licensed places). This strategy is explained by NFP Operator #5:

. . . (they) bought the . . . specifically based on demographics and a very tight review of where ACAR¹¹ rounds would be, where the ageing population was. They were very strategic about that.

Trilevel care operators mentioned both a co-located model and a hub and spoke model. A co-located model is where retirement community and residential aged care are on the same site. A hub and spoke model comprises as the hub residential aged care, which can have a co-located retirement community, plus further retirement communities within a short travelling distance. The residential aged care forms the focus for both these models as explained by NFP Operator #4:

. . . the current strategy that we have today, the group expands and develops within hubs It makes sense to make hubs just from a regional management perspective, servicing, support, staffing. There's a lot of reasons we do that. That [Name] was a development region that was identified many years ago and it still is today, so expansion within that hub.

¹⁰ Aged Care Funding Instrument, the level of ACFI determines the level of government funding

¹¹ Aged Care Approval Round

. . . that colocation strategy that I mentioned earlier, and it's become more important today because of the emphasis on home and community care. We have close to [number] community care packages. As an organisation, there's a commercial advantage for being able to have aged care and a retirement village on the same site and being able to send community care workers into the retirement village in particular to service residents in their homes.

Our growth springboards from the residential aged care. And residential aged care if you're calculating the demand there is a formula from the government, . . . there is a lot of demand for residential aged care and that was the key driver. As those sites were located and surplus land was identified. [Name] is a great example, there's a residential aged care site, big block of land attached to it, the retirement village it made sense to build there. Aged care was the driving factor for growth, expansion in that region, then retirement villages piggybacked off that because of the other strategy of colocation, complimentary services, all that sort of thing.

To some degree, the Commonwealth government controls the location of retirement communities operated by trilevel care organisations through the geographic regulation of residential aged care.

Offering trilevel care influences residents in their selection of an individual retirement community. Residents are cognisant that they may in the future require access to care, residential or services (Faulkner, 2007; Faulkner, 2017). The ability to attract residents through a continuum of care was emphasised by operators which had such an offering. Residents have acknowledged the ability to receive care services and access residential aged care an important consideration in deciding on an individual retirement community (Crisp, et al., 2013; Kendig, et al., 2014). A resident entering a retirement community may not immediately need care, that it is available functions somewhat like an 'insurance policy'. Importantly the resident does not have to move to receive care services, NFP Operator #6 explains this:

The people that are choosing to go in there, yes we have got a co-located residential aged care service, but it is the potential to be able to offer (care services) in their own unit which is absolutely been one of the things that has attracted people to be able to go there.

For couples in a retirement community co-located with residential aged care enables them to stay together. The resident remaining independent, does not need to travel in order to visit their spouse/partner. This is attractive for couples who want to stay together, as explained by NFP Operator #4:

. . . there's a couple that come in and obviously they want to be very close. Their care needs increase for the husband or the wife or the partner, we can either service them within home care but if it gets beyond that they can go next door into the residential care setting. They're close, they can visit each other very easily . . .

The ability for couples to stay together is emphasised by NFP Operator #1, who explains.

. . . and the benefit of co-locating aged care, whether it be community housing or retirement village is when you got a couple and one of them needs to go into care, they can still have breakfast, lunch and dinner together, but they go back to a different bedroom.

These changes to aged care have impacted on operators with 'lifestyle villages' without residential aged care. Such villages attract a relatively younger demographic and feature high levels of recreational and social amenities. Average age of entry for both residential aged care and retirement villages has been increasing (Property Council of Australia, 2018). Operators of lifestyle villages are facing a situation of older and less mobile residents with different requirements than originally anticipated. This change is described by For-Profit Operator #8:

I think the co-located model over here is something which the consumers are demanding, and I think that is a function of the average entry age going up, and up, and up. . . So, I think the co-location model does work because people don't want to go into aged care. Our retirement villages have turned into quasi-aged care anyway.

Increasing the ability for people to receive care services outside residential aged care influences demographics of retirement village residents, with a corresponding change in the type of accommodation being demanded. Residents are entering retirement villages at an older age and there is a greater portion of widows and widowers (McCrindle & Madden, 2013). Incoming residents are more likely to demand quality two or three bedrooms, often in medium density apartments with lifestyle services and amenities and co-location with residential aged care (Crisp, et al., 2013). This is the model which has been pioneered in New Zealand and is often referred to as the New Zealand model. In Australia it is being developed by Ryman Healthcare in Melbourne which now has five properties in Victoria (Ryman Healthcare Limited, 2018).

A further variation of this model facilitates ageing in place and involves an operator with home care services, not residential aged care. The operator offers accommodation in a retirement community and is in a position to deliver care services as needed. Construction of the accommodation is at a level which facilitates ageing in place up to the level of full-time nursing care. The result is residents do not have to move as their care needs change. Operators have the flexibility of providing home care services without the geographic restrictions and regulatory and governance requirements with residential aged care. This model is being offered by Murray Aged Care Group in South Australia and LDK Seniors Living in NSW (Murray Aged Care Group Inc, 2019; LDK Seniors Living, 2019).

Aged care policies indirectly influence supply and locations of retirement communities by shaping strategies of operators and motivating decisions by residents. Geographical licensing of residential aged care places influences supply and location decisions of trilevel care operators resulting in outcomes of physical properties. Older people interact with policy settings and changes in making their decisions regarding accommodation and care. Regular reviews and reforms of aged care in Australia results in an industry dynamic of continually adapting to changes (Royal Commission into Aged Care Quality and Safety, 2019).

4.3.2. State and Territory Housing Authorities Rental Housing

Older people are one of the major public housing population groups (Jones, et al., 2007) and operators who provide social and affordable housing, plus those with older properties interact with rental housing policies introduced by State and Territory housing authorities. These policies indirectly influence the retirement community component of these businesses. Demand by older people for affordable age appropriate housing is influenced by policy settings for State and Territory housing provision. In turn, operators respond to levels and changes in this demand, actively exploring ways to provide social and affordable housing for older people. Information on tenure type and landlord type for older people is contained in Table 12.

Table 12: Tenure Type and Landlord Type Australians aged 65+

Tenure Type and/or Landlord Type*	2006		2011		2016	
	Number	%	Number	%	Number	%
Owned outright	1,682,374	77.0%	1,906,468	73.8%	2,247,474	71.5%
Owned with a mortgage	180,264	8.2%	256,881	9.9%	385,359	12.3%
Rented: Real estate agent	76,683	3.5%	96,108	3.7%	149,768	4.8%
Rented: State or Territory housing authority	102,562	4.7%	111,401	4.3%	117,489	3.7%
Rented: Person not in same household	82,157	3.8%	92,049	3.6%	110,763	3.5%
Rented: Community Housing Provider – Housing co-operative, community or church group	23,075	1.1%	25,395	1.0%	27,057	0.9%
Rented: Other landlord type	9,454	0.4%	17,870	0.7%	19,296	0.6%
Rented: Landlord type not stated	21,131	1.0%	18,391	0.7%	18,577	0.6%
Other tenure type**	6,277	0.3%	58,189	2.3%	69,409	2.2%
Total	2,183,977		2,582,752		3,145,192	

* Includes usual residents of private dwellings i.e. houses, flats, home units, caravans, garages, tents and other structures. This also includes long-stay caravan parks, but does not include non-private dwellings namely hotels, boarding schools, boarding houses and institutions.

** Other forms of tenure include living rent-free with other family members and group households.

Source: Australian Bureau of Statistics Census of Population and Housing 2016, Subscription Service

Although the largest group of older people live in their own home (with or without a mortgage), the number of older renters has been increasing since 2006. The most significant increase has been in the number and proportion of older people in the private rental market. Social housing tenants, namely those renting from a State and Territory housing authority or CHP, have declined proportionally, while the actual number has increased, though only marginally. These trends have implications for operators providing rental villages and for retirement village operators with older stock (studio and one-bedroom dwellings) where it is more difficult to charge an incoming capital contribution. Moreover, the increasing numbers of older renters and those who still have a mortgage contradict earlier predictions that retirees of the future would be wealthy and able to afford capital contributions to luxury retirement villages (Jones Lang LaSalle, 2006). Increasing numbers and proportions of less wealthy older people who are facing housing stress encourages operators to trial more affordable housing types (Chapter 5.3.3.2).

Similar to aged care, housing policies since WWII have shown an increasing focus on market-driven responses rather than government-designated supply. The major policy framework for social housing post WWII was the Commonwealth State Housing Agreement (CSHA) where the Commonwealth provided grant funding to the states for the purpose of building public housing. The policy commenced in 1945 to alleviate the post-WWII housing shortage and has been renegotiated over time (Hayward, 1996; Groenhart & Burke, 2014). In the period 1945-1969 the main focus of the CSHA was the construction of rental housing to ease the housing shortage. Dwellings constructed were generally targeted towards returned soldiers and lower income groups (the working poor). In 1956 full financial responsibility for rental rebates (where rent exceeded 20% of the tenant's income) became 100% the responsibility of States, whereas previously this responsibility had been shared with the Commonwealth. Older people on the age pension were more likely to be eligible for rental rebates and the reduction in this funding disproportionately affected this group (Jones, et al., 2007). Housing for older people was a designated priority and program area for funding through the CSHA from 1969 until the early 1990s. At that point State and Territory housing authorities introduced the concept of market rents to encourage higher income tenants to vacate public housing. There was a policy emphasis on housing for those most in need, identified as families and individuals with an income of less than 85% of average weekly earnings (Hayward, 1996; Hulse, 2007). During this period, older people became established as one of the main groups in the public housing system. In real terms there has been a decline in funding under the CSHA since the 1990s (Hayward, 1996;

Wood, et al., 2010; Davy, et al., 2010) and State and Territory governments have moved towards demand-side measures (rent assistance) rather than supply-side measures (provision of public housing) as a method of addressing housing issues for older people.

Many older people who would otherwise have resided in State housing now seek accommodation in the private rental market or in social housing provided by CHPs (Groenhart & Burke, 2014). Larger NFP operators often provide social housing as part of their mandate and many also have CHP divisions (Chapter 5.3.5.2). Policy settings and changes that affect social housing provision influence the business strategies of these operators and their decisions regarding retirement community refurbishment, redevelopment and new supply. Retirement community operators respond to State and Territory housing policies in two ways. First, operators with a CHP division interact with policy for this sector in ways that can either stimulate or impede provision of supply. Second, policies influence demand for social housing by older people and both for-profit and NFP operators interact with this demand and consider ways in which it can be met.

In 2016 the NSW Government undertook a funding initiative, Social and Affordable Housing Fund (SAHF), providing debt funding for construction of up to 3,000 new dwellings. This initiative required CHP organisations to submit detailed proposals for constructing new supply (NSW Department of Communities and Justice, 2016) and this was followed by a second funding initiative in 2018 (Department of Communities and Justice, 2018). NFP operators with CHP divisions reported applying for funding through these initiatives (alone or in partnerships) or considered applying even though they acknowledged a mismatch between this initiative and their operations. Submitting a tender required the preparation of complex documentation involving financial modelling and consultants' reports that cost large sums of money (\$100,000's). Submitting a tender was a complex activity, as explained by NFP Operator #6:

It was interesting in the discussions . . . about SAHF II, the State Government's threshold for that project was quite large in number of unit developments. . . . We were not big enough to put ourselves forward in our own right for SAHF II, [Name] were looking for some partners to potentially boost up their numbers to be more competitive in the tender. It ended up that the funding arrangements of the State government just weren't going to be generous enough to de-risk the project from our point of view, so we didn't proceed. I think the challenge for the State Government in the social and affordable housing space is that they want non-government operators to do these developments, but they are not going to put capital on the table any more.

Submitting a tender was no guarantee of success and, as described above, smaller NFP organisations had to partner with like-minded organisations in order to participate.

Operators, both for-profit and NFP, acknowledged that they were considering strategies to increase their supply of social and affordable housing. These strategies included, redevelopment of older properties, migration of older retirement villages to rental villages and new construction. NFP Operator #1 explained this rationale:

We could have built a retirement village, but [Location] has got a lot of retirement villages, that need is being met, but what [Location] didn't have is a lot of affordable housing for seniors.

Redevelopment of existing properties is a strategy of many retirement community operators, particularly those with historical holdings (Carrington Centennial Care, 2018; James Milson Village, 2018). Redeveloping a retirement village with a new premium product is dependent on the site being sufficiently large and located in a region where higher incoming capital contributions can be achieved. Where properties are smaller and in poorer locations, NFP operators have been observed 'migrating' these retirement villages to rental villages, rather than sell or redevelop. NFP Operator #6 explained that meeting demand for rental accommodation was behind the strategy of maintaining these older properties:

We have closed a couple of older residential aged care services in order to consolidate more. We haven't done that with the older independent living units . . . , partly because they are meeting this rental market need.

Operators acknowledged that they were considering ways to increase supplies of affordable housing and some of the strategies considered included joint ventures with other social housing providers, as outlined by NFP Operator #6:

One of our strategies in the medium-term with these sites of older retirement villages may well be to go and talk to the local social housing providers and see if we can do some developments, whether there will be another funding round from the State Government. In the meantime, though we certainly see ourselves as continuing to develop new retirement living in conjunction with residential care and home care . . .

Further strategies include participating in State Government funding initiatives and/or through exploring new models of construction. For-Profit Operator #9 explained how they were exploring the strategies of new construction:

The interesting question now is, because there is a lot of demand for rental accommodation. The question that we are exploring . . . is there a prefabricated solution . . . that will make these economic? And we think there is.

Increasing demand for affordable housing by older people has been exacerbated by low housing affordability in most major population centres. Increasing numbers of older people are facing housing stress with the associated risks of homelessness (Pinnegar, et al., 2012; Faulkner, 2017).

These stresses have been further exacerbated by State and Territory housing policies of reducing the supply of social housing (while providing demand-side assistance) (Pinnegar, et al., 2012; Productivity Commission, 2015).

NFP operators who have as part of their mandate the requirement to provide housing to those in need are confronted with this increasing demand (Chapter 5.3.5.2). The larger NFP operators are often CHPs with social housing properties. Accommodating financially disadvantaged older people has increasingly been passed to the community housing sector (BaptistCare, 2018). Such operators often use historical properties constructed from the aged persons homes grants (referred to as independent living units) for social housing.

The outcomes of these changes by operators of retirement communities include maintaining older properties rather than redeveloping or divesting. Migrating retirement villages to rental villages allows operators to continue using ageing properties without having to spend large amounts of capital on upgrading. Migration also demonstrates how individual retirement communities can change over time. Operators with CHP divisions face additional compliance and governance issues. In order to receive funding for the provision of social and affordable housing, CHPs must achieve registration and comply with requirements under the National Regulatory System for Community Housing (National Regulatory System Community Housing, 2019). Most operators silo their activities into retirement villages and CHPs, each with their own governance, compliance and regulation requirements (NFP Operator #5). Properties that were originally run as retirement villages and were migrated over to social housing are then operated by the CHP division as opposed to the retirement village division.

State and Territory housing authorities' rental housing policies have indirectly influenced operators of retirement communities by increasing demand for affordable housing and encouraging operators to consider strategies to provide rental villages. The main outcome of these policies is the continued use of older retirement villages as rental villages where the operator is a CHP. The implications for operators with multiple divisions providing retirement villages plus social and affordable housing are an increased focus on compliance and governance to meet the different regulatory requirements.

4.3.3. Commonwealth Rent Assistance (CRA)

Eligible residents in some, but not all, retirement communities receive Commonwealth Rent Assistance (CRA). This is a non-taxable supplement payable to recipients of a Centrelink

pension who are private renters. CRA originated in 1958 and has been gradually extended to cover most recipients of Centrelink payments (King & Melhuish, 2003). It indirectly influences operators' supply and location decisions by improving the financial performance of MHEs, thus encouraging the growth of these properties.

CRA has different implications across the three types of retirement community. Retirement village residents who made an incoming capital contribution below a specified threshold and where the monthly/fortnightly service fee is above another threshold are eligible to receive CRA¹² (Department of Veterans Affairs, 2019; Department of Social Services, 2019). In large population centres, few retirement villages have capital contributions below this amount, therefore few residents in retirement villages receive CRA. Where residents are receiving CRA, operators cannot increase the monthly service fees as these amounts are levied on a cost recovery basis. The financial benefit of CRA goes directly to the resident and is not passed on to the operator.

Rental village residents where the operator is a CHP are social housing tenants. CHP regulations limit the amount a provider can charge in rent to a percentage of the residents' total income (including CRA). Some benefit from CRA passes directly to the operator; however, given the residential property values and construction costs in major population centres, financial sustainability is still difficult, even with this additional rental amount (Yates & Bradbury, 2010; Yates, 2013) (Chapter 5.3.5.2). Rental villages where the operator is not a CHP are limited only by market forces to the amount that they can charge residents (Village Life Ltd, 2004). Operators acknowledge that, even with this additional amount, achieving a positive return on investment is difficult (Chapter 4.3.2).

MHE residents who receive Centrelink benefits are eligible to receive CRA as they are paying rent, and rent includes site rentals for relocatable homes. CRA is openly acknowledged by operators for its ability to improve the financial viability of this asset type as it increases the amount that residents can pay (Ingenia Communities Group, 2013). One of the outcomes from this policy is that MHE residents who receive the age pension are eligible to receive CRA whereas only a select group of retirement village residents are eligible. It is difficult to find retirement village dwellings in larger population centres where the entry contribution is below the threshold. Relocatable houses in MHEs are often marketed for amounts in excess of this

¹² As at 1 July 2019 this threshold was \$210,500, amounts are indexed. The total amount of CRA an individual or couple can receive is dependent on the amount of rent they pay. As at 20 March 2019 the maximum fortnightly payment for CRA was for a single person \$137.20 and for a couple \$129.20.

threshold and residents are eligible to receive CRA. As Local Government #11 said ‘I have seen manufactured homes, . . . that were marketed between \$700,000 and \$800,000’.

Appendix 3 has pricelists for relocatable homes in MHEs (and retirement village dwellings) in the study area collected in September 2019. Prices ranged from below \$100,000 (Gumtree, 2019) to the most expensive properties at \$660,000. MHE operators refer to the income from the model as being underpinned by the Commonwealth Government as most residents receive the age pension plus CRA (Ingenia Communities Group, 2019). MHE operators openly advertise the benefit of CRA in terms of the resident receiving ‘cash back’ (Figure 25).


Figure 25: MHE Pricing and Rental Document

HOMES FOR SALE

Phone: 02 4367 7789 | Office: 33 Karalta Road Enna NSW 2250

4 KARALTA COURT - \$230,000


- Easy care 2BR home with mirrored robe in main
- Open living area, air conditioning, gas appliances in kitchen
- Small courtyard, second toilet in the laundry
- Sunlit verandah, carport, clothesline and undercover shed



Call 4367 7789 for an inspection

39 GREENLIFE - \$349,000

- Well maintained 2BR home, with built in robes
- Timber floors, air conditioning, natural gas, solar panels
- Open plan lounge and dining with lovely parkland outlook
- Carport, undercover rear deck and low maintenance site



Call 4367 7789 for an inspection

Rent Chart Example (per week)	Standard Single	Standard Couple
Site rent paid to Greenlife/Karalta Court	\$177.00	\$177.00
Maximum Rent assistance received from Centrelink	\$68.60*	\$64.60*
Net rent paid per week	\$108.40	\$112.40

*If you receive a government pension you may be entitled to rent assistance. See example table. Disclaimer: Please check this information and your entitlements direct with your pension provider.



UNDER SECTION 73 (3) - A resident's right to occupy residential premises under the residential tenancy agreement is a leasehold right only, and not a freehold or other right of an unlimited or perpetual nature and may, in certain circumstances, be terminated.

Call us now on 4367-7789 or 0401 970 586 for more information or to arrange an inspection.



Source: Greenlife

The MHE model is considered to be much more straightforward from the perspective of residents, investors and financiers (Chapter 5.3.5.3). One of the driving reasons behind the success of MHEs is considered to be the underpinning of payments by the Commonwealth Government. This was explained by MHE Operator #4, 'It is a guaranteed income. The CRA is payable to this, whereas it is not payable in a retirement village'. The MHE model is more straightforward compared to retirement villages, as articulated by MHE Operator #5:

The land lease model is much cleaner, it is much more acceptable, you rent the land, you get Commonwealth rent assistance with the land and put the house there . . .

Growth in MHEs has been supported by this policy. CRA provides financial payment to residents which operators can then collect through increased rental payments. CRA is thus an example of a policy that has enabled MHE operators to improve their financial return. MHE operators have been further influenced by an absence of focused policy, further improving their financial return and leading to the supply and location decisions they make (Chapter 6.3.3 and Chapter 6.4.3).

These policies have indirectly influenced the industry in shaping operators' supply and location decisions. A consequence of this indirect policy influence is the increased complexity of the industry, with operators interacting with aged care, State and Territory housing and Commonwealth rental policies. Where operators have trilevel care and/or provide social and affordable housing, aged care and State and Territory housing policies have influenced their retirement community operations. CRA has indirectly benefited financial returns from one type of retirement community compared to other types.

4.4. Absence of Focused Policy

The MHE sector is one that has developed largely outside the retirement village, aged care, aged housing and rental housing sectors. Compared to retirement villages and rental villages, MHEs have not been the subject of planning and operational policy focus at a commensurate level. Studies of dualism, or presence/absence of policies, has contrasted the presence of policies in some locations with their absence in other locations (McCann & Ward, 2015). This absence of focused policy has encouraged the growth of MHEs as retirement communities, in locations where medium density permanent housing would not be permitted and where local authorities have no strategic plans to provide services and amenities. The growth of MHEs as affordable housing for older people has parallels with the informal urban settlements observed in many

developing countries (Huchzermeyer, 2001; Roy, 2005). Planning and land use policy emphasises formal order stemming from a higher authority and permanent dwellings, usually catering to the elites. In contrast, informal urban settlements incorporate an internally-generated order, with dwellings in various states of permanency catering to the marginalised and disenfranchised (Roy, 2005; McFarlane, 2011b). Formal settlements and permanent housing receive greater levels of policy interest and, these are generally occupied by the elite with policy protecting their interests (Huchzermeyer, 2001; Roy, 2005). Informal settlements and temporary housing are the product of a lack of focused policy by the state and attention from policymakers comes only as a response to publicity and political issues (Huchzermeyer, 2001; Roy, 2005; Marais & Ntema, 2013; McCann & Ward, 2015).

Since WWII, housing policy in Australia at the Commonwealth level has emphasised home ownership of permanent dwellings. These policies have included taxation regimes and payment schemes (First Home Owners Grant) which have supported the focus on permanent dwellings (Bunce, 2010). MHEs, in contrast, evolved from traditional caravan parks and camping grounds which were never intended as a place of permanent residence, notwithstanding that people have been living permanently in them since the Great Depression (Beckwith, 1998; Caldicott, 2011; Kearns, et al., 2019). Caravan park operators unintentionally became affordable housing providers (Reed & Greenhalgh, 2004); despite this, they have not been seen by government as permanent housing.

By the 1970s increasing numbers of people seeking affordable housing had sought to live permanently in caravan parks (Kelly, 1994; Beckwith, 1998; Wensing, et al., 2003; Kearns, et al., 2019). As a result park operators commenced erecting relocatable/manufactured homes to meet the demand for longer term accommodation (Connor, 2004; Reed & Greenhalgh, 2004). Camping and caravan park legislation at state level initially aimed to improve the health and hygiene in makeshift establishments on both Crown reserves and privately-operated establishments. In 1986, NSW legalised permanent residents in caravan parks by amending the *Local Government Act 1919* with the *Local Government (Movable Dwellings) Amendment Act 1986*. This recognised what had been a hitherto ignored activity and facilitated the evolution of MHEs as a residential choice. At this point caravan park operators commenced advertising permanent sites for long-term occupation (Mowbray & Stubbs, 1996; Beckwith, 1998).

NSW State Environmental Planning Policy No 36—Manufactured Home Estates (SEPP 36) was introduced in 1993. This planning policy acknowledged that MHEs were an affordable contemporary form of medium density residential housing. It is notably briefer than SEPP SL

and makes no mention of the use of MHEs as housing for older people. On land outside the Sydney region, development of an MHE is permitted on land on which caravan parks are permitted, subject to criteria. Caravan parks are permitted on rural land (without the requirement to be adjoining urban land) and this effectively permits MHEs on a wider range of property sites than retirement villages or other forms of medium density housing (Mowbray & Stubbs, 1996). The ability to establish MHEs on a wider range of often cheaper sites is considered an important factor in their financial performance (Chapter 5.3.5.3).

Legislation does not acknowledge the role of MHEs in providing specialised housing for older people. Nor does planning policy in NSW permitting MHEs on this wider range of sites acknowledge that they are predominantly occupied by older people and are marketed and operated as retirement communities. *Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Movable Dwellings) Regulation 2005* addresses issues such as the availability of sewerage and water, communal facilities (ablutions, laundry and kitchen), building setbacks, car parking, rubbish removal and wind resistance of dwellings. Again, the regulation does not acknowledge the role of MHEs in providing housing for older people.

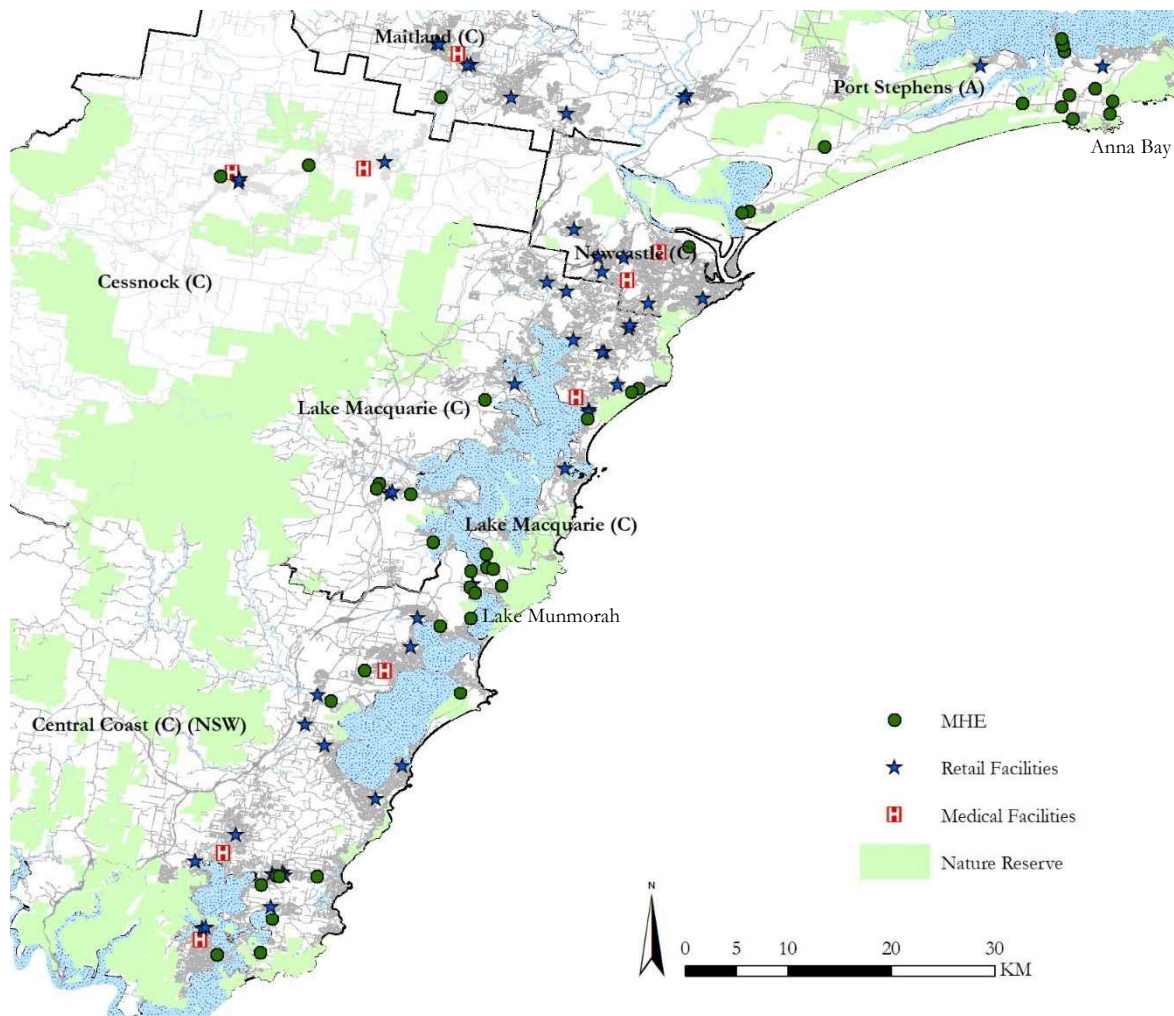
Where there has been operational legislative oversight it has been in the form of increasing consumer protection, particularly in limiting the ability to evict residents. Historically, in NSW residents occupied their sites under residential tenancy legislation and could be evicted wholesale in order to improve financial viability. Residential developers could purchase an MHE and evict residents in order to commence construction (Mowbray & Stubbs, 1996; Connor, 2004). Many MHE sites in coastal areas that experienced rising property values in the 1980s and 1990s were targeted by residential developers resulting in closures. MHE residents who had occupied their site under residential tenancies legislation had a limited period of time to find alternative accommodation and had to face the cost of relocating their mobile home (Greenhalgh & Connor, 2003; Connor, 2004). Studies of informal urban settlements have observed formal intervention in response to publicity and perceived issues (Roy, 2005; Dovey & King, 2011). Legislation was introduced, in part, to address some of the issues of this insecurity of tenure. The NSW *Residential Parks Act 1998* was introduced and was then superseded by the *Residential (Land Lease) Communities Act 2013* and the *Residential (Land Lease) Communities Regulation 2015*. The legislation specifies requirements including site agreements, conduct of operators, site fees and other charges, termination and mediation. Legislation significantly increased the notice an operator is required to give to a resident to terminate the site agreement to 12 months. This made the strategy of purchasing MHEs to redevelop as residential less attractive to developers.

The absence of focused policy shaping the location of MHEs was evident in the study area. Local Government #11 explained how this lack of definition of what MHEs actually are has posed problems for how planning policies are developed to cater for them appropriately:

MHEs don't actually have their own definition in planning terms; it is one of the really difficult things that we are finding at the moment. There is this uncertainty as to what you actually call a manufactured home estate in the planning world. They thought at the time that it was linked to caravan parks, that is where a lot of these actually started off as, short-term caravan park which has gone to long-term sites. That seems to be where the manufactured home estates have evolved from. They try to limit caravan parks to recreation zones, private recreation . . .

This ability to situate MHEs on a wider range of sites, compared to permanent housing resulted in agglomerations in the study area. These are locations where permanent residential housing would be difficult, similar to informal urban settlements, MHEs can be in problematic and marginalised locations (Roy, 2005; McFarlane, 2011b). Local governments express concern regarding these agglomerations with regard to flooding, access and availability of services, this contrast to operators who emphasise their financial performance (Chapter 5.3.5.3). Operators often use caravan park existing use rights and then apply to vary this use and local governments are now confronted with MHEs in locations that were never intended to accommodate thousands of older people (Port Stephens Council, 2016) (Figure 26).

Figure 26: Study Area Showing Location of MHEs



This absence of focused policy has also resulted in an absence of knowledge as to the overall size of the sector. Industry estimates are that there are 200 MHEs exclusively for permanent residents across Australia (Colliers International, 2016). A total of 44 MHEs were recorded in the study area alone, the implications of this discrepancy being that this is a type of retirement community that is under researched. This lack of information was acknowledged by MHE Operator #5:

There is even less data on the land lease communities, I reckon, either mixed-use land lease communities, caravan parks, or now standalone. There is probably about 120,000, 140,000 people and growing much faster. I think that as a seniors' housing option they will pass retirement villages in numbers in the near future.

MHEs that provide accommodation to older people can be separately operated as a retirement community, they can be part retirement community and part tourist (dual) or they can be a

caravan park with permanent sites on which relocatable homes have been erected. Determining the quantum of MHEs and residents at any one point in time is difficult. Errors and omissions have been noticed with ABS data recording retirement villages, often classifying MHEs as retirement villages and/or other types of housing (Towart, 2013).

Informal urban settlements provide housing in locations where there is high demand often on sites considered less desirable (Roy, 2005; McFarlane, 2011b). In the study area there are agglomerations of MHEs particularly around the Anna Bay area in Port Stephens and Lake Munmorah in Central Coast. Operators have responded to the absence of focused policy for MHEs and with the materialities of coal and water, the history of their development is examined in Chapters 6.3.3 and Chapter 6.4.3. These locations are not proximate to retail, commercial and community facilities and local government representatives expressed concern that this could disadvantage the residents. As Local Government #11 articulated:

... we had concerns that residents would become isolated from services, shops, even access to public transport. With these manufactured home estates, where you can have hundreds of houses on a block of land in an isolated location, that doesn't really have good planning outcomes for what those residents receive in terms of services

In many of these areas local authorities have no strategic plans to increase the level of services and amenities to accommodate the increased population of thousands of older people (Port Stephens Council, 2016; Port Stephens Council, 2018). Local bus services, which were originally intended to service schoolchildren, often run intermittently and not at all on Sundays and public holidays. This outcome is in contrast to accessibility and proximity requirements for retirement villages and rental villages under the SEPP SL.

In contrast to the concerns expressed by local government representatives, MHE operators were very positive about their business model, particularly the financial returns (Chapter 5.3.5.3). This was explained by MHE Operator #4:

We have got it set up so that money just comes in the door every fortnight. It goes into the bank account. It is very light on in terms of staff.

MHEs are less staff-intensive compared to retirement villages of a similar size resulting in lower operating costs but their business model is very different. An MHE operator receives rent for individual sites from which operational expenses are deducted to arrive at net revenue. In contrast, retirement village operator receives their return from the exit fee when residents depart; fortnightly or monthly service fees are billed on a cost-recovery basis, and under legislation operators cannot profit from this component. Cost savings in operating an MHE

bring financial benefits to the operators, cost savings in operating a retirement village bring financial benefits to the residents.

In interviews, MHE operators argued that they were meeting a need for affordable housing, as was argued by MHE Operator #4 'It is affordable housing'. This is contradicted by published research that compared the cost of MHE living with general residential over a 20-year time period and found it to be more expensive (Mowbray & Stubbs, 1996). Operators stressed that the purchase cost of relocatable homes was relatively affordable when compared to permanent dwellings in the region, but this ignores the fact that permanent homes include a land component and the ongoing site costs that are part of MHE occupancy.

Occupancy in an MHE is similar to a residential tenancy. From a resident's perspective this makes MHEs more easily understood in comparison to occupancy in a retirement village. As explained by MHE Operator #4:

... I think that we have a better offering. We don't have the state taxes when people purchase, they [residents] get all the capital gains. There is nothing that they have to pay us as they exit, no exit fees, and I think people who are going into retirement villages are financially worse off.

Operators spoke of strong demand for the MHE product and emphasised the affordability and quality of the housing. They considered that this model would continue to grow at its current rate.

Examination of MHEs in the study area demonstrated how an absence of focused policy can shape the supply and location of retirement communities. Despite housing large numbers of older people across Australia, new MHEs in NSW are subject to considerably less planning oversight compared to other forms of retirement communities. Operators have therefore responded to this absence of focused policy in conjunction with increasing demand for (relatively) affordable housing by establishing new properties. The requirement for large amounts of cheap land precludes development of MHEs in more expensive urban locations and current planning regulations facilitates their development in outer urban and semirural locations. Outcomes of this absence of policy focus include agglomerations of MHEs where materialities of coal and water have restricted permanent residential development (Chapter 6.3.3 and Chapter 6.4.3). Studies of informal urban settlements demonstrate parallels with MHEs in that both have grown without focused policy (Dovey & King, 2011). Policy change or government intervention has been a response to problems and issues and, as MHEs grow in popularity with both operators and residents there may be greater policy focus in the future.

4.5. Conclusion

Post WWII, diverse and shifting policies influenced and continue to influence where and how retirement communities are supplied and located. An outcome of these policies has been increased complexity faced by operators in undertaking their business activities and by residents in attempting to negotiate the system. Historical policies continue to influence the industry with many established properties remaining in use as housing for older people. Policies have influenced operators along with multiple further factors including demographics, financial markets and local geographies.

Policies directly influencing the industry include Commonwealth Acts, retirement village legislation, Taxation Rulings and state planning regulations. Through direct financial incentives or planning frameworks these policies have stimulated and controlled the supply and location of retirement communities. Encouraging non-government supply of housing for older people signalled changing perceptions, in that older people were seen as a group on which a financial return could be achieved. Removing aged persons' homes policy that favoured NFP operators encouraged for-profit operators to enter the industry. Governments and industry responded to increasing number of retirement communities and operators with new operational and planning legislation framing the industry.

This research has highlighted how history matters, as properties constructed under historical policies remain in use as housing for older people. The importance of historical policies has implications for future policy settings. Policy stimulation and control of supply of retirement communities is often done in the context of the short to medium term, this research highlights that there are longer term implications from policy settings.

Policies indirectly influencing the industry focus on aged care and housing and operators with these components as part of their business have their strategies shaped by policy settings and changes. Aged care policies influence the strategies of operators with trilevel care in that they increasingly focus on the level of occupancy and financial performance of residential aged care using retirement communities as a 'feeder'. Residential aged care itself is geographically licensed in the availability of licences influences operators' location decisions. State and Territory Housing Policies influence operators with social and affordable housing divisions and operators are focusing on ways of boosting supply through government incentives and innovative construction methods. Aged care and housing policies influence demand by older people for

retirement community housing and operators respond to this demand. CRA has different influences on the three types of retirement community, mainly benefiting MHE operators.

The importance of policies indirectly influencing the industry emphasises the wider reach that policies have. Policy-making can focus on the individual industries immediately affected. That policies targeted at one industry indirectly affect another through organisations active across a number of industries is of importance when determining the impact of future policy changes.

The absence of focused policy has stimulated the supply of MHEs as retirement communities and their planning and operations framework coupled with demand for affordable housing has encouraged operators to establish properties. The ability to locate MHEs on a wider range of often cheaper sites and the regular rental return they generate, improved by CRA, improves the financial return to operators who speak of the sector in positive financial terms. In the study area, outcomes of this absence of focused policy include agglomerations of MHEs in locations where residential subdivision with permanent dwellings would either be more difficult (Chapter 6.3.3) or not permitted (Chapter 6.4.3). Such locations which were never intended for medium density residential housing now have thousands of older people living in MHEs. The implications of this absence of focused policy is increasing numbers of older Australians in locations with poor access to services and amenities. As identified in this research, some MHEs are in flood affected locations and if there were to be a weather event, significant numbers of older people would need to be evacuated and would potentially face homelessness.

Studies of policy mobility and transfer between geographies has observed how policies and research in one country inform policymaking in other countries (McCann, 2011; Pawson & Hulse, 2011; Murphy, 2016). In contrast, policy mobility and transfer for Australian retirement communities has been observed only between Australian states not from overseas resulting in a particularly Australian flavour to local retirement communities. Similarities in policymaking processes were observed with an emphasis on narrative and anecdote (Jacobs & Manzi, 2013; Murphy, 2016). This emphasis, along with increasing numbers of residents in retirement communities has resulted in policymaking becoming a political issue. Publicity surrounding tensions between retirement village operators and residents emphasised the personal stories of the residents involved (Ferguson, 2017). Tensions in one state resulted in politicians across a number of states focusing on the industry and seeking policy solutions.

Examining operators' supply and location decisions in the study area facilitates examining policies influencing this industry over a number of decades. This examination has demonstrated how policy settings and changes over time have increased the complexity of the industry.

Particularly policies indirectly influencing the industry have increased this complexity because individual operators comprise multiple business units, each facing policy settings specific to aged care and/or community housing. Complexity can also create opportunities for operators seeking new ways of delivering care services into retirement communities.

In addition to policy, operators have further interacted with financial influences and the local geography in deciding to supply retirement communities in the study area. How financial influences have motivated supply decisions is examined in Chapter 5 and how the local geography has influenced location decisions is examined in Chapter 6.

Chapter 5 Financialisation

5.1. Introduction

This chapter examines how financial actors, markets, practices, measurements and narratives have shaped the retirement community industry, encouraging and impeding operators' supply decisions. Financialisation is employed as an analytical tool across the disciplines of economics, sociology, political science, cultural studies, history and geography (Aalbers, 2015; Aalbers, 2019b). Published studies offer a range of empirical accounts about the transformation of asset markets, in particular housing markets, by the activities of large financial institutions. Over decades, the retirement community industry has evolved from one dominated by NFP operators with a charitable mission to one where both for-profit and NFP operators coexist. Investors, particularly large institutional investors, have had to adapt to an industry featuring idiosyncratic returns and the financialisation process has not been straightforward. Retirement communities remain different from housing and other investment property markets, with increasing legislative protection for residents impacting on returns and the continued presence of NFP operators.

This chapter comprises two main sections. The first section examines the literature on financialisation in other property markets and geographies demonstrating different processes and outcomes. The financialisation of Australian retirement communities exhibits further processes and outcomes and this is examined in the second section. The financialisation process is examined historically, examining how earlier developments have both encouraged and impeded later financialisation.

5.2. Financialisation Literature

Financialisation provides a framework through which to examine the supply and location decisions made by retirement community operators. Since the financial turmoil of 2008/2009 financialisation has emerged as a conceptual framework for examining developments, particularly in housing and property markets (Fields, 2015b; Aalbers, 2016a; Fields, 2018; Aalbers, 2019a; Jacobs & Manzi, 2019). According to Albers (2019b, page 4) financialisation is:

. . . the increasing dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households.

As a concept, financialisation has been criticised for being unclear, imprecise and vague and that it both categorises and explains (Christophers, 2015; Jacobs & Manzi, 2019). This imprecision and plasticity are also strengths which allow the concept to be applied across different disciplines and at different scales (Aalbers, 2019b). The plasticity of financialisation as an analytical tool supports its usefulness when dealing with the complex realities of contemporary asset markets (Aalbers, 2019b), including Australian retirement communities.

The processes that drove financialisation commenced as early as the 1970s with financial market deregulation and digitalisation (van Loon & Aalbers, 2017). The rise in personal computing assisted the adoption of sophisticated quantitative investment strategies particularly by institutional investors, which further facilitated financialisation (Jacobs & Manzi, 2019). Studies of the financialisation of different asset sectors in different countries demonstrate that it is geographically and historically contingent with different processes and outcomes (Murphy, 2015; Wijburg, et al., 2018). Researchers have studied the financialisation process and the manner in which investment decisions were made in large financial and investment institutions. These institutional investors required financial products that provide returns that could be analysed quantitatively (Theurillat, et al., 2010; van Loon & Aalbers, 2017; van der Zwan, 2017; Corpataux, et al., 2017). Research on financialisation suggests that the focus is on what institutional investors want, with financial products and returns created to suit these investors.

Research on the financialisation of owner-occupied housing and investment property has presented a process driven by large, often international, financial and investment institutions that has been most pronounced in Anglo-American political economies (van der Zwan, 2017). Investment banks and fund managers created securitised investments with home mortgages converting home ownership into financial assets (Coakley, 1994; Rolnik, 2013; Fernandez & Aalbers, 2016). Listed and private equity investors actively sourced investment in residential rental property to convert into financial assets (Fields, 2015a; Fields, 2017a; August & Walks, 2017). Investment banks and fund managers created debt structures that provided finance to social housing providers (Wainwright & Manville, 2017). Research demonstrates that the entry of these institutional investors into any new geography or asset type resulted in the increasing dominance of financial actors, markets, practices, measurements and narratives.

Financialisation is affected by different regulatory structures, markets and geographies. This section examines how the financialisation process occurred in other property markets and how the requirements of institutional investors influenced this process. This informs analysis of how the financialisation process influenced the Australian retirement community industry (Chapter

5.3). First, the financialisation of housing observed across various countries with outcomes for residents/tenants is examined. Second, the financialisation of commercial property is studied. This identifies the importance of quantitative analysis by institutional investors and how this analysis places requirements on investments to conform to a framework. Third the financialisation of Australian investment property is examined, together with how the growth of securitised investment funds motivated operators of Australian retirement communities to conform to the quantitative analysis framework. Finally, the financial features of Australian retirement communities are studied. These unique features, coupled with the heterogeneity of the industry resulted in a similar but different financialisation process compared to housing, commercial property and Australian investment property.

5.2.1. Financialisation of Housing

Owner-occupied and investment housing have been converted into tradable securities in different countries. Studies of this financialisation argue that the process was driven by institutional investors, demonstrating how previously illiquid and local assets were converted into liquid global securities (Coakley, 1994; Rolnik, 2013; Fields, 2015a; Fields, 2015b; Fernandez & Aalbers, 2016; August & Walks, 2017; Fields, 2017a; Fields, 2017b). Examination of the financialisation of mortgages and investor and social housing by institutional investors has shown how these processes established new asset classes that were then marketed to institutional investors (Rolnik, 2013; Fernandez & Aalbers, 2016; Wainwright & Manville, 2017). These processes resulted in tensions between institutional investors, residential mortgagors and rental tenants (Fields, 2015a; Fields, 2017a; August & Walks, 2017).

Owner-occupied housing has been financialised through investment banks and fund managers creating securitised investments with pools of home mortgages (Coakley, 1994; Rolnik, 2013; Fernandez & Aalbers, 2016; Christophers, 2016a). Individual mortgages that had previously been an asset on a bank's balance sheet were bundled into tradable securities. Australia was an enthusiastic early adopter of securitised mortgages, with the process commencing in the early 1990s. This converted bank balance sheet items into tradable securities that were then sold to institutional investors (Macquarie Bank Limited, 1993). Investors now had a new fixed interest investment with interest rates priced above government and corporate bond rates. Risks were priced in line with housing loan default rates (owner-occupied and investor). The benefit to Australian homeowners was increased competition in the mortgage market, resulting in reduced mortgage interest rates (Debelle, 2009). The total value of securitised residential mortgages in

Australia increased from approximately \$5 billion in 1995 to approximately \$105 billion in 2004 (Bailey, et al., 2004) and by March 2019 it was approximately \$112 billion (Reserve Bank of Australia, 2019).

Securitisation of mortgages commenced a cycle whereby owner-occupiers were encouraged to purchase increasingly more expensive properties, funded by readily available finance and facilitated by increasingly lax lending standards (Ellis, 2009). This came to an end with an upsurge in mortgage defaults in mid-2007. The resultant economic and financial turmoil, particularly in North American markets, affected an increasing number of homeowners with further mortgage defaults (Ellis, 2009; DeBelle, 2009). Homeowners who had not been in arrears were affected by the economic downturn with the associated decline in property values that resulted in further defaults and foreclosures. This then facilitated the financialisation of investment housing as the high level of mortgage defaults enabled incoming institutional investors to purchase property at a significant discount (Fields, 2015b).

The financialisation of investment housing in the North American market was through similar but different processes. In the 1990s and 2000s, neoliberal policies enabled private equity funds and listed funds to purchase affordable rental properties in New York (Fields, 2015a; Fields, 2015b; Fields, 2017a; Fields, 2017b) and Toronto (August & Walks, 2017), essentially converting affordable housing into an institutional asset class. Post 2008/2009, institutional investors took advantage of the North American downturn in residential markets by purchasing foreclosed properties and securitising rental income from single-family rental properties (Fields, 2015b). An excess of financial capital seeking new asset classes assisted in this property-led financial accumulation (Fields, 2018). Tensions between housing residents and these new institutional investors were observed, with residents and communities showing a level of resistance (Fields, 2015a; Fields, 2017a). The incoming institutional investors were able to achieve an increase in rental returns from new tenants, resulting in an increase in the value of their properties. What was positive for the institutional investors was not necessarily positive for tenants facing difficulties in accessing affordable housing and these tensions continue to be played out.

Institutional investors may drive the financialisation process. The benefits of providing capital on more attractive terms than previously can encourage property owners and business operators in an industry to make their assets more attractive to such investors. In the UK, investment banks and fund managers provided finance to social housing providers, a group that had previously had difficulty accessing debt funding, through the creation of tradable securities (Aalbers, 2016b; Wainwright & Manville, 2017). The tension between tenants (residents) and

institutional investors is influenced by legal and regulatory frameworks which can both impede and facilitate financialisation (Christophers, 2016a; Christophers, 2016b; Wainwright & Manville, 2017). With social housing the tension between tenants and institutional investors is mediated by housing associations. Aalbers (2019b) observes, that financialisation of the state and (semi-) public-sector includes the penetration of financial actors, markets, practices, measurements and narratives into the non-private sector. Housing associations themselves have been influenced by financialisation with the construction of financial instruments and they have adopted financial narratives in their rationale and promotion. It is argued that this puts housing associations in a quandary, having to choose between a 'not-for-profit' and a commercial strategy (Jacobs & Manzi, 2019).

Financialisation of owner-occupied and investment housing has been through similar but different routes, demonstrating that the process is contingent on financial markets and regulatory frameworks (Wijburg, et al., 2018). Initial studies of financialisation of housing have focused on North American markets; in contrast, studies of the financialisation of commercial property have been across wider geographies.

5.2.2. Financialisation of Investment Property

The financialisation of investment property demonstrates how it has been a process of institutional investors creating financial products to suit their return requirements (Corpataux, et al., 2009; Theurillat, et al., 2010; van der Zwan, 2014). As these institutional investors, superannuation (pension) funds, have increased in size with higher levels of participation and reinvestment, they have increased their power over financial markets. Institutional investors prefer investments that are both liquid and easily comparable as such attributes facilitate their asset allocation strategies (Corpataux, et al., 2009; Theurillat, et al., 2010). This preference results in increased asset allocations to securitised (listed and unlisted) investments, particularly property funds (Theurillat, et al., 2010; van der Zwan, 2017). North American and European pension funds have targeted commercial (i.e. offices, retail and industrial) property both directly and through listed markets (Corpataux, et al., 2009; van der Zwan, 2017). In this process, pension funds have adopted practices from financial markets, including professionalised investment management and quantitative analysis (Dixon & Monk, 2009; Dixon & Sorsa, 2009). Returns that are more readily analysable using quantitative analysis can be achieved by bundling numbers of individual property assets into pooled investment vehicles, called securitised property funds. The financialisation of investment property has thus been achieved through

the creation of securitised property funds. These funds have increased in number along with the value of assets under management, resulting in increasing focus on a wider range of geographies and property types (Theurillat, et al., 2010; van der Zwan, 2017), of which retirement communities are one.

Securitised property funds offer liquidity as units in funds are more easily tradable than physical property; in addition, they provide diversification across a variety of assets within a fund (Theurillat, et al., 2010). Researchers have explored how investment and asset allocation decisions are made in large financial and investment institutions and identified their reliance on quantitative investment strategies, particularly Modern Portfolio Theory (MPT) (also known as the mean variance model) (Haugen, 2001; Rubinstein, 2002; van der Zwan, 2017). The growth of large institutional investors who use quantitative analysis, particularly MPT, as their main investment and asset allocation tool was assisted by the increasing adoption of sophisticated quantitative investment strategies (Roberts, 2008). Managers of property investment funds earn fees for creating and managing securitised property funds, as the quantum of these fees is based on the size of the fund (Rowland, 2010). Revenue from fees for managing property investment funds acts as a further incentive for investment managers to create such structures.

A criticism of financialisation is that it is too often black-boxed and the institutional and mathematical infrastructure is taken as a given (Ouma, 2015). The focus on quantitative analysis, particularly MPT, is difficult for people without a background in financial mathematics (Poovey, 2015; Fields, 2018). An understanding of the mathematical models, their history and their importance to financial decision-making is fundamental to an analysis of financialisation. The next section provides an overview of MPT in order to contextualise the processes of financialisation of Australian retirement communities.

5.2.2.1. Modern Portfolio Theory (MPT)

Financialisation emerged in tandem with increasing mobility of capital and liquidity on trading markets, initially in the Anglo-American equity and debt markets and then to wider geographies and commodities (van der Zwan, 2017; van Loon & Aalbers, 2017; Corpataux, et al., 2017). Anglo-American trading markets and legal frameworks facilitated the development of sophisticated quantitative investment strategies, particularly MPT which is the main approach used by institutional investors in structuring portfolios and measuring their performance (Haugen, 2001; Rubinstein, 2002; van der Zwan, 2017). Investors seek to either maximise returns for a chosen level of risk or minimise risk for a chosen level of return enabling the

construction of an optimal portfolio for an individual investor. Portfolio risk can be reduced by adding investments that have low or negative correlation with other investments already in the portfolio (Markowitz, 1952; Sharpe, 1963; Markowitz, 1991). At the same time, investors are continually seeking new asset sectors and investments, particularly those that have low or negative correlation with existing assets (van der Zwan, 2017; Corpataux, et al., 2017). MPT has been widely adopted and is the main framework used by institutional investors for investment decision-making (Haugen, 2001). Increasing computational efficiency from the 1980s and 1990s assisted the adoption of MPT by a wider group, including academics, who were then able to offer refinements and devise new trading strategies (Elton & Gruber, 1997; Bolton, 2009).

Investments need to conform to the MPT framework with its requirements for diversification, quantitative outputs and liquidity. Quantitative analysis requires any new investment to be summarised numerically along with how its inclusion will impact on portfolio performance. Qualitative analysis is used, however the quantitative analysis has dominance in investment and asset allocation decisions (Reddy, 2012; van der Zwan, 2017; van Loon & Aalbers, 2017; Corpataux, et al., 2017). MPT includes an assumption that investors can rebalance their portfolios at any time which requires liquid investments (Markowitz, 1991; Haugen, 2001; Elton, et al., 2009). Since physical property is an inherently illiquid asset, liquidity can be provided through (listed and unlisted) securitised investment funds, which are the main method by which Australian institutional investors gain their exposure to property assets (Reddy, 2012).

The historically dominant form of Australian retirement communities, the retirement village, does not conform to the requirements of MPT as the returns are irregular and difficult to predict accurately. Timing of cash flows is dependent on when residents exit the retirement village, which for current residents can be predicted using actuarial life tables. The main method of analysis of retirement villages, discounted cash flow is over 20-40-year timeframes (Moschione, 1992; Hatcher & O'Leary, 1994) and predicting duration and the timing of exit payments for new residents following the exit of an in-situ group is considerably more difficult. Institutional investors were more familiar with office, retail and industrial properties that have standardised lease agreements providing predictable cash flows.

The financialisation of retirement communities has been a process whereby operators sought to meet the requirements of MPT by overcoming the irregular and unpredictable returns of retirement villages. They have achieved this by creating securitised investment funds made up of portfolios of retirement villages and new housing types with regular predictable rental returns.

In this way, the financialisation of retirement communities has followed the financialisation of Australian investment property while also being influenced by events in the wider property and financial markets.

5.2.3. Financialisation of Australian Investment Property

Operators of retirement communities have been motivated by the financialisation of Australian investment property that has taken place since the 1970s. Australia was an early mover in the financialisation of investment property, commencing in the 1970s with listed property investments through Australian Real Estate Investment Trusts (A-REITs)¹³ (De Francesco & Hartigan, 2009), the local version of the American Real Estate Investment Trust (REIT). The first listed A-REIT was General Property Trust (now GPT Group) in 1971 with office, retail and industrial assets (Jobson's Yearbook of Public Companies, 1998). A feature of the Australian situation was that many of these vehicles were created by property developers rather than institutional investors. Developers benefited by having an end purchaser for properties that they had constructed plus they could maintain a long-term share in the ownership of these properties and benefit from the ongoing capital growth (Jobson's Yearbook of Public Companies, 1998). Further developer-driven listed property vehicles included Stockland and Westfield Trust, both of which listed in 1982. These three vehicles still remain listed (with name changes), in contrast to the listed investment vehicles initially driven by institutional investors where many were absorbed into larger portfolios (Jobson's Yearbook of Public Companies, 1998; AMP Ltd, 2003).

Booms and busts, which are a regular feature of the Australian residential and investment property markets, have assisted the financialisation process (Daly, et al., 1982; Brunnermeier & Schnabel, 2015). The most notable recent boom and bust occurred during 1980 – 1990 when listed A-REITs benefited from the difficulties with Unlisted Property Trusts (UPTs). The Australian UPT sector had grown significantly throughout the 1980s and, by 1990 the value of assets was \$8.9 billion. In the early 1990s, there was a significant decline in asset values and in 1991 the value of UPT assets had fallen to \$6.9 billion leading to a run on redemptions as investors sought to withdraw to avoid capital losses resulting in a liquidity crisis for these funds. The Commonwealth Government intervened by freezing redemptions which in turn resulted in the (predominantly) small investors being unable to access their money, in some cases for years (The Companies and Securities Advisory Committee, 1993). Many of these UPTs were

¹³ Originally called Listed Property Trusts. The term A-REIT includes companies, trusts and stapled entities.

restructured and ultimately listed on the Australian Securities Exchange (ASX) (De Francesco & Hartigan, 2009). The linkage between property crashes and financial crises was demonstrated by these events, as one of Australia's major banks was nearly brought down (Renaud, 1997). Among the outcomes of these events was an increasing focus on the listed markets to achieve property asset allocation by institutional investors.

The development of A-REITs provided a wider pool of equity capital than had been previously available and one that was not limited by geography. Accessing the listed market required initial upfront costs (listing, structuring and marketing) counterbalanced by the increased source of capital on (often) better terms (De Francesco & Hartigan, 2009). Developers and owners of investment property could see clear benefits in accessing listed markets and the A-REIT sector grew throughout the 1990s. The introduction of compulsory superannuation in 1992 increased the quantum of funds under management and fund managers sought new investment opportunities (Drew & Stanford, 2003). In July 2002 a sector-specific index was launched comprising A-REITs in the S&P/ASX 200, this comprised 28 funds with a total market capitalisation of \$44.4 billion. The financial crisis of 2008/2009 resulted in consolidation which assisted further growth and as at 31 July 2019, the S&P ASX 200 A-REIT index comprised 18 funds with a total market capitalisation of \$136.65 billion (S&P Dow Jones Indices, 2019). Institutional investors still had a requirement for direct (unlisted) property in their portfolios and they achieved this with wholesale property funds. The Industry Superannuation Property Trust commenced in 1994 and by June 2019 had \$18.1 billion of property assets under management (ISPT, 2019). The majority of investment-grade property in Australia is now held in securitised investment funds for both retail and wholesale investors (De Francesco & Hartigan, 2009). The growth of the A-REIT and wholesale investment fund sectors since the 1990s has motivated owners, developers and operators of specialised property assets to access these markets.

The attractiveness of A-REITs to investors is the regular income underpinned by legally-binding property lease agreements which are a feature of office, industrial and retail property. In contrast, the main form of Australian retirement communities, retirement villages, does not provide a regular quantitatively analysable income return. Operators were motivated by the financialisation of North American retirement communities which had become a recognised component within the real estate investment trust sector on listed markets (Worzala, et al., 2008; Worzala, et al., 2009). Seniors' housing, as it is called in North America, is a different legal and financial model to Australian retirement communities. Independent living in North America, which corresponds to Australian retirement communities, is based on rental payments, which

are easier to financialise compared to Australia's exit fee structure. The financialisation of Australian retirement communities has been a process whereby operators in the industry have created investment funds and asset types that would produce regular quantitatively analysable income returns.

5.2.4. Financial Features of Australian Retirement Communities

With Australian retirement communities, institutional investors were confronted by a different asset compared to more readily financialised commercial, retail and industrial property. The industry displayed considerable heterogeneity coupled with features not seen in other property assets. The three main types of Australian retirement communities each have a different financial and legal structure catering to the different socioeconomics of older people, summarised in Table 4 (page 7). Within each of these three main types lies further diversity across geographies, financial structures, residents and legislation.

In addition to diversity, institutional investors were confronted with inherent features not seen in other property assets, which impact on investment returns. These included the exit fee structure, residents' rights and reputational risks, and these are examined in this section. With retirement villages financial returns are received in an exit fee structure and they are realised only when residents depart. In addition, the rights of retirement village residents are enshrined in legislation, and these rights are higher than the rights of tenants in other housing assets. All retirement communities have a requirement for ongoing operational management, and this results in reputational risk. Operators have to keep attracting new residents, which is difficult if the operator and the property have a poor reputation and it is these features that have historically made retirement communities less appealing to institutional investors seeking secure and predictable returns.

Histories of the financialisation of other property asset classes display a process of overcoming (or attempting to overcome) inherent features that make such assets difficult to convert into tradable securities. With Australian retirement communities, some of these inherent features can be overcome, but others require adjustment in the thinking of institutional investors.

5.2.4.1. Exit Fee Structure

The exit fee structure of retirement villages, the original form of Australian retirement communities, does not provide a stable and predictable income stream. Retirement villages

(and some MHEs) earn their return through an exit fee that is payable when the resident exits (Moschione, 1992; Hatcher & O'Leary, 1994), a model which commenced in the 1970s (Jones Lang LaSalle, 2007a).

There are a number of main features in the calculation of an exit fee and there is no one standard model, either within a village, a region or a country. These main features include (Moschione, 1992; Jones Lang LaSalle, 2007a):

- An annual percentage fee that may be fixed or variable; for example, 2.5% per annum or 5% in the first two years then 2.5% per annum and is calculated in reference to a resident's length of stay. There is a maximum percentage or cap, on this fee for example 25% or 30%. This percentage is then multiplied by either the incoming contribution or the outgoing amount which is the incoming contribution of the next resident.
- The resident and operator may share the capital gain between this incoming price and outgoing amount. For example, the operator may receive 50%, 100% or 0% of the capital gain and the resident receive the remainder.
- There may be further costs to the operator including refurbishment, selling fees and sinking fund contributions. A trend that has been noticed is the increasing restrictions on additional costs that can be charged to the resident under legislation.

Income from exit fees is received when residents exit a retirement village, the timing of which is difficult to predict. Future exit fees can be estimated based on market performance and current and future residents' life expectancy using actuarial life tables (FKP Limited, 2004; Stockland, 2007b). Income from a retirement village cannot be accurately predicted to the level achieved with commercial, retail and industrial assets, which are based on regular lease payments. This unpredictability increases the level of risk to investors and makes it difficult to generate financial models using the MPT framework on which to base future returns (Stockland, 2009; FKP Property Group Limited, 2010).

Debt-based financialisation also faces problems in that residence in a retirement village is under a contractual agreement and residents have a claim on the title that takes precedence over that of a financier (Moschione, 1992; Jones Lang LaSalle, 2007a; Towart, 2009). Unlike conventional property, not all the major Australian banks will lend to operators of retirement villages (Denton, 1997). Operators have been proactive in overcoming this by seeking finance, particularly for development, through either non-mainstream lenders or enhanced financing arrangements (Walkley, 1990).

Operators have also been proactive in accumulating portfolios of retirement villages, a precursor to securitised investment funds (MacDermott, 2003). Portfolios of thousands of exit fee calculations allowed for averaging, which then assisted quantitative analysis facilitating financialisation. The other two inherent features of retirement villages, namely, residents' rights and reputational risk, are less easily reduced, and institutional investors have had to accommodate these features.

5.2.4.2. Residents' Rights

Compared to tenants in residential, commercial, retail and industrial properties, retirement village residents have greater legal rights, and these rights have the potential to influence financial returns. These rights are enshrined in state and territory retirement village legislation (Table 2, page 4) to give residents legal protection. It is possible to renegotiate contracts with existing tenants; however, this can be time-consuming and problematic, often resulting in negative publicity (Aveo Group, 2017a). The financialisation of rental housing in North America has examples where incoming investors were able to rework existing properties and attract a new demographic of tenants paying higher rents (Fields & Uffer, 2016). A 'value uplift', as it was called, was achievable for the incoming institutional investors and was a driver of this financialisation. This has not been an option for Australian retirement villages. Specialist MHE legislation in some (but not all) states provides greater protection to residents than those in residential rental tenancies (Table 3, page 6). This higher degree of protection afforded to residents in retirement communities it is a barrier to the financial reconfiguration of assets.

5.2.4.3. Reputational Risk

Reputational risk increases the overall risks associated with investment in Australian retirement communities. Unlike residential development, operators of retirement communities retain an ongoing role after completion of construction which introduces this reputational risk. The interrelationship of the operational business and the physical property results in an asset where both the operator and any institutional investor are subject to this reputational risk (Bleby, 2018; Cranston, 2018). Older people, as a group, are able to elicit sympathy, particularly in the popular press, in ways few other groups can (Ferguson, 2017). Unlike residential aged care, retirement community living is a choice not a need¹⁴. As residents depart, an operator must keep attracting

¹⁴ Older Australians who need medical care and assistance with daily activities do so through the aged care system which is regulated and (partially) funded by the Commonwealth Government.

new residents and can only achieve this by maintaining a good reputation. In this respect, retirement community residents have greater power than rental tenants, resulting in a tension between the requirements of residents and investor-operators. A negative reputational event that causes adverse publicity impacts on operators through falling income from vacant dwellings and declining asset values, which in the case of listed entities can be dramatic (Aveo Group, 2017b). A negative reputational event impacts departing retirement village and MHE residents by delaying sale, and for residents in situ the legal protection means that costs must be borne by the operator.

The combination of the exit fee structure, resident rights and reputational risk made the financialisation of retirement communities difficult; resident rights and reputational risk could not only not be changed, if anything, they have increased (Hugo, 2018). The history of the financialisation of Australian retirement communities has been one of operators attempting to overcome the difficulties associated with the exit fee model due to its lack of appeal to investors. Operators have attempted to drive financialisation by creating securitised investment funds (Chapter 5.3.2.2) and focusing on rental villages (Chapter 5.3.3.2) and MHEs (Chapter 5.3.5.3), both of which were more easily securitised due to their regular income stream. Governments have also had a role in both facilitating and impeding financialisation (Davis & Walsh, 2015; Christophers, 2016b). Hierarchical and historical policies have assisted the financialisation of Australian retirement communities (Chapter 4 and Chapter 5.3.1.1), but legislative changes introduced in response to media focus on tensions between residents and retirement village operators have impeded financialisation (Chapter 5.3.5.1).

Australian retirement communities were not an asset easily transitioned from direct to indirect ownership, physically distancing the ultimate owner from the physical asset. This distance between the physical asset and the ultimate owner has been a feature of financialisation in other housing and property markets (Fernandez & Aalbers, 2016; van Loon & Aalbers, 2017). Unlike other housing and traditional property assets, the operational business and the physical property of retirement communities are intricately connected, making distance between the physical asset and ultimate owner difficult, if not impossible (Laposa & Singer, 1999; Eichholtz, et al., 2007). By purchasing such assets, institutional investors had to learn how to become retirement community operators, a process that was not necessarily straightforward.

5.2.5. Summary

Studies of financialisation in other geographies and other Australian property assets show a process driven by large institutional investors, which has resulted in dominance by this group. With housing, this has been a process of securitisation of mortgages and targeting of rental housing by institutional investors, thus linking housing to global financial markets. With commercial, retail and industrial investment property, financialisation has been achieved through the creation of securitised investment funds, listed and unlisted. The market for securitised property investment vehicles in Australia has been well established since the 1970s. A feature of this financialisation process has been the use of quantitative analysis; such analysis prefers investments which provide a regular income return.

Inherent features of Australian retirement communities have made their financialisation more problematic compared to housing and investment property. This is because retirement villages, the traditional form, do not provide a regular income return. Financialisation of the industry has been a process where operators sought to make assets more attractive to institutional investors. Compared to financialisation of other markets, this has been over a longer timeframe and is examined in the next section.

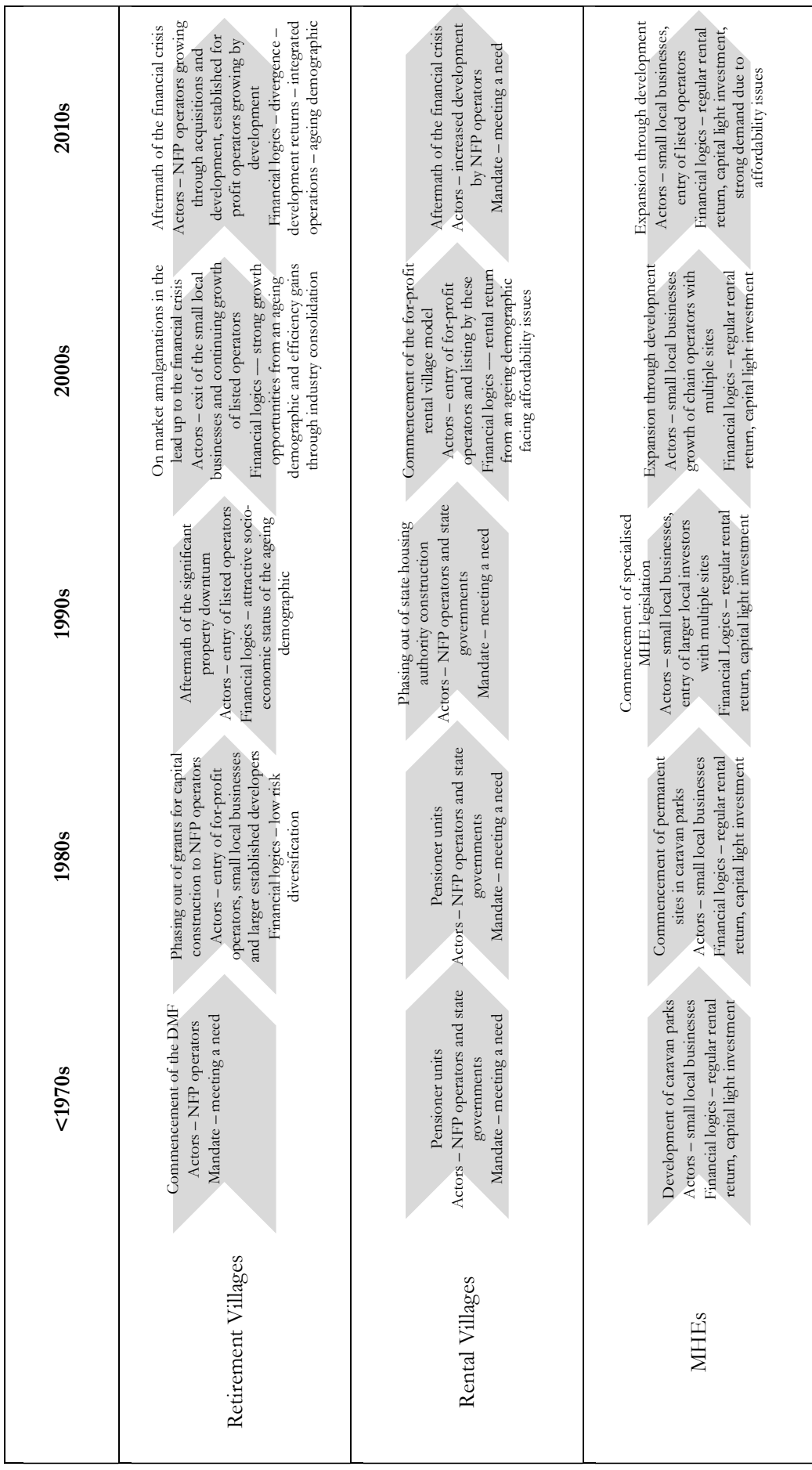
5.3. Financialisation of Australian Retirement Communities

This section focuses on how the Australian retirement community industry has been transformed through interaction with financial markets, practices and measurements. Jacobs and Manzi (2019) (page 1) have acknowledged that:

‘... the concept [financialisation] has most utility for researchers when applied historically, to make explicit how the variegated, situational and adaptive practices that are now in place have their origins in earlier stages of capitalist development.’

An examination of the industry since WWII shows an evolutionary process over a much longer timeframe compared to the financialisation of mortgages and rental housing observed in other geographies (Rolnik, 2013; Fernandez & Aalbers, 2016; Wijburg, et al., 2018). This evolution has been summarised in Figure 27.

Figure 27: Timeline of the Financialisation of Australian Retirement Communities



Source: Author

This section examines the historical development of retirement communities in Australia and the study area over a number of broad time periods corresponding to major developments within the industry. First, initial development and laying down of the ground rules that occurred from post-WWII to 1989. Changing legislation facilitated financialisation by encouraging the mindset that older people were a group from which a profit could be achieved and by removing the stimulus to NFP operators thereby encouraging for-profit operators to enter the industry. Second, from 1990 to 1999 Australia's ageing demographic was becoming more obvious and consolidation by established operators and the entry of new groups. Following the financial market downturn of the early 1990s and the influence of TR 94/24, existing operators amalgamated portfolios and new operators entered the industry. Third, the period from 2000 to 2007 was one of consolidation and growth, when listed and large institutional investors targeted the industry, purchasing assets, portfolios and operators. Rental villages were trialled by for-profit operators as this model was more easily securitised, and hence financialised compared to retirement villages. Fourth, international and local financial turmoil that occurred between 2008 and 2011 resulted in many of these new entrants exiting the industry. There were some notable financial failures that still have implications for the industry, however well-resourced operators were able to take advantage of this situation and increase their portfolios. Fifth, going forward from 2012 to the current period (2019), the difficulty of generating a sustainable return on investment from retirement villages has become more apparent, with operators facing significant reputational risk and increased legislation. NFP operators increasingly feature financial narratives and metrics in their reporting and publications. Operators now trialling MHEs are benefiting from regular rental payments underpinned by CRA and attractive returns on construction costs. For all that, the industry is still fragmented, notwithstanding that national and international MHE operators are accumulating portfolios and developing new properties.

This examination of the historical development is illustrated with three examples, one portfolio owned by Jennings Group Ltd¹⁵ (Jennings) and two individual properties in the study area, Tarragal Glen and The Cove Village (originally Peridon Village). This Jennings portfolio and the two other properties are now owned and operated by large financial institutions. These three examples demonstrate how the industry has financialised and that this was not a

¹⁵ As many entities have changed their name over the last four decades, the most recent name is used throughout

straightforward process. Tarragal Glen and The Cove Village are examined further in Chapter 6 to illustrate how materialities influenced the choice of their location.

5.3.1. Initial Development and Laying down of the Ground Rules (post-WWII – 1989)

Traditional development of Australian retirement communities was by NFP organisations within the boundaries of faith, military service and/or ethnicity with a mandate to meet the housing needs of older people (Meredith, 1998; Bastian & McDonald, 2011). Post-war development of the industry involved NFP organisations establishing their position within the context of policy, economics and society of the day. This section explores three main themes. First, the role of the state in facilitating and/or impeding financialisation. Second, the development of the exit fee; the outcome of this fee structure is an emphasis on greater returns through development rather than ongoing operations. Third, the entry into the industry of for-profit operators and their trialling of new types of retirement communities.

5.3.1.1. Role of the State

The state can facilitate and contribute to financialisation through regulatory and policy changes in conjunction with neoliberalism, marketisation and commodification (Aalbers, 2019b; Jacobs & Manzi, 2019). Post-war development by NFP operators was assisted by Commonwealth Government policy and was examined in Chapter 4.2.1. The phasing out of capital grants under these policies is considered to have encouraged the entry of for-profit operators in the early 1980s (Howe, 1992; McGovern & Baltins, 2002; McNelis & Herbert, 2003). The NSW Government demonstrated that market solutions to housing for older people was required by introducing the SEPP which was examined in Chapter 4.2.4. Operators interacted with this new legislative framework and with increasing numbers of older people within the study area (Table 8, Page 41) in making establishment decisions. Individual states enacted specific retirement village acts and regulations in the 1980s, thus demonstrating the importance of the industry (Chapter 4.2.2). This early legislation enshrined greater rights for retirement village residents which made the industry more attractive to residents, but these rights impeded later financialisation by hampering the ability of institutional investors to increase the returns from in-situ residents. Since its introduction, state-based retirement village legislation has been regularly reviewed strengthening residents' rights.

The role of government in early the development of the industry was through changing legislation. MHEs in NSW benefited from the change in legislation in 1986 that permitted permanent residency. This changed the industry to one that catered for permanent residents and allowed operators to openly promote MHEs as desirable retirement accommodation. This change in legislation also changed the cash flow of MHEs to one of ongoing regular income underpinned by the Commonwealth age pension and other benefits. A regular cash flow underpinned by government benefits was easier to turn into a financial asset compared to one underpinned by seasonal tourist revenue (Chapter 4.4).

The phasing out of financial stimulus to NFP operators coupled with new legislation to regulate and control the development and operation of retirement villages changed perceptions within and of the industry (Howe, 1992; McGovern & Baltins, 2002; McNelis & Herbert, 2003). Retirement communities had been a charitable operation providing accommodation (often in addition to care) to those in need; the industry focus changed to meeting market demand and making a financial return from older people. The legitimisation of MHEs and the resultant changes allowed that sector to grow and establish itself as an alternative type of retirement community. These changes coupled with the deregulation of financial services in Australia further facilitated the financialisation of the industry. The financialisation process commenced with the trialling of debt and equity finance to fund construction, acquisition, refurbishment and extension. Retirement communities established at this point became the basis for the accumulation of portfolios by later entrants.

5.3.1.2. Development of the Exit Fee

The original retirement villages established by NFP operators required a capital contribution (often non-refundable) to guarantee life tenure for the incoming residents (McDonald, 1986; Newland, 1989; Howe, 1992; Fine & Stevens, 1998). New retirement villages featured community centres with a range of activity rooms, consulting rooms for visiting medical specialists and personal grooming; and a host of, sporting facilities, such as heated swimming pools, gymnasiums and bowling greens. Operators were then faced with the difficulty of recouping the cost of constructing these facilities without making the incoming capital payment prohibitively expensive (Jones Lang LaSalle, 2007a). For-Profit Operator #8 described how the exit fee was originally formulated:

... how do you get a payback on [the community centre] and how do you lock into ongoing management? The concept was how do you charge a fee for that

and so there was a body corporate or owner's corporate fee but if you overlay that with the other costs of management and of services it was going to be too expensive. Then they thought about capital sum, some of the units were \$100,000 then make it \$130,000, but then people couldn't afford it. And so why don't you take a fee when they sell and people defer it . . .

The exit fee entailed discounting the incoming contribution and/or monthly maintenance fees in return for a payment when the resident departs the retirement village (Greenbrook, 2005; Jones Lang LaSalle, 2007a; Whittal, 2014). Discounting the incoming contribution assisted in the financial downsizing that many retirement village residents cited as a reason for choosing such accommodation (McCrindle & Madden, 2013; Judd, et al., 2014). A significant push factor in encouraging retirement village living is the cost and difficulty of maintaining an established house (McCrindle & Madden, 2013). A feature of the exit fee is that it is a use now, pay later model and allowed residents to transfer the timing of their costs. In this way, operators could recoup the costs of constructing the community facilities and residents were financially able to enter a retirement village and enjoy its community facilities and amenities. In addition to Australia, the retirement village model with exit fees is found in New Zealand, United Kingdom and South Africa (Towart, 2019).

The ramifications of such an idiosyncratic cash flow made later financialisation difficult as the cash flow return from a retirement village to an operator is the development profit on establishment and the exit fees when individual residents departed (Moschione, 1992; Jones Lang LaSalle, 2007a; Towart, 2009). A feature of this model is that the greater return is earned at the development point rather than during ongoing operations, as Consultant #1 explained:

. . . but the DMF, there are two places where you make money. One is on development and the other is on recurring income. Your higher margins, your higher returns, are in the development side of the house. Now that is because your risks are higher . . .

Not understanding where the greater returns were earned and the inability to increase the exit fee for residents in situ were reasons for the problems faced by incoming institutional investors in the 2000s (Chapter 5.3.3.1). Post-2008 this group found it difficult to achieve positive returns on their investments and there were many financial failures (Chapter 5.3.4.1). Operators can achieve significant profit through establishment of a retirement village which would otherwise be achievable through other operational activities and only over a number of years, as described by NFP Operator #5.

. . . their [Name] development, which returned in the hundreds of thousands of dollars per unit, which would take probably five or six years per bed to return the same from the residential aged care business.

By the end of the 1980s, the inherent features of the industry, including its idiosyncratic return from the exit fee structure, greater residents' rights (through the retirement villages legislation) and reputational risk were established. While the first two inherent features were obvious to institutional investors, reputational risk was less obvious when operators held smaller portfolios with a local geographical focus. Later consolidation with larger (listed) operators and properties across Australian states resulted in national publicity that highlighted the tensions between residents and individual operators (Chapter 5.3.5.1) (Ferguson, 2017).

5.3.1.3. Entry of For-Profit Operators

By the early 1980s, the rising number and proportions of older Australians had become more noticeable (Dunstan, 1989). Although this was not the 'demographic tsunami' observed post-2000, the increase in the number of older Australians who were relatively wealthy compared to those in previous decades was becoming more obvious (Robertson, 1990). This group had benefited from the post-war economic boom through employment and appreciating asset markets, the majority owned their own homes and they were seeking lifestyle in retirement (McDonald, 1986). For-profit operators entering the industry observed the increasing number of this group and that they were not catered for by the NFP offering. Regions like the study area experienced inward migration by these older people, resulting in increased numbers and proportion (Nebauer, 1984) (Chapter 3.2).

Many early for-profit operators in Australia and in the study area were residential developers who saw retirement villages as an extension of their activities. Through residential subdivision an operator could sell individual properties (house and land package) and have little to do with the resultant subdivision. A retirement village, however, allowed them to participate in ongoing capital growth from a well-designed and therefore well-regarded subdivision through the exit fees. Residential developers that focused on quality subdivisions could see benefits in maintaining ongoing ownership within these estates (For-Profit Operator #12). Commencing and operating retirement villages had synergies with their existing residential developments as Consultant #3 explained 'They were doing housing and residential estates, saw the retirement industry as an opportunity to do something differently'. Operators were travelling overseas and interstate and saw housing for retirees in other locations and were of the opinion that such housing would be viable in the study area.

Early development was an example of policy transfer where these operators incorporated an understanding of retirement communities in other geographies to the study area (Johnson,

1998). These overseas and interstate study tours were similar to those undertaken by early shopping centre developers (Westfield Holdings Ltd, 2000; McNally & Malone, 2010). At that stage NFP operators were well entrenched, many with dwellings constructed from grant funding, while for-profit operators, in contrast, focused on meeting market demand. Retirement villages had been trialled overseas and in other Australian states, encouraging operators to form the perception that they would be viable in the study area. As For-Profit Operator #8 explained:

. . . [they] went to America on fact-finding missions, because they were housebuilders. They went every year to have a look at the new trends in housing, . . . One of these trips they saw a retirement community, and thought 'gee that's not a bad idea'. . . In Australia there weren't many, and church and charitables were well set up . . .

The initial for-profit operators were small to medium-sized businesses with a local focus who cited that meeting demand (rather than need) was their rationale for entering the industry (Northern Herald, 1987; Benalla Ensign, 2016). As many had come from a residential development background, they had expertise in housing and an understanding of what retirees were seeking in an accommodation choice. Understanding the market was a feature mentioned by many operators including For-Profit Operator #6, who explained how such expertise was gained through industry experience:

. . . over the years we have obviously seen a lot of schemes come and go. They don't meet the market, generally speaking if they are not in the right locations at the right price, they are not going to get the take-up required to allow them to proceed financially.

'Meet the market' is a term often used by operators indicating that the retirement village offering in terms of level of accommodation, services and facilities was priced at a level (incoming capital contribution) that incoming residents were willing to pay. Not meeting the market could mean that the offering was too expensive for potential residents, or that the quality of the offering was insufficient for the price that the operator was asking. The 'right location', is important and refers to locations where older people want to live. Such locations have some natural amenity with convenient access to services and facilities. By the end of the 1980s, many of these smaller local operators had sold to larger groups who had a wider geographical focus (Beatson, 1989; Cook, 1989; Dunstan, 1989) and included established commercial property developers.

Acquisition and consolidation have been a feature in the financialisation of retirement communities. Many of the retirement villages established prior to 1989 were later acquired by larger (institutional) investors as part of a consolidation process. The company that had

originally developed and operated retirement villages may have exited but the properties remained, facilitating financialisation at a later date. The back story behind these properties and portfolios demonstrate that financialisation was not a straightforward process and many properties underwent a number of ownership changes.

An example of this was for-profit operator Jennings, which entered the industry in 1979 and by 1989 had eight retirement villages with approximately 1,000 dwellings in NSW and Victoria (Dunstan, 1989). Within the study area, local homebuilder and residential developer Glen Group established Tarragal Glen in 1989 (AAP Bulletins, 2007). In 1983 The Cove Village was established and was initially developed and operated by a syndicate marketed to retail investors by Peridon Group Ltd (Stockland, 2019b). The Cove Village is an example of operators seeking non-bank finance by obtaining funding through investment syndicates. Entry by for-profit operators facilitated financialisation by commencing retirement communities that were then accumulated into portfolios by larger organisations.

The increasing number of for-profit operators drove the financialisation process as this group sought debt and equity funding opportunities. At the same time, the earlier processes of deregulation and easy credit resulted in a stronger links between real estate and financial markets (Coakley, 1994) and as the industry has developed so have the links with financial markets. For example, the Co-operative Building Society owned and operated retirement villages in South Australia and, provided finance to the industry (Main, 1992). The retirement village holdings have since been divested and the financier is now part of Bendigo and Adelaide Bank which has a specialist retirement housing and aged care division.

A further feature of for-profit operators that entered the industry at this point is that many of the personnel who gained experience remained in the industry (with both for-profit and NFP operators). Financialisation of rental housing and mortgages in other geographies featured assets where high levels of specialist expertise were not a prerequisite (Coakley, 1994; Rolnik, 2013; Fields, 2015a; Fernandez & Aalbers, 2016; August & Walks, 2017; Fields, 2017a). Retirement communities are an industry where the real estate and the operation of that real estate are so interlinked that it is difficult to maintain a distance between the physical asset and the ultimate owner, hence investors are required to become operators (Laposa & Singer, 1999; Eichholtz, et al., 2007). Interviewees were asked to briefly recount their background in the industry and a number said they had started in the 1980s. They acknowledged the value of their experience in the initial development and evolution of the industry and their knowledge of operations was obtained through this experience. Entry by large institutional investors in the

2000s (Chapter 5.3.3.1) featured organisations without this operational expertise and many of them experienced financial losses post-2007 (Chapter 5.3.4.1).

Consolidation of these properties established in the 1980s into larger portfolios and organisations was part of the industry's development. Despite its complexity, the exit fee has remained and in various permutations it is used by for-profit, NFP and some MHE operators. Retirement communities established at this time remain in use, as evidenced by Jennings, Tarragal Glen and The Cove Village. Individual properties have been refurbished, expanded and amalgamated into larger portfolios facilitating further financialisation which is examined in the next section.

5.3.2. Demographics and Beginning of Larger Players (1990 to 1999)

By the 1990s, Australia's ageing demographic was increasingly being noticed by developers, investors and operators, encouraging establishments and amalgamations by new and existing operators. This section first studies how operators responded to this ageing demographic and second how the growth of the industry encouraged establishments and amalgamations into portfolios.

5.3.2.1. Awareness of the Ageing Demographic

By 1990, Australia's ageing demographic had started to be observed, and attitudes were changing towards older people and by older people about themselves (Walkley, 1990; Walsh, 1992). Older Australians were wealthier than the cohorts that preceded them, they were more active, and they were seeking lifestyle options. They were now seen as wealthy consumers with a willingness to buy into lifestyle retirement (Walkley, 1990). The introduction of compulsory superannuation in 1992 reinforced the mindset that future retirees would be financially responsible for their own retirement and be better financially resourced compared to previous generations (Drew & Stanford, 2003).

Also by 1990, the study area had an ageing demographic comprising both numerical ageing, where the number of older people had increased and structural ageing, where the proportion of older people had increased (Chapter 3.2). The region was noted for the sea change phenomenon before the term was even coined, with a higher proportion of older people compared to NSW as a whole (Figure 6 Page 40). For-Profit Operator #5 elaborated on the importance of demographics, explaining:

... you want to look at the demographics, the population, the ageing of the population. People in the area that are over, and the legislation for retirement is over 55 the reality is our average entry age is probably 74, so you are really looking at 75-year-olds and above usually.

To achieve viability, a retirement community needs incoming residents, namely people over a benchmark age. For-Profit Operator #8 acknowledged that ‘the main driver was demand’, without demand from incoming residents, initially and then to replace residents as they leave, retirement communities are not viable (Gadens, 2014; NSW Fair Trading, 2019). Only a small proportion of people over 65 choose to live in retirement communities (Grant Thornton, 2014). The standard benchmark to measure this level of acceptance is a location quotient, referred to as the penetration rate (Moschione, 1992; Smith & Ford, 1998). This is calculated on a geographical basis by dividing the number of residents in retirement communities within a region by the population above a certain age in that area. In Australia this has been calculated for retirement villages as 5.7%, based on the population aged 65 and older in 2014 (Grant Thornton, 2014). There is limited research into the penetration rate for rental villages and MHEs. The increasing numbers and proportion of older people in the region were indicative both of a population ageing in place and retirees migrating to the area. From the perspective of a retirement community operator, this made the region very attractive for potential developments. Local and national retirement community operators responded to this ageing demographic and changing mindset, existing operators established new retirement villages and new operators entered the industry by establishing and acquiring properties.

5.3.2.2. Pursuing Growth and Amalgamation of Portfolios

Operators were encouraged by this ageing demographic to establish new properties and purchase existing properties for amalgamation into portfolios, which further facilitated financialisation. By accumulating retirement villages into portfolios, the irregular exit fees could provide a more regular return by averaging across the portfolio. The irregularity of the cash flow from the DMF, as For-Profit Operator #4 explained:

... your DMF is basically your cash flow ... that realisation of that cash is not until 7, 8, 10, 20 years, unless your actuaries are pretty well down right, it is very hard to forecast besides your typical industry 10% turnover ...

Increasing numbers of retirement villages established in the previous decade enabled this accumulation and larger diversified portfolios of retirement villages were able to provide a regular income that would not have been achievable by an individual property (Stockland, 2009). Further, portfolios of retirement villages could be quantitatively analysed and predicted using

MPT and these portfolios could then be securitised and listed on the Australian Securities Exchange (ASX), thus converting illiquid assets with irregular returns into liquid tradable assets. Securitisation is a component of financialisation, providing liquidity to an otherwise illiquid asset and accompanied with institutional and regulatory dynamics (Murphy, 2015).

The Aveo Group (Aveo) listed in 1993, at that time retirement villages were only a small proportion of Aveo's activities comprising 5% of revenue, compared to development and construction with 82% (Forrester Parker, 1994). Similar to many earlier for-profit operators Aveo had come from a property development background and cited the financial logic of low risk diversification with commercial development as its rationale for expanding its portfolio into retirement villages (MacDermott, 1994). Diversification across a series of activities with lumpy cash flow activities (development, retirement villages) had the effect of averaging revenues across time periods, which facilitated analysis using MPT. These early operators had come from a property development background and were attracted to the diversification benefits from retirement village establishment and operation as explained by For-Profit Operator #11:

. . . developers want to make money off the development not off the long-term administration. That was the fundamental . . .
. . . developers decided or realised that if they had an ongoing cash flow of managing what they had built. They built it, made their profit by selling it to the entity that owned it and still make a fee from managing it once it was in that entity, then they had a double win.

With TR 94/24, Government also had a role in this stage of financialisation (Chapter 4.2.3). Retirement villages were increasingly seen as an asset that could be packaged as a financial product, thus further encouraging their construction. TR 94/24 signalled that the Government was willing to incentivise specialised housing for older people. Taxation benefits encouraged further establishments by existing operators and for new operators to enter the industry (Chapter 4.2.3).

Features of financialisation include growth being led by financial activities (Stockhammer, 2004; Krippner, 2005; van der Zwan, 2014) and the rise of the citizen as an investor (Davis, 2009; van der Zwan, 2014). Retirement village projects were actively sourced to be packaged into investment schemes and marketed to private investors (MacDermott, 1999). Many of these schemes were commenced by accountants and lawyers whose clients were targeted as potential investors (Buffini, 1999). This feature of financialisation influenced one of the examples, The Cove Village, which had been financed by a syndicate of private investors. In 1997 the investment scheme owning the property was wound up and management of the scheme was transferred to GDK Financial Solutions Pty Ltd (GDK) (Commonwealth of Australia, 1997).

GDK was a financial services company that managed number of investment schemes (syndicates) based on retirement village development. Investment schemes based on establishment of retirement villages were heavily dependent on taxation benefits under TR 94/24 (Buffini & MacDermott, 2000). Government policy interacted with Australia's ageing demographic, for-profit operators responded to this and were encouraged to construct and purchase retirement villages. For-Profit Operator #11 explained how properties became part of larger portfolios that were then easier to securitise further assisting the financialisation process:

They were keen to securitise it, you didn't develop them and sell them off. If you could develop them and sell them into your trust, then continue to manage them and get the fee, you had an ongoing cash flow and the reason for that was the developer on the stock exchange might've been capitalised at 18 or 19 or 20 times cash flow as the value of the business. Anybody who had an ongoing cash flow came down to 12 times income as the value of the business. You could accelerate the valuation of your business just by getting an ongoing cash flow.

Government had a further role in this financialisation process by encouraging amalgamations in the residential aged care industry, thus influencing trilevel care operators. In 1997, the Commonwealth Government introduced the *Aged Care Act 1997 (Cth)* (Chapter 4.3.1) which included the phasing-in of quality standards for levels of accommodation within residential aged care. Capital upgrades were required for properties that did not meet this level and since many operators of such properties did not have sufficient financial resources, they commenced exiting the industry. Established and incoming residential aged care providers took advantage of these exits by accumulating portfolios of aged care properties and licenses. Retirement villages were included in some of these portfolios and were also sold, assisting the creation of retirement village portfolios (Development Capital of Australia Limited, 1999; Bastian & McDonald, 2011).

The Australian housing and financial markets are intertwined and in the early 1990s they both experienced a significant downturn. One of Australia's major banks was nearly brought down in the process (Brunnermeier & Schnabel, 2015), but the fallout from this assisted in the financialisation of Australian property (Chapter 5.2.3) and retirement communities. This influence was observed in one of the examples. In 1994, Jennings was facing declining asset values and high levels of debt and was having difficulties with its creditors (Hurst, 1994). Listed DCA Group Limited (DCA) entered into a joint venture in 1995 with the Delfin Property Group (Delfin) to purchase Jennings' retirement village assets. In their communication to the market, the group identified the financial logic of the attractive socio-economic status of the ageing demographic (Development Capital of Australia Limited, 1995).

In contrast, operators of Tarragal Glen, the Glen Group, had not taken on high levels of debt and established a second retirement village in the study area plus had planning approval for a further two (Farrelly, 2003). This operator stayed local and did not branch into financial services instead concentrating on residential development and retirement village operations in the region (Farrelly, 2003). Income from portfolios of retirement villages was a way of realising diversification of cash flows with development activities and achieving financial sustainability (Development Capital of Australia Limited, 1997). The benefits of this diversification were demonstrated in the downturn of the early 1990s, when challenging financial and economic conditions coupled with unpredictable cash flows from an individual property resulted in financial failures (Harley, 1992).

NFP operators were also influenced by these trends and were involved in amalgamation activities within the confines of faith, mandate and geography. In 1994, Catholic Health Care Services (NSW & ACT) (Catholic Healthcare) was formed by amalgamating six Catholic hospital, health care and aged care organisations (Catholic Healthcare, 2019). The rationale for the formation of this organisation being concerns for the financial sustainability of many small (often local) hospitals and aged care providers. Amalgamation into a larger organisation allowed the group to effectively (and successfully) compete for NSW government tenders to provide health and aged care services (Catholic Healthcare, 2019). The larger group had the additional benefits of access to a greater skill set at executive and board level. Initially, Catholic Healthcare provided only medical and aged care services, but as more organisations joined the group retirement villages were added (Catholic Healthcare, 2019), showing how NFP operators had become aware that the industry had changed. Residents were also demanding higher levels of accommodation and services than the NFP operators were currently offering. Many had land holdings in locations of growth and demand and sought to capitalise on this, as NFP Operator #5 explained:

. . . their housing stock was 30 or 40 years old some of the early [Name] stuff was built in the late '50s, very early '60s. So, it was inappropriate for the current market [the 1990s]. They had large, large land holdings which provided an opportunity for that redevelopment and their large land holdings were in areas of growth and demand.

By the end of the decade, the industry had established a strong financial narrative with a focus on financial performance underpinned by the attractive ageing demographic. Early retirement community development had evolved into an established industry. Establishment had been stimulated by TR 94/24 and its removal in 2000 caused some issues for individual entities.

Operators had commenced seeking funding through the listed market, a trend that continued into the next decade.

5.3.3. Consolidation and Growth (2000 to 2007)

The years 2000 to 2007 represented a difference in that, during this time financialisation was driven by large institutional investors, in contrast to earlier and later periods where the process was driven by operators. Institutional investors targeted the industry, seeking further opportunities in an increasingly crowded investment market, accumulating portfolios and forming strategic alliances (AAP Bulletins, 2007; Macquarie Capital Alliance Group, 2007). This section first examines the entry and growth of these institutional investors and how this period featured a different financial logic. Second, the trialling of a new form of retirement community, rental villages operated by for-profit operators is studied. Previously rental villages had only been provided by NFP operators, this was a financial and legal model similar to a boarding house and featured a regular cash flow that was easier to financialise.

5.3.3.1. Entry and Growth of Institutional Investors

In other geographies, large institutional investors had entered, often taking advantage of turmoil and downturns, and remained. In contrast, many of the institutional investors that had focused enthusiastically on Australian retirement communities in the boom leading up to 2007 exited during the following financial turmoil (Table 13). During 2000 to 2007, existing listed operators expanded their portfolios, existing listed property companies entered the industry by acquiring operators and assets, existing operators sought funding and liquidity by listing on the ASX and new entrants listed and acquired operators and properties (Towart, 2015; Towart, 2017). There was a trend of expansion by acquisition, although not all operators chose to do this. This period also experienced strong asset price appreciation, which benefited existing operators; during this period much of these returns was driven by yield compression, whereby new investors repriced risk in the industry, resulting in the capital growth of assets (Jones Lang LaSalle, 2006).

Table 13: Institutional Investors in Australian Retirement Communities

Investor	Market Capitalisation November 2007 \$ million	Outcome	Market Capitalisation August 2019 \$ million
Aveo Group (Aveo)	7,445.80	Establishment and operation of retirement villages Divestment of nonretirement assets and pursuing of delisting	1,231.16
LendLease Group (LendLease)	7,440.20	Establishment and operation of retirement villages Sold 25% of retirement village portfolio to APG Asset Management N.V.	9,624.08
Stockland	12,345.28	Establishment and operation of retirement villages	10,777.27
Lend Lease Primelife Group (Primelife)	638.69	Operation of retirement villages on market takeover by LendLease December 2009	Delisted
Prime Retirement and Aged Care Property Trust (Prime)	487.41	Funds management and operation of retirement villages Liquidator appointed December 2011	Delisted
Becton Property Group (Becton)	785.68	Property development and investment with retirement village establishment and operation Receivers appointed February 2013	Delisted
Aevum Limited (Aevum)	314.08	Establishment and operation of retirement villages On market takeover by Stockland in November 2010	Delisted
LV Living Limited (LV Living)	2.84	Management of investment schemes around retirement villages Liquidator appointed January 2010	Delisted
AMP Capital Meridien Lifestyle (Retire Australia)	N/A	Unlisted operator of retirement villages	N/A
Macquarie Capital Asset Management (MCAG) Retirement Villages Group (RVG)	N/A	Operation of retirement villages Now part of Aveo portfolio	N/A
Ingenia Communities Group (Ingenia)	3,393.14	Operation and establishment of rental villages and MHEs	919.50
Eureka Group Holdings Limited (Eureka)	256.67	Funds management and operation of rental villages	64.41

Source: Author & Morningstar, 2019

Amalgamations and acquisitions influenced both Jennings and The Cove Village. LendLease, a large engineering, construction and property investment company, entered the industry by

acquiring Delfin, and in doing so became a joint venture partner with DCA (Lend Lease Corporation, 2001). The portfolio included the Jennings retirement village properties originally established in the 1980s. LendLease went on to acquire DCA's proportion of the portfolio in tranches in 2004 and 2005 (Lend Lease Corporation, 2005). LendLease did not make further retirement community acquisitions until after 2007 (Lend Lease, 2008); this was in contrast to a number of other institutional investors that made significant purchases during this period.

In 2002, LV Living, a listed mining exploration company rebadged as a retirement village operator and fund manager, announced a capital raising to purchase the revenue streams and construction projects from GDK, the assets of which included The Cove Village. The initial purchase price was renegotiated following the removal of TR 94/24, as many of the investment schemes promoted by GDK took advantage of this ruling. The sale did not proceed, citing unfavourable current market conditions (Maxe-tec Australia Limited, 2002). In 2006 TEYS Property Funds Ltd (TEYS), a Sydney based property investment management company, was appointed manager of the investment vehicle that owned The Cove Village (Central Coast Express, 2007). Both Jennings and The Cove Village were examples of amalgamation into portfolios that occurred over several transactions.

Australian retirement communities were not an easy asset to financialise, notwithstanding that larger investors were targeting the industry and financial services organisations were constructing investment schemes around retirement villages. Financialisation distances the investors from the physical assets, a situation that is more readily achievable with commercial, retail and industrial property. With these properties, returns are derived from long-term leases to corporate tenants and, operators can outsource management to a wide selection of property management companies. In contrast, retirement villages require ongoing management and the structuring of investment vehicles around these assets still requires that management and investors understand the underlying business. By entering into a joint venture with DCA , LendLease learned how to become a retirement village operator and manage these activities in-house, setting up a separate retirement division (Lend Lease, 2008). TEYS, by contrast had to employ an external manager, Village Care, to operate the retirement villages on behalf of its investors (Central Coast Express, 2007). Retirement community investors have a limited selection of potential management companies as Consultant #1 explained:

. . . there aren't a lot of people putting their hand up to operate other people's villages . . . because the cash flow is lumpy and unless you have another source of funds to pay them it becomes hard.

Incoming institutional investors had to build up teams with expertise in operating retirement villages. According to For-Profit Operator #2, retirement communities are an industry where ‘Everyone that I know that’s developed villages has learnt through experience’. As For-Profit Operator #8 acknowledged ‘We had expertise, so people wanted to partner with us’. Joint ventures between operators with expertise and developers with land allowed both parties to benefit. Consultant #3 explains ‘They had access to the site, and [Name] had the expertise with developing and operating retirement villages. That’s how (the joint venture) came together’. These statements acknowledge the importance of local and technical expertise in shaping how financialisation occurs, the parties involved and the outcomes (Theurillat, et al., 2010; van Loon & Aalbers, 2017).

Australia was an early leader in pooling local property into investment vehicles or REITs to facilitate investment by international institutional investors (Chapter 5.2.3). Institutional investors that entered the sector during 2000 to 2007 were predominately Australian and had considerable expertise in commercial, retail and industrial investment property. In these assets, tenants are generally businesses and management comprises dealing with professional people. Incoming investors into retirement villages not only had to learn a new industry but also how to deal with older people, as Consultant #1 explained:

What you have to understand is that retirement is an operating business as opposed to you can just own an industrial shed and collect rent. Obviously, there are some things you have to do, facilities management, whatever. And where a lot of players have come unstuck, because there have been some spectacular failures, is that they didn’t run a business well.

Operating retirement communities requires attracting new residents to replace those who leave and a property that is poorly run has difficulty attracting these new residents which impacts on financial performance. Previously operators had been smaller (often local) businesses with a relatively short distance between these operators (investors) and the assets. Incoming investors had to learn how to become retirement community operators as well as understand the cash flow from the exit fee, increased residents’ rights and the potential for reputational risk.

Amalgamations and expansion by both existing and new operators continued in the 2000s and retirement community operators continued to source listed equity, with Aevum listing in 2004 (Aevum Limited, 2004). Stockland also entered the industry at this point, first purchasing a development site with a retirement village component in 2003 followed by purchase of the Australian Retirement Communities portfolio in 2007 (Stockland, 2007a). Other institutional operators were enthusiastic purchases of existing retirement village assets. In 2007, AMP

Capital Investors entered into a joint venture with Meridien to establish a vehicle to own and operate retirement villages around Australia. Meridien had commenced purchasing retirement village assets in 2006, including the four properties (of which Tarragal Glen was one) operated by the Glen Group. These investors stated that a larger operator would have a more established brand and could achieve economies of scale, resulting in consolidation happening very quickly. In-house research suggested that the retirement sector would be lucrative and likely to deliver attractive long-term returns (AAP Bulletins, 2007).

Investment-grade property, commercial, retail and industrial, had become more tightly held in the hands of institutional investors. Retirement communities represented an untargeted asset through which large institutions could achieve investment returns, made more attractive by the ageing demographics. For-Profit Operator #9 explained the reasoning of these incoming institutional investors:

The early 2000s saw financiers like Babcock and Macquarie see it as a financial product which they could aggregate and make money out of portfolios, financial portfolio theory. And people like LendLease, Stockland and Aveo saw this as an extension of their residential businesses. The great consolidation, if you like, the early 2000s, which saw very big prices paid for portfolios and portfolios coming into a concentrated number of hands.

The financial logic for investors was that this was an industry that would benefit from consolidation and professional management and was underpinned by an attractive ageing demographic. Large investors had economies of size, with access to cheaper capital and marketing power, and scale, with operator's fixed costs spread across a larger number of villages and could provide professional management as retirement communities were still a 'cottage industry'. For-Profit Operator #9 explained that the rationale for operators selling to these incoming groups was more prosaic: 'The prices being paid were outrageous . . . the cheques being waved around by Macquarie Bank and Babcock & Brown, even Aveo, were stupid'.

Investors' experience of the industry up until the end of 2007 had been largely positive, as yield compression coupled with buoyant listed markets had delivered returns. At this point, two new investment groups Retirement Villages Group (RVG) and Prime Retirement and Aged Care Property Trust (Prime) were established. The story of both these investment vehicles illustrates the difference between the investor-driven financialisation process of 2000-2007 and the operator-driven process of other periods.

In 2005, the Macquarie Capital Alliance Group (MCAG), part of Macquarie Group Limited (Macquarie) and Aveo formed a joint venture with Retirement Villages Group (RVG) and the

first purchases were made in 2006. The rationale for investment featured the financial logic of efficiency gains through industry consolidation, as this was a fragmented market where financial benefits would accrue to larger operators (Macquarie Capital Alliance Group, 2005). In November 2007 approximately \$400 million was raised from local institutional investors (Australian superannuation funds) and a portfolio was purchased from MCAG and the Inge family for \$641 million (FKP Limited, 2007a; FKP Limited, 2007b). This was considered a benchmark high price for the industry (FKP Limited, 2007b) and it generated an investment return to MCAG of 2.5 times the original equity (Macquarie Capital Alliance Group, 2007); MCAG exited the industry at this point and has not returned.

Prime was established in 2001 and grew through acquisitions incorporating sale and leaseback arrangements. Significant growth was achieved through incoming retail investors introduced through a financial advisory network and investment management company controlled by the Chairman (Wilmot, 2006). Following the collapse of this investment management company redemptions to investors were frozen in 2006 (Keers, 2006). To provide liquidity to these investors Prime listed in August 2007, accentuating the financial logic of the strong growth opportunities based on the ageing demographic combined with an experienced management team (The Prime Retirement and Aged Care Property Trust, 2007).

Amalgamating individual retirement villages into portfolios made these assets more attractive to institutional investors using MPT. Purchasing portfolios from established operators provided a capital injection into the industry, which enabled these established operators to continue establishing retirement communities. The heterogeneity of older people encouraged for-profit operators to establish rental villages targeted at less wealthy older people, again this was investor driven, rather than operator-driven.

5.3.3.2. Rental Retirement Villages

Retirement communities based on a rental model are popular in North America and are an established asset class (Worzala, et al., 2009). Due to their desire to emulate the success of this overseas market in Australia, in the early 2000s for-profit operators started developing and operating rental retirement villages. These were newly-constructed complexes and had a business model similar to a boarding house. Some, but not all, included the provision of meals and housekeeping services in the total rental charge which was set in relation to the Commonwealth age pension. Rental villages featured the financial logic of a regular rental return

focusing on a growing subset of the ageing demographic who did not own their own home and would rent in retirement (Grant Thornton, 2011).

Financialisation is often presented as a process driven by large, often international, financial and investment institutions (van der Zwan, 2017). Investors driving the financialisation of rental villages were initially local organisations, some of which were listed. This is shown by Ingenia Communities Group (Ingenia) and Eureka Group (Eureka), the two main rental village operators and both of which listed on the ASX in 2004 (SunnyCove Management Limited, 2004; Village Life Ltd, 2004). Both entities grew through development and acquisition; with Ingenia this included diversification overseas and with Eureka, this included funds management activities. Originally these rental village investments were structured as financial vehicles in a multistep process. First, a rental village was commenced, and the developer/operator achieved a development profit. Second, the management rights for each rental village were sold to an operator/fund manager separating the management from the physical property. Finally, the physical property was either sold as a single parcel or individual dwellings were strata titled and sold individually to small investors. For-Profit Operator #9 explained how these financial schemes worked:

. . . that model was (based) in receiving development profits. Starting in Queensland, you would buy a block of land, put 60 bedsits on it, sell the management rights to somebody, even sell the units individually under a Managed Investment Scheme. You take about \$1 million or \$1.5 million profit out of it and off you go. . . . You notice that they are not in Sydney and Melbourne because land was too expensive to make that kind of profit. They went down to country areas in New South Wales, until you couldn't do it economically anymore. And you couldn't find the mom-and-pop's to buy them because it wasn't a very good investment. I have seen the IMs¹⁶ that basically said that the reason that these will be financially successful for an owner is that the pension grows by more than CPI. It has never grown by more than CPI. The financial model failed.

The financial logic of creating an investment vehicle with which to provide an attractive return to investors was similar to that espoused by large institutional investors targeting retirement villages (SunnyCove Management Limited, 2004; Village Life Ltd, 2004).

Investment in retirement villages and rental villages benefited from asset price appreciation and readily available debt and equity finance. Institutional investors had been encouraged to enter the industry based on an attractive ageing demographic, positive historical investment performance and opportunities from new types of retirement communities (rental villages).

¹⁶ Information Memorandum

From the beginning of 2008 events commencing in North America saw asset prices, particularly listed assets, decline significantly and financial institutions tighten lending requirements. The impact on Australian retirement communities included a reduction in the availability of debt and equity funding and an increase in the cost of this funding. Amalgamated portfolios and proposed developments were subject to increased scrutiny of financial performance and feasibility by equity investors and financiers. Investors and operators with high levels of debt did not survive the next four years. These financial failures impacted on the willingness of investors and financiers to advance funds for new supply as discussed in the next section.

5.3.4. Capital Restructure (2008 to 2011)

The financialisation of investment housing in North American markets featured institutional investors purchasing distressed assets post 2007 (Fields, 2015b; Fields & Uffer, 2016; Fields, 2018). In contrast, institutional investors in Australian retirement communities were the distressed investors quitting assets post 2007. Following the financial turmoil commencing in 2008, a number of financiers and investors reappraised their risk criteria and consequently repriced their return requirements (SCV Group Limited, 2009). Returns from retirement communities faced greater scrutiny, at the same time the slowing of the residential property market impacted on retirement villages in that potential residents were less likely to relocate (Stockland, 2009). All these factors impacted on the ability of operators and their investment vehicles to service their financial commitments. New investor operators into the industry realised that distance between investor and the ultimate asset was difficult to achieve with retirement communities and that ongoing (often hands-on) management was required. As a result, many of these new investor operators exited the industry (Wilmot, 2010).

5.3.4.1. Financial Failures

Retirement communities had been promoted on the basis of the attractive socio-economics of the ageing demographic coupled with low risk diversification. The events of 2008/2009 demonstrated that the industry was correlated with residential housing markets and had difficulty supporting high levels of debt (Stockland, 2009); however, the financial turmoil created opportunities for financially well-resourced operators. The longer-term implications of the financial difficulties experienced by investors in retirement villages and rental villages was a reduced willingness to commit funds to these assets with a corresponding reduction in numbers

of establishments (Chapter 3.5). Instead, investors focused on MHEs, which were more easily financialised (Chapter 5.3.5.3).

There were two notable failures that strongly influenced investor perceptions of the industry, namely, RVG and Prime, which were introduced in Chapter 5.3.3.1. RVG had commenced at the peak of the boom, November 2007, but in the following years, investors experienced capital losses and in 2012 Aveo announced that assets in RVG had been written down by 42% (Fielding, 2012). Investors were large Australian superannuation funds who did not seek publicity regarding this investment performance although it was well known throughout the institutional investor network (Loussikian, 2016). This negative performance influenced Australian superannuation funds' opinion of the investment potential of retirement communities and their unwillingness to commit further funds (villages.com.au, 2015). As For-Profit Operator #8 explained:

... the damage done by RVG is generational. It will wash through and the problem for [superannuation funds] is that they need to be in the space. ... the RVG experiment failed ...

Prime was suspended from the ASX in August 2010 after experiencing declining asset values with high debt levels and receivers were appointed in October 2010 (The Prime Retirement and Aged Care Property Trust, 2010). Prime had been extensively marketed to retail investors who experienced significant capital losses. Many investors were also residents in the villages and suffered doubly when liquidators were appointed, as receivership delayed their receiving funds when they exited a village (Productivity Commission, 2011). The retirement villages owned by Prime were subsequently amalgamated into LendLease's growing portfolio (Lend Lease Corporation Limited, 2012). Events at Prime were well publicised in the popular media, emphasising the difficulty in achieving investment returns from the ageing demographic (ASIC, 2017).

Studies of financialisation have encountered examples where the financial expectations of institutional investors did not materialise, resulting in these investors readjusting their strategies (Fields, 2015a; Aalbers, 2016b; Wijburg, et al., 2018). Post-2008, difficulties in accessing external finance, which is crucial for the business models of many institutional investors, resulted in portfolio sales (Aalbers, 2016b). The examples of RVG and Prime demonstrates similarities with institutional investors discovering that making money can be harder than expected and accessing external debt and equity finance from investors becomes more difficult after such financial losses. Longer term implications of this negative performance in Australia include a

lesser amount of funds at a higher cost with which to achieve new supply (For-Profit Operator #4).

Rental villages with the regular rental payments were easier to financialise, but this did not prevent them from also experiencing financial difficulties. Both Eureka and Ingenia suffered significant share price falls (in the vicinity of -90%) after listing (Towart, 2017) and both commenced a restructuring strategy that included asset divestment (ING Real Estate Community Living Group, 2009). The financial logic of the regular rental return appealed to institutional investors, but the capital losses impacted on public perception of the rental village model which required occupancy levels in excess of 90% in order to achieve a financial return, a level that was often not possible in all markets (SCV Group Limited, 2008).

Recapitalisation either through new debt or equity was sought by operators that were in a position to achieve this. In 2010, AMP Capital Investors exited the joint venture with Meridien, a move that required a new source of capital. JPMorgan, an international investment bank, provided mezzanine debt effectively recapitalising the group, which was rebranded as Retire Australia (Wilmot, 2012). The portfolio included Tarragal Glen along with the three other Glen Group retirement villages and the recapitalisation facilitated completion of the final stages of these properties.

Financial difficulties and capital losses created opportunities for financially well-resourced operators and in this period both Stockland and LendLease commenced a series of acquisitions. Studies of financialisation of rental housing in North America have revealed a process of institutional investors purchasing distressed assets post-2007 (Fields, 2015b; Fields & Uffer, 2016; Fields, 2018). Financialisation of Australian retirement communities was similar but different. Purchasers were not large institutional investors reworking distressed assets to improve return, rather they included existing (admittedly large) listed operators and NFP operators expanding their portfolios by making opportunistic purchases. In November 2010, Stockland undertook an on-market takeover of Aevum, whose portfolio included The Cove Village that it had purchased in 2008 (Aevum Limited, 2008). LendLease acquired all the securities in Primelife effectively taking over the company, LendLease's portfolio included the original Jennings retirement villages that had been established in the 1980s (Lend Lease Corporation Limited, 2009).

NFP operators also took advantage of the situation purchasing lifestyle retirement villages from distressed operators. RSL Lifecare purchased Breezes Mackay Retirement Village in 2011 from Becton Property Group (Becton) (Becton Property Group, 2011), a diversified property group

with retirement village assets, that was ultimately placed in receivership in February 2013. Illawarra Retirement Trust purchased The Links Seaside in Wollongong from a for-profit operator that had got into financial difficulty (Hurley, 2010). Both were secular NFP operators and were able to take advantage of market conditions by purchasing assets at considerably below construction costs. These acquisitions were of existing properties, thus allowing established operators to improve their balance sheets. These purchases did not comprise establishment of new retirement communities.

Purchasing distressed assets was not straightforward for many incoming owners due to the fact that operations were enmeshed in the investment. Incoming operators often had to overcome problems caused by the previous owner attempting to cut costs prior to being placed in receivership/administration. NFP Operator #3 illustrated the difficulties associated with taking possession of a property that had been placed in administration:

. . . they were all on builders' water . . . and if two of them wanted to have a shower there wasn't enough water, so they had to schedule their showers. [It wasn't connected to sewerage] We had to pay via credit card to get the sewerage tanks pumped out for these residents because as soon as you gave the name, every sewerage company [in the region] was owed money.

Fortunately, purchasers taking advantage of distressed assets were all established operators who were in a position to understand what they were taking on and provide the operational expertise to overcome problems with an individual property. Although assets were purchased at below construction cost, they often required capital and expertise before breaking even.

NFP operators have capitalised on these financial failures, using others' misfortune to enhance their reputation. Many retirement communities were sold more than once, that is, in the initial accumulation stage and in the later financial failure stage, and residents in these properties found these changes in ownership at times stressful. NFP operators emphasised this point of difference to residents and potential residents, as shown by NFP Operator #5:

. . . we played on the fact that we boasted that we don't buy and sell each other, we are here for the long term, we have been here [number] years. So, it's good for the not-for-profit sector because it was our point of difference. We've never sold a village. Most [NFP] operators could play that with 99% confidence, because I recall the time that we got a lot of people interested, and we were being asked that question, about what assurance have you got that the village won't be sold or bought.

Retirement communities had been promoted as an attractive asset with regard to the capital appreciation driven by earlier yield compression. Financial failures negated this perception and emphasised the complexity of the industry, particularly when assets purchased from operators

in receivership often required a capital injection. Studies of financialisation have shown that efforts to transform property into an investment object for finance capital is through similar but different processes across countries and time periods (Weber, 2010; Fields, 2017a). Consolidation and securitisation had been considered the way forward by making returns more attractive to institutional investors using MPT. Financial difficulties emphasised the complexity of the industry, and investors that have remained in the industry have become operators. The financial turmoil post-2008 strengthened the position of established operators who grew by acquisition of existing properties, rather than by the establishment of new properties.

5.3.4.2. Operations Embedded in Investment

The financialisation of housing markets in other geographies involved listed and private equity investors actively sourcing rental property. Returns were achieved through upgrading assets and attracting new groups of tenants able to pay increased rentals (Fields, 2015a; Fields, 2017a; August & Walks, 2017). With Australian retirement villages, the business model required incoming residents to replace exiting residents, which in turn required an operator to maintain a good reputation. Retirement villages were marketing community life and the ability of management to provide stress-free living for residents. Australian retirement communities are different from commercial, retail and industrial assets where distance can be achieved between the physical asset and the ultimate investor, as Consultant #1 explained:

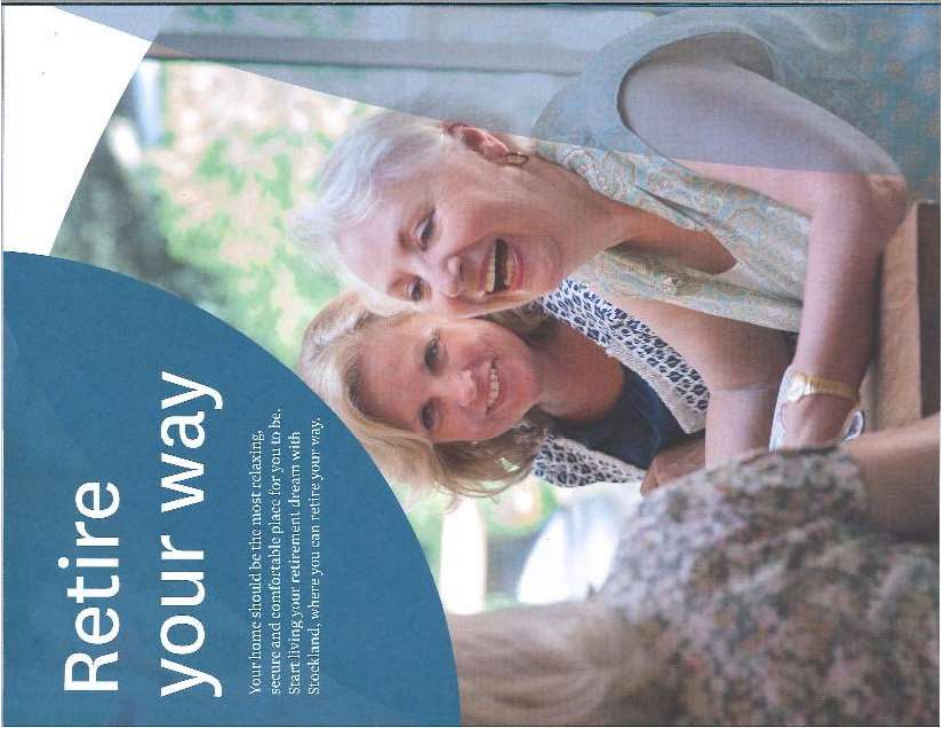
. . . it is difficult to invest in the sector if you don't have an operator. So, pension funds are looking for returns and yields and that's why they're going into them. But they have to have an operator to run them.


Incoming investors had to learn how to become operators, which required specialised expertise and personnel. Some investors did outsource management, the majority built their own in-house management teams (Lend Lease Corporation Limited, 2012; Stockland, 2013), a move that comprised part of the investment in retirement communities by institutional investors. Larger operators have also developed a retirement community 'brand' that is used to promote properties and the organisation to potential and current residents (Figure 28, Figure 29, Figure 30 and Figure 31).

Figure 28: Marketing Material for the Cove Village

Retire your way

Your home should be the most relaxing, secure and comfortable place for you to be. Start living your retirement dream with Stockland, where you can retire your way.



**Stockland**

Free call 1800 72 71 70
stocklandretire.com.au

Source: Stockland

Figure 29: Marketing Material for the Cove Village

Discover the difference of Stockland retirement living

Your community

Living in a retirement village is part of a community of like-minded people, where you have more time to share and create your interests. The clubhouse and village facilities will become an extension of your living area, for you, your family and friends to enjoy every day.

The village social calendar is designed to help you stay fit, healthy and active. You can participate socially as much or as little as you like, learning new skills and enjoying a lifestyle centred on health and living.

Our friendly village staff support every member of the community and ensure you are proud to call the village your home, by taking care of all the maintenance of the village grounds.

We conduct annual resident surveys at each of our villages to make sure we are meeting and exceeding expectations. The highest level of our residents is key to building successful communities.

Your Benefits+

We know retirement living needs a healthy balance, that's why we have a program called Benefits + Health. All residents can access a range of benefits, health and services through trusted partners to suit their lifestyle needs, now and into the future.

Your safety and security

There will be none of our villages have been specifically designed for easy, convenient living and all have a 24/7 emergency and system installed for added peace of mind.

Your future care needs

We have dedicated in-house care and support centres that will guide you through the process of assessing any needs you might have now, or may want to consider in the future. Through the assessment process, our partners can determine your eligibility for government subsidies and help you find the right support for living independently for longer.

Our partners also offer in-value care solutions at the village to suit your specific needs, with options such as supported independent living, dementia services, home care, personal care, mobility and home maintenance.

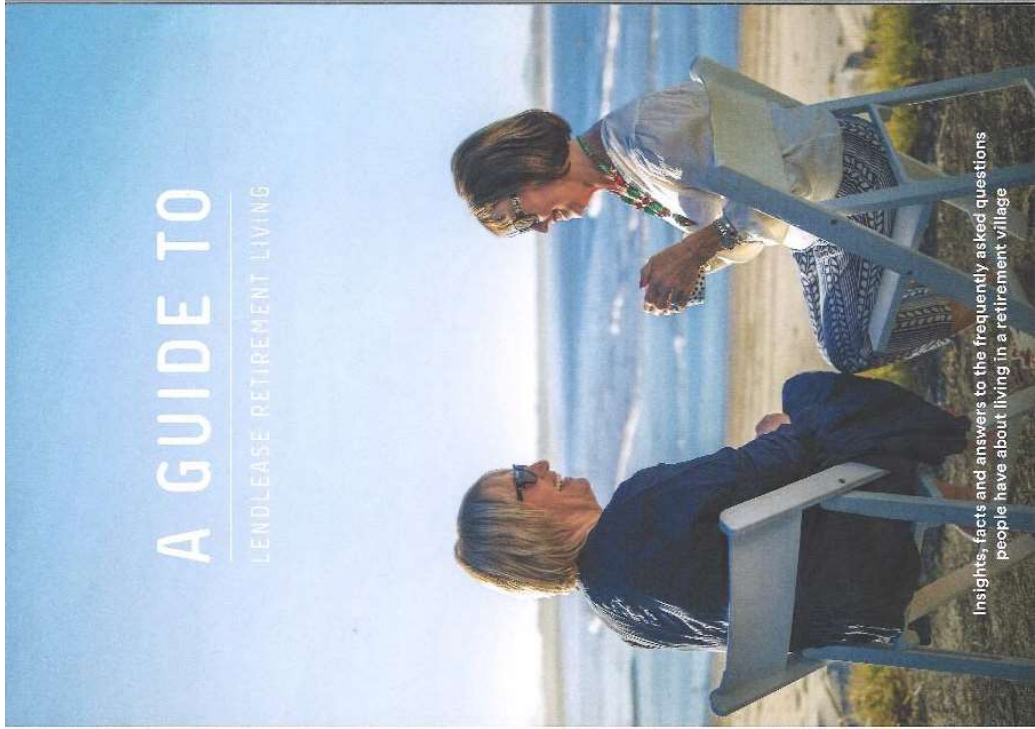


Newport Retirement Living, Queensland

With a new world to enjoy to share.

Source: Stockland

Figure 30: LendLease Marketing Material



Source: LendLease

Figure 31: LendLease Marketing Material

Whilst many Australians are not exactly sure what it means to live in a retirement village, thousands live in retirement villages all over the country, having the time of their lives!

At Lendlease we know if you're thinking of moving into a retirement village, you need to feel confident you're making the right choice.

Part of that confidence is having a clear understanding of the costs and processes involved in moving to a retirement village.

We know people choose our villages for many reasons:

- Social connections – residents feel a strong sense of belonging.
- Less home maintenance – more freedom.
- Going on holiday – just "lock up and leave."
- Great locations and comfortable homes – enjoy the amenities and convenience.

So many factors come into play when you start making decisions about where to spend your retirement years. It can be a difficult task.

A great way to approach the major milestones is to research the options on offer, keeping in mind what you really want from retirement.

As part of your research, why not consider taking up our open invitation to visit a village during one of the resident's regular happy hour events or open for inspection days. This way you can enjoy a complimentary drink while you meet and mingle with residents, or wander around the village to soak up the atmosphere and become familiar with the facilities on offer. Ask any of our village Sales Managers for more details.


Lendlease retirement villages are designed to give you the ideal lifestyle, with everything from like-minded neighbours, social activities, wellness initiatives, community facilities and a range of customisable services designed to support your health and wellbeing.

Every day is what you make of it. Take advantage of all the conveniences on offer, while enjoying the simple things that bring contentment.


We've created this guide so you have the information you need to decide if retirement village living is right for you. We are dedicated to guiding you with honesty, transparency and integrity. We regularly host village open days and masterclasses designed to answer your questions and address concerns around retirement living.

We look forward to welcoming you, so you can see for yourself why our residents love where they live.

Please call our Customer Service Team on 1800 550 550 to arrange a personalised tour of any village or to ask for more information or visit www.retirementbylendlease.com.au.



Warm regards
Tony Randello
Managing Director, Retirement Living, Lendlease



Source: LendLease

Unlike commercial, retail and industrial property where it is fundamentally a business relationship between the investor and tenant, retirement village residents are entering a community. Marketing material therefore emphasises the community aspects of living in a retirement community (Figure 50, page 211). Retirement villages are selling community life, residents enter because they want to be part of a community and management has to be involved in creating this community. Retirement village residents have greater rights compared to residential, commercial or retail tenants and altercations between residents and management can result in time-consuming and financially damaging legal action as summarised by Dr B de Villiers in MacLean and Beacon Hill Village Incorporated (2005, paragraph 49):

... Retirement villages can only function properly if there is a close relationship between the respective parties – in particular between the residents, owners/trustees and managers of a village.

Financiers are also affected by the interlinking of operations with the asset. When advancing debt funds, financiers are aware of the possible worst-case scenario. When an operator is placed into receivership, financiers have to take control of the asset to try and get their money back. Then it is the banks that have to become retirement village operators or try and find an external manager. Banks with limited experience of the sector have found this difficult, as Financier #2 described:

One of the big problems that the banks have had, is how do they deal with the asset if they get into a position where they actually have to take control and they don't know how to deal with the residents. They never really understood what the obligations were to the residents and what their rights were.

Woniora Retirement Village provides an example where residents have mounted a publicity and legal challenge to a financier. In 2013, Becton was placed in receivership, and one of its assets, Woniora Retirement Village, had a mortgage with Suncorp Metway Limited (Suncorp). The property comprised a partially-completed retirement village and land for development, Suncorp commenced marketing the village and the vacant land. It became apparent that the vacant land would be sold to a residential developer and the existing retirement village would be smaller with no community facilities. Existing residents in the retirement village mounted a publicity campaign involving retirement village residents associations across several states and lobbying local Members of Parliament, coupled with a legal challenge in the Consumer, Trader and Tenancy Tribunal against Suncorp (Findlay, 2013).

By the end of 2011, a number of retirement village investors had exited the industry (Table 13, page 134), while those that remained had learned how to become operators with their own in-house management teams (Lend Lease Corporation Limited, 2012; Stockland, 2013). The three

largest for-profit retirement village operators, namely, Aveo, LendLease and Stockland had a branded retirement village product. Established operators increased their portfolios through opportunistic purchases, this was growth through acquisition of established properties rather than establishment of new supply. These financial failures impacted on investors' perceptions resulting in more restrained debt and equity funding for the industry, particularly retirement villages and operators no longer employed a strategy of debt-fuelled growth.

5.3.5. Going Forward (2012 to 2019)

The Australian retirement community industry has experienced increasing penetration by financial actors, markets, practices, measurements and narratives resulting in structural transformation (Aalbers, 2019b). Financialisation processes and results have been different from other property sectors and other geographies. Large institutional investors have shaped the industry; however, they do not dominate. Operators with large portfolios are vulnerable to reputational risk, which can be financially damaging, as some institutional investors were to discover. Despite predictions that NFP operators would exit the industry (MacDermott, 2003), they have remained and, in many cases, strengthened their position. Financialisation has influenced this group in that NFP operators increasingly enunciate financial narratives within their mandate (Catholic Healthcare, 2019). Since retirement villages did not produce the attractive returns anticipated in the early 2000s, investors increasingly turned their attention to MHEs, which had evolved as a new type of retirement community. These featured attractive returns on cost and regular rental income that was easier to securitise.

5.3.5.1. Industry Structure

Studies of financialisation show examples of institutional investors able to dominate asset markets and geographies (Aalbers, 2016a; Fields, 2017b; van Loon & Aalbers, 2017; Aalbers, 2019b). In Australia, investment grade commercial, retail and industrial property is dominated by large institutional investors similar to seniors' housing in the North American market (Jones Lang LaSalle, 2007b; Worzala, et al., 2008; Wang & Lynn, 2009; Worzala, et al., 2009). Australian retirement communities are different from the North American market in that, although, institutional investors have achieved a presence in the retirement community industry, they do not dominate. In 2019, the three largest listed retirement village investors, LendLease, Stockland and Aveo, held 25% of the industry by number of villages (Grant Thornton, 2014;

Aveo Group, 2019; LendLease Group, 2019; Stockland, 2019b). This industry structure creates opportunities as Consultant #1 described:

In Australia, the big players don't control a massive amount of the industry, it's very fragmented, that also looks to be opportunistic for players that want to build a business here.

Incoming institutional investors purchased portfolios, many of which dated back to the 1980s. By 2012, portfolios of older retirement villages needed refurbishment and/or remodelling that required capital injections. Instead of the returns that investors had anticipated, they were faced with assets requiring significant capital outlay in order to be financially sustainable. For example, in 2010, Stockland performed an on-market takeover of Aevum (Chapter 5.3.4.1). In addition to The Cove Village, the portfolio included Cardinal Freeman village, a retirement village in Ashfield, an inner suburb of Sydney, the property was established in 1980 (Cummins, 2014). Since purchase, Stockland demolished the existing retirement village accommodation, and redeveloped the site with a medium, density retirement village and community facilities for a reported cost of \$160 million (Cummins, 2014). The project was reportedly the largest retirement village project in Australia at the time. In addition to the cost of new construction, Stockland would have been required to pay out exiting residents as they left (cost not publicly available). These costs were marginally offset by the sale of Aevum's four residential aged care properties to Opal Aged Care for a reported \$25.6 million, which was below book value (Allen, 2014). Stockland is a large publicly, listed organisation with sufficient balance sheet strength to undertake a redevelopment of this size. Purchasing mature retirement villages, however is not as lucrative as commencing new properties, as the bulk of the returns to a retirement village operator are earned through the development profit (Chapter 5.3.1.2).

When fully completed, retirement villages achieve lower returns compared to commercial, retail and industrial assets. Considerable growth in asset values was achieved based on yield compression¹⁷ in the early 2000s, this was a one-off event that benefited operators at that time (Chapter 5.3.3.1). Incoming investors had anticipated more attractive returns compared to other property sectors, when faced with lower returns, a number were reconsidering their options as For-Profit Operator #4 explained:

... I get a lot of merchant bankers and other people coming in and saying, 'We are keen to invest in this industry' and I'll say, 'What sort of yields are you looking for?' 'and they will say 'I'm getting 12%-13% on my shopping centres' and I'd say 'You know what, you stick to your shopping centres'. The

¹⁷ Yield compression occurs when yields on investment assets decline and income remains constant, which due to the inverse relationship between yields and capital values results in increases in capital values.

conversation stops then, because a lot of them view a retirement lease like a shopping centre lease. So that's where I think a lot of them came unstuck and they didn't get the return on investment.

Actual returns on established retirement villages are considerably lower than those achieved for conventional commercial, retail and industrial investment property, as illustrated by Consultant #1:

So, if you look at the listed property returns right now, your cash-on-cash return in retirement at Stockland and LendLease, its single digits. You know, between 4% and 7% . . .

Investors who had entered the sector were confronted with an asset that did not achieve commensurate performance compared with other investment property. For-Profit Operator #5 explained that many of the properties that had been acquired were older and required capital upgrades in order to keep attracting new residents:

When you buy villages, or when you buy companies and pay upfront, but you don't get your income for 1, 2, 3, 4, 5, 10, 15 years until residents move out so the cash earnings are low for a period. That is a problem for a public company like [Name]. Also, they acquire generally much older villages that are needing capital investment or reinvestment to bring them up to scratch.

Institutional investors considered ways in which they could improve the financial performance of retirement village assets, which resulted in outcomes that were the opposite of intentions. In 2016 and 2017, listed operator Aveo attempted to renegotiate contracts with residents in their retirement villages. These new contracts included features that improved the financial returns to the operator including higher exit fees as a percentage and a shorter time in which to achieve the maximum exit fee (Aveo Group, 2017a). Not all residents were happy with the negotiation process and the matter achieved significant publicity in the popular media (Chapter 4.2.2) (Ferguson, 2017). Following this publicity, there were State-based inquiries into the retirement village industry that resulted in recommendations, including a mandatory refund of capital to exiting residents within a specific timeframe (Greiner, 2017; NSW Fair Trading, 2018; NSW Fair Trading, 2019). Following the introduction of mandatory refunds of capital to exiting residents within six months in Queensland, one operator with five retirement villages was placed into administration. This owner was a Singapore-domiciled offshore investment fund managed by global fund manager Forum Partners (Schlesinger & Tan, 2019).

Media publicity and government inquiries impacted on the entire retirement village industry with many operators reporting lower levels of enquiries from new residents and an increased level of vacancies (Bleby, 2018; Cranston, 2018). Aveo, which was 24.4% owned by Malaysia-

based Mulpha, reported a weakening financial performance and a reduction in returns (Aveo Group, 2017b; Aveo Group, 2019), resulting in a declining share price. The organisation pursued a buyout by Brookfield Property Group, a Canadian pension fund, that involved delisting (Aveo Group, 2019). The willingness of governments to change legislation in response to media publicity and lobbying exposes the retirement village industry to regulatory risk as well as reputational risk.

Delisting means that organisations are no longer required to regularly publicly report their investment performance and returns. LendLease and Stockland have both pursued such strategies, thereby reducing the ability of outside parties to scrutinise their financial performance of the retirement village businesses. In 2017, LendLease marketed a 50% interest in its retirement village portfolio and reportedly received a ‘welter of bids from international groups’ (Wilmot, 2017). This portfolio included the original Jennings retirement villages established in the 1980s. 25% of the portfolio was purchased by APG Asset Management N.V, a Dutch international pension fund, and the deal involved LendLease retaining management (Lendlease Group, 2017). LendLease’s retirement village assets are now reported under the equity accounting method, which requires disclosure of net performance, not individual revenue and expenses. Stockland has restructured its retirement village operations, including The Cove Village, and these operations are now part of the residential market division; as a result the organisation reports only the total performance of its combined residential and retirement investments, not individually (Stockland, 2019a). It is now difficult for outside parties to scrutinise the financial performance of the retirement village business of both these operators.

Local and technical expertise has been acknowledged as important in the financialisation process (Theurillat, et al., 2010; van Loon & Aalbers, 2017). The LendLease transaction was different from those prior to 2008 as the new investors were not seeking growth or citing economies of scale/size. Instead they were seeking exposure to Australia’s established retirement village industry, particularly the expertise of operational groups and many operators had accumulated significant expertise, which was attractive to institutional investors. For example, in 2014, Retire Australia, the operator of Tarragal Glen, was purchased by New Zealand’s sovereign wealth fund, New Zealand Superannuation Fund, and the New Zealand listed asset manager, Infratil (Infratil Limited, 2015). For organisations targeting the growing Asian market, operational expertise was attractive and it is now cited as the rationale for investing in Australian retirement village operators (LendLease Group, 2019). In July 2019 LendLease entered the Chinese market, announcing an 850-dwelling retirement housing and aged care project in Shanghai (Smith, 2019).

Financialisation has not been a straightforward process. The reasons given for the consolidation and institutional investment reported in the 1990s and early 2000s included economies of size and scale. Larger organisations were able to access capital at a lower cost and had marketing power, plus operator's fixed costs could be spread across a larger number of assets. A comment repeated in the amalgamation and consolidation phase was that there were clear benefits in being a larger operator rather than a small one (Becton Developments Limited, 2005). This comment is no longer repeated and where operational efficiencies are acknowledged, it is in the ability of one component to cross-subsidise other components, particularly with aged care (Chapter 4.3.1). Australian retirement communities were and remain more complex than many other property sectors and geographies where financialisation was more straightforward.

Operators have struggled with financial sustainability of rental villages. For-Profit Operator #9 acknowledged 'There is a lot of demand for rental accommodation', however, this demand has not translated into new supply. Eureka remains a rental village owner and operator; Ingenia has achieved significantly improved financial performance since expanding its portfolio into MHEs (Towart, 2017). There continues to be limited piecemeal development, predominantly by NFP operators of new rental villages (BaptistCare, 2018), plus conversion of older retirement villages to rental villages. Declining housing affordability, particularly for those on the age pension, has resulted in increased demand for such rental accommodation (BaptistCare, 2018). In North American markets incoming institutional investors were able to increase rents on housing, thereby facilitating financialisation of this asset class (Wijburg, et al., 2018). In contrast, financialisation of rental villages has been impeded by the difficulty of achieving a commercial return when there is a mismatch between capital cost and the ability of residents to pay a market rental.

Contradicting earlier predictions that NFP operators would exit the industry (MacDermott, 2003), they have remained and, in many cases, strengthened their position. This is the opposite of what has happened to commercial, retail and industrial property sectors in Australia and to seniors' housing in the North American market (Jones Lang LaSalle, 2007b; Worzala, et al., 2008; Wang & Lynn, 2009; Worzala, et al., 2009). That the financial turmoil of 2008/2009 was less far-reaching in Australia compared to North America (Ellis, 2009) created opportunities, particularly for NFP operators which highlighted the differences in the financialisation process between retirement communities and other property sectors. NFP operators had not taken on significant levels of debt and were able to make selective purchases from distressed for-profit retirement village operators (Becton Property Group, 2011). In the process NFP operators expanded both their geographical footprint and their market share. By 2014, this group owned

approximately 40% by number of retirement villages in Australia (Grant Thornton, 2014). NFP operators with strong balance sheets have continued to make selective purchases, particularly where such assets promote their group strategy.

NFP organisations note that without a profit they do not have a mission and prefer to use the terms ‘not for distribution’ or ‘profit for purpose’ (Milligan, et al., 2015). Financialisation has therefore influenced NFP operators with regard to their strategy, organisation and narratives. Having survived this far, NFP operators have become more like large corporate entities, with head offices, organisational structures and professional annual reports (Anglicare, 2019; Anglican Community Services, 2019). This change has been less public, as unlike listed and institutional investors with regular public reporting requirements, NFP annual reports and press releases receive less media attention.

5.3.5.2. Financial Narratives

Aalbers (2019) argues that a theme of financialisation in the 21st century is the increasing dominance of financial narratives, practices and measurements to sectors that were previously not analysed in this way. NFP operators have become more like large corporations through amalgamations and natural growth (Bastian & McDonald, 2011; Catholic Healthcare, 2019). In my interviews with NFP operators, many emphasised that their organisation had survived over the years through the effort and financial commitment of previous people. As NFP Operator #5 acknowledged, they felt an obligation to this history by not (financially) failing:

I think the not-for-profits are now, because we have more sophisticated boards, are more driven to achieve commercial returns on their developments where in the past I know we've built projects on less, not a loss, much less than commercial returns, but certainly that doesn't seem to be an option with most not-for-profit's now- . . . the requirement to meet commercial returns is high. Again, from the [Name] perspective it is driven by the fact that any debt is internally funded and so they are particularly sensitive about what the risk is.

There is a subtle difference between the language of NFP operators and that of institutional investors entering the sector in the early 2000s. NFP operators now emphasise financial sustainability, whereas institutional investors then emphasised attractive returns. Expansion of activities through establishment and acquisition is a financial process, requiring funding from reserves and/or debt finance. Many NFP operators acquired properties from other organisations (for-profit and NFP) that had been placed in administration/receivership and were mindful of the penalties of not achieving financial viability. Catholic Healthcare (2019,

page 32) reinforced this, ‘The Trustees renew our governance structure to provide a sharper focus on the financial, operational and ministry imperatives of Catholic Healthcare’.

The focus on shareholder value as a principle of business behaviour (van der Zwan, 2014) has been increasingly adopted by the NFP operators, resulting in a blurring of the demarcation between for-profit and NFP operators (Meagher & Goodwin, 2015). NFP operators have increasingly realigned their operational focus toward commercial outcomes (Simpson & Cheney, 2007) and Government has had a role in increasing this focus on financial narratives by introducing legislation requiring NFP organisations to file financial statements. In 2013, the Commonwealth Government established the Australian Charities and Not-for-Profits Commission (ACNC) as the independent national regulator of charities. Larger NFP operators were already reporting entities under ASIC; this new regulation impacted on smaller (usually single-asset) operators. The objectives of the ACNC include to ‘maintain, protect and enhance confidence’ in the NFP sector; and to ‘support and sustain a robust, vibrant and independent’ NFP sector (Australian Charities and Not-for-profits Commission, 2019). Smaller NFP operators now have increased reporting requirements, potentially increasing the cost of accounting and auditing services. These additional costs are often difficult for small operators, which further encourages amalgamation within the NFP sector.

In order to maintain financial sustainability, operators focus on growth (Catholic Healthcare, 2019), a strategy that requires understanding development and operational budgets in the millions of dollars. NFP Operator #3 described how board members with professional qualifications and experience assist in making strategic decisions:

We have also moved across from a representative board which was made up of various people from church bodies to a skills-based board. Where we’ve got a board with a head in the game and a design to take us forward.

Financial narratives permeate strategies; for example, many NFP operators have grown through amalgamation and have historic properties, some quite old. Operators discussing these specific properties acknowledged that achieving financial returns from older properties was difficult even though there is significant demand for affordable housing by older people that is not being met by the market. Cross-subsidisation from more lucrative activities, such as establishing lifestyle retirement villages, was a way in which the financial sustainability of the organisation could be achieved. Some, but not all, NFP operators have as part of their mandate benevolent activities, including social housing and support services. Those that have come from a social mission still have an underlying mandate to support the disadvantaged, activities that do not make a profit and in many cases make a loss. Since financial sustainability is a requirement for

all operators, they then focus on achieving returns from their more profitable activities with which to subsidise their benevolent activities. NFP Operator #1 outlined the rationale for this:

... if we are a not-for-profit (faith) based organisation, our values and missions is this so why would we be in the business just to make money, so we look after the financially disadvantaged

Attaining financial sustainability then becomes a balancing act between more profitable activities, notably retirement community establishment and redevelopment that can subsidise other activities. NFP Operator #5 described how operators with older (1950s/1960s) stock in developed urban locations have become aware of the significant revenue that can be achieved through redevelopment of these older properties:

... they also realise that from a retirement village the returns are achievable, on development returns. [Name] have had their eyes opened with their [Name] development which returned in the hundreds of thousands of dollars per unit which would have taken probably five or six years per bed to return the same from the care business.

These activities negate the opinion that there is a clear dividing line between for-profit operators providing lifestyle retirement villages and NFP operators with older properties providing subsidised retirement village accommodation (Jones, et al., 2010). NFP operators with a benevolent mission offer both lifestyle retirement villages and social housing. Consultant #1 explained that the ability to earn revenue from more profitable activities enables subsidisation of less profitable ones:

The not-for-profits often times are just as remunerative properties as the for profits, people often times think 'Oh of the not-for-profit's, they're cheaper', or 'Those guys aren't making a profit'. Actually, they are, some times as much if not more than the for profits, but at the individual basis, the village, but what they do is plough it all into the bottom line, there might be this village where they are super profitable, they're charging big money for it and the profits from that subsidise this other village.

Many NFP operators provide social housing through accommodation in rental villages, aiming to meet increasing demand for this type of housing (Table 1, page 3). MHEs have been touted as affordable housing for older people and as meeting demand from a group unable to afford entry into a retirement village.

5.3.5.3. Increasing Popularity of MHEs

Financialisation of Australian MHEs is different from other asset types and geographies as their attractiveness to institutional investors is from multiple (at times unrelated) factors. MHEs

represent a newer model of retirement community that is more suited to MPT coupled with attractive returns to investors. Regular income from fortnightly/monthly payments is preferred by investors in (Australian) listed vehicles as opposed to lumpy cash flows from retirement villages. MHEs have developed as a retirement community sector without focused policy and; legislation controlling establishment, location and operation is less restrictive when compared to other types of retirement communities (Chapter 4.4). This less restrictive policy on location allows MHEs to be established on a wider range of sites, which improves their financial performance. Operators do not own the individual dwellings; the dwellings are the property of the resident and the costs of maintenance and refurbishment are born by residents, not operators. This overcomes the difficulty of older retirement villages where the ageing stock is no longer attractive to residents paying an incoming capital contribution and operators face the expense of refurbishment and/or redevelopment. In addition to purchasing their relocatable home residents pay a regular (fortnightly or monthly) rental payment for the site. As many of them are on the age pension they are also eligible for CRA, similar to community housing tenants (Chapter 4.3.3). MHE Operator #4 explained the benefit of CRA:

. . . it is a guaranteed income. The CRA is payable to this, whereas it is not payable in a retirement village. We have got it set up so that money just comes in the door every fortnight. It goes into the bank account.

MHE operators have a business model underpinned by government payments where there is significant demand based on the relative affordability of this type of housing. This relative affordability is in comparison to surrounding permanent residential dwellings, notwithstanding that occupancy in an MHE also requires regular rental payments that over time make this option more expensive (Mowbray & Stubbs, 1996) (Chapter 4.4). Despite this, MHE Operator #4 stated 'I think it is a great opportunity to develop affordable housing'. A further benefit from relative affordability is that there is a wider pool of potential residents when compared to retirement villages. Online advertising site Gumtree had relocatable homes for sale in the study area of between \$85,000 and \$195,000 (Gumtree, 2019), and a selection of prices is listed in Appendix 3. Many MHEs have been converted from caravan parks that have permanent residents who have been in residence for a number of years and were from a low socio-economic demographic. Incoming national and international operators find it difficult to market an MHE as a quality lifestyle when such residents are in situ.

The MHE business model includes upstream diversification generating further profits from manufacturing and selling the relocatable home (Ingenia Communities Group, 2018). Operators without a manufacturing business require incoming residents to purchase from

designated suppliers from whom they earn a commission on the transaction (MHE Operator #4). In order to induce incoming residents to purchase these new homes, the existing low socio-economic residents either have to be fenced off (with a separate entrance) or relocated elsewhere as MHE Operator #2 explained:

Some of our other communities like [Name] which was a very low, low, low sociodemographic caravan park, mainly homeless. And you can't obviously sell to a 55+ age group and have that kind of sociodemographic mix. So, we have to close the entire park down. Which means the value of our assets comes down over that period and we take it to a P&L¹⁸ and the asset only goes back up in value once we've converted it into a full-time permanent. And between those, the year that you close and the year that you're fully occupied can be as many as five years. And during that five-year period, we have to take that loss on our books.

Similar to the financialisation of residential housing in North America, residents unable to pay increased rents are moved on (Fields, 2015a; Fields, 2015b; Aalbers, 2016b). Legislation in NSW provides greater protection to residents, including a longer period in which to be relocated when the MHE is being closed. Conversion from a caravan park requires closure and/or relocation of existing residents, which often attracts negative publicity (Duncan, 2018). What is happening with MHEs in Australia is similar to what has happened with financialisation of rental markets in other geographies, where properties previously owned by private individuals were purchased by private equity and listed funds (Fields, 2015a; Fields, 2015b; Fields, 2017a; Fields, 2017b; August & Walks, 2017). The incoming institutional investors were able to achieve an increase in rental returns from new tenants but what was positive for institutional investors was not necessarily positive for tenants facing difficulties in accessing affordable housing (Duncan, 2018). There have been tensions between tenants, communities and institutional investors and researchers have mapped a level of resistance (Fields, 2015a; Fields, 2017a). These types of tensions are yet to be played out in the MHE sector but MHE operators acknowledged that they now prefer greenfield sites rather than conversion from an operational caravan park.

MHEs have not had the significant negative investment performance experienced by some retirement village and rental village portfolios (so far). As at September 2019, there were two MHE operators listed on the ASX and the sector remains dominated by small operators, many with only one site. The financial logic of MHEs is the ability to earn an attractive cash return on development cost. Recent (2019) sales of fully established MHEs have shown yields of less than 7% (Bleby, 2019) and; these low yields make established assets less attractive to institutional

¹⁸ Profit and Loss

investors. In contrast to retirement villages and rental villages, the financial performance of MHEs as a group is repeatedly spoken of positively in investment presentations (Jacobs, 2014).

Large financial and investment institutions prefer large assets, that is, greater than \$100 million, but rental villages and MHEs are considerably smaller than this, which makes them less attractive. Rental villages are generally less than \$5 million and MHEs are less than \$10 million (Ingenia Communities Group, 2018). These assets require specialist operational expertise to ensure financial viability which makes achieving the returns required by institutional investors difficult. MHEs require large parcels of land which is challenging to obtain in major urban areas, resulting in most MHEs being situated in regional localities (Colliers International, 2016). Institutional investors prefer to achieve scale through large assets accumulated into portfolios, preferably in capital city locations. The size constraint inhibits scale through multiple sites, which makes MHEs less attractive to institutional investors.

The MHE sector has developed without focused policy or scrutiny, and as it grows in size this can be expected to change. MHE operators estimate in the near future that the number of residents will be greater than those in retirement villages as expounded by MHE Operator #5:

There is even less data on the land lease communities, either mixed-use land lease communities, caravan parks, or now standalone. There is probably about 120,000, 140,000 people and growing much faster. I think that as a seniors' housing option they will pass retirement villages in numbers in the near future.

From an operator's perspective, the popularity of MHEs is the ability to obtain sites at a reasonable cost and commence operations, resulting in an attractive financial performance. MHE living is currently well accepted by residents; however, operators expressed concerns that its increasing size could encourage greater regulatory oversight on the part of governments. This could come in the form of restricting further development or controlling the level of rental that can be charged to residents. MHE Operator #4 expressed this concern, 'The biggest challenge that will be for this industry is if government regulates the rental charge'.

An alternative opinion was expressed by operators who had looked at the MHE business model and decided not to pursue this option. They acknowledged that while it was possible to establish/upgrade an MHE with an attractive entry statement (the main driveway in and community facilities), there was always the difficulty of low socio-economic residents dragging down the overall tone of a property. It is difficult to attract residents to pay for new relocatable homes where many of the existing properties are of a much lower socio-economic status. Operators' financial return is improved by residents owning their own dwelling but this

arrangement results in a loss of control. For-Profit Operator #11 explained that it is difficult to force residents to upgrade when they have limited funds:

We looked at them. It is an amazing concept in terms of the capital/cost of getting in there, but the security for the resident is just not there You have got to be a certain age to be able to live in one of those places, so what happens when they die, it gets sold off at negligible money. And the other question that I had was how do you cause them to remove their home when everybody else's upscaling and making a nicer property and some people don't want to. All of a sudden you start to get a disparate tone within the village. . . . I have got a friend who's actually got one of those homes in there, and it is an awful way to live . . . because the landowner does not have enough control of what the residents do.

MHEs have flourished as retirement communities on their strengths of financial return to the operators and relative affordability to incoming residents. Market reporting by listed investors emphasises the attractive financial returns (Ingenia Communities Group, 2019) and marketing to residents emphasises the attractive lifestyle (Figure 49, page 208). Such reporting and marketing emphasises the now and there is little mention of how the business model will cope in 10 to 20 years' time, when residents leave (Figure 50, page 211).

5.4. Conclusion

The financialisation of Australian retirement communities is locationally specific and in the Australian context has manifested in particular ways. Similarities with other geographies and markets, include transformation of the industry since the 1980s by financial actors, markets, practices, measurements and narratives. Differences include the complexity of the asset, with operations linked to investment and the continuing (and strengthening) presence of NFP operators.

The history of the financialisation of Australian retirement communities shows that while the industry has seen the involvement of large investor groups, it has been driven by additional processes. A narrative approach facilitates an exploration of this historical process, revealing how policy changes and increasing numbers of older people were part of the opportunity presented to operators entering the industry in the 1970s and 1980s. Financial deregulation assisted the development of the industry by improving access to debt and equity capital with investment syndicates, nonmainstream debt finance, portfolio amalgamation and listing on the ASX. Operators were essentially opportunistic with strategies that took advantage of the study area's favourable demographics coupled with increased availability of finance. Financialisation was driven by operators except for the period between 2000 and 2007 when large institutional

investors attempted to drive. This period was immediately followed by a period of financial failures, losses and exits. Australian retirement communities thus have features which make this institutional investor-driven financialisation problematic.

The term financialisation has been criticised for being imprecise and vague, this plasticity allows it to be applied to markets and industries where the processes are different to those previously studied (Aalbers, 2019b). With retirement communities, the asset is inextricably linked to operations requiring operational expertise in addition to standard property investment expertise. For-profit operators entering the industry in the 1980s learned as they went along. Institutional investors entering the industry did not have this option and some were able to recruit expertise; however, a combination of industry ignorance, inflexible strategies and hubris contributed to financial difficulties experienced by this group post 2008/2009.

This interlinking required investors to contend with inherent features in the business, including the greater rights of residents and reputational risk. Residents, particularly in retirement villages, had (and still have) more rights than those in commercial and other rental tenancies in other geographies. Large institutional investors attract more media attention compared to small local businesses and tensions between these investor/operators and residents attracted the attention of the popular press, resulting in increased regulation and reduced financial returns. Another result of these tensions was that the industry had to contend with regulatory risk as part of its ongoing activities. Greater financialisation had facilitated growth, resulting in an increased resident population who can then create political pressure and further increase resident rights. New legislation financially impacted on operators, showing the state has a role not only in facilitating financialisation but also in impeding it. With Australian retirement communities, the success of operator-driven financialisation has resulted in an industry where further financialisation could incur greater regulatory risk.

The Australian retirement community industry has not achieved the position where the majority of investment grade property is held in securitised funds. The three largest for-profit retirement village operators (as at September 2019), Lend Lease, Stockland and Aveo, hold approximately 25% of retirement villages. They are all established property developers that diversified their portfolios into retirement communities through development and acquisition, commencing this activity as early as the 1980s. NFP operators remain a significant component of the industry and have benefited from the financial turmoil post-2008 by purchasing distressed assets and capitalising on their consistency of ownership. NFP operators for their part have increasingly adopted financial narratives, practices and measurements. Despite all these changes, Australian

retirement communities remain different from investment-grade property in Australia and the North American seniors' living model.

Retirement community operators in Australia created new housing models in the form of rental villages and MHEs to make the industry attractive to institutional investors. With rental villages it is currently difficult for operators to achieve financial sustainability because of high property prices and the inability of residents on the age pension to pay market rentals. In contrast, MHE operators have benefited from the lack of focused policy on their sector. MHEs can be located on a wider range of sites and can purchase at a (generally) lower price compared to commensurate residential or retirement developments. Purchasing at cheaper prices and then marketing to a higher socio-economic group directly improves the bottom line and operators emphasise the attractive financial returns from MHEs in annual reports and public reporting. The financialisation process for this type of retirement community has been similar to rental housing in North America.

Using Aalbers (2019b) definition, the Australian retirement community industry has experienced increasing dominance of financial actors, markets, practices, measurements and narratives and it has changed over the last 40-50 years from one dominated exclusively by NFP operators. Compared to the financialisation studied in other geographies and markets, in Australia, the process has been different. Financialisation as a concept has been criticised for being unclear, imprecise and vague. An examination of the financialisation of Australian retirement communities is assisted by this imprecision and plasticity, allowing analysis to accommodate different industry structures and timescales. Financialisation of Australian retirement communities has not been a straightforward process due to the inherent features in the industry and increasing regulatory oversight. Operators have for the most part driven this process and interacted with policy, demographics and financial markets in making their supply decisions. In the study area, local geographies, materialities, have been part of this interaction by influencing supply and location decisions as examined in the next chapter.

Chapter 6 The Materialities and Assemblages

6.1. Introduction

Materialities approaches and assemblage thinking were employed in this research as a framework for examining how materialities of coal, water plus medical and retail facilities have influenced the supply and location of retirement communities in the study area. Materialities approaches are more than stating that physical geography matters; they provide a framework with which to examine the relationships and interactions between the material and the immaterial. Bakker & Bridge (2006, page 16) argue that materialities approaches are ‘a way to unpack apparent permanencies and stabilities and show that the competencies and capacities of things are not intrinsic but derived from association’. Assemblage thinking employs the concept of assemblage as a way of visualising these relationships between the material and the immaterial. Müller (2015, page 28) summarises assemblages as ‘a mode of ordering heterogenous entities so that they work together for a certain time’. This chapter examines the relationships and interactions between these materialities and retirement community operators in supply and location decisions, thus demonstrating the agentic power of the material in constituting the urban built form.

Materialities approaches focus on the interaction of the material or physical world with social, political and economic geographies (Lorimer, 2013). These approaches examine relationships between the material and the immaterial shaping current spatial outcomes (Lees, 2002). This research shows how retirement community operators interacted with demographics, planning policy, finance, and materialities (local geography). The urban world, the town or city that people inhabit, its buildings, zones and neighbourhoods, are more than physical outcomes, they are part of ongoing interactions (Latham & McCormack, 2004; Anderson & Wylie, 2009). Historical processes in the study area have significantly shaped the current urban environment which continues to impact on present and future development.

Assemblage thinking provides a way of conceptualising these convoluted relationships and linkages (Anderson, et al., 2012). It acknowledges the complexity of the real world and accounts for numerous, mutable and entangled processes through which the built environment is continually transformed and stabilised (Edensor, 2011). Humans have a desire to categorise and classify and, assemblage thinking acknowledges the intricacy and the dynamism of physical, social, political and economic geographies. This shifts the focus from labelling and quantifying the current outcome to an examination of the processes and their dynamics that led to particular outcomes (Anderson & McFarlane, 2011). In turn, this leads to an understanding of why and

how historical processes may (or may not) repeat. Relationships that have constituted the current urban built form are in themselves dynamic and can be examined over time, demonstrating the agentic power of material elements (Anderson & McFarlane, 2011). Materialities of coal, water and medical and retail facilities interact through a myriad of different processes with social, political and economic agents, resulting in the distinctive urban geography of the study area. Retirement communities are a subset of the urban built form and are involved in these processes and outcomes.

This chapter examines the three main material influences that have been identified in the study area, namely, coal, water and medical and retail facilities. These are examined in detail through a series of six case studies. Case studies, or as Edensor (2012) puts it ‘depictions’, facilitate the multilayered description of collective historical processes, examining how materialities have constituted the urban built form in the study area and influenced the supply and location of retirement communities.

This chapter is organised as follows: first, the literature on materialities and assemblages is reviewed and how it informs this research is examined. Second, coal as an agent influencing locations of retirement communities is examined. Original extraction activities drove early colonial settlement patterns and many are now established urban areas. Settlement patterns interact with policy, as State planning instruments restrict retirement villages and rental villages to locations in or proximate to established urban areas. A legacy of coal mining is the presence of underground voids from the extracted coal, resulting in actual and potential mine subsidence. Extracted coal interacts with legislative frameworks, property values and economics, influencing the operators’ location choices and type of retirement community. Coal’s ongoing influence as an economic driver to the region is also examined, highlighting that assemblages are dynamic. Assemblage thinking highlights emergence, the current debates around the importance of coal include future projections of climate change contributions and impacts. This section includes the first two case studies, which examine the numerous interactions between underground mining and aboveground built form.

Third, this chapter examines how water influences operators’ location choices. This is through flooding and how water’s visual and recreational amenity encouraged inward migration. Flooding made material through mapping interacts with planning legislation and property values, resulting in different location choices for operators of different types of retirement communities. This section includes a further two case studies which examine how the influence of flooding is different for retirement villages and rental villages compared to MHEs. Water’s

amenity is examined, as proximity and access to the coast and waterways provide visual and recreational amenity, which have been associated with encouraging inward migration.

Fourth, medical and retail facilities interact with operators' location decisions through legislative frameworks and resident preferences. Different spatial outcomes of the three types of retirement communities are the result of disparate interactions with legislation and with materialities in the study area. This section includes the fifth case study which examines the histories and interactions resulting in varying levels of access to medical and retail facilities for different localities.

Fifth, the final (sixth) case study features two retirement communities introduced in the previous chapter, Tarragal Glen and the Cove Village. How materialities have influenced the choice of location and continue to influence marketing and promotion are examined, thus demonstrating the ongoing nature of the relationships between the material and the immaterial.

6.2. Materialities Approaches and Assemblage Thinking

The mapping of retirement communities in the study area revealed a number of spatial outcomes deserving of further investigation (Figure 18, page 60). Materialities approaches and assemblage thinking have been used to examine these spatial outcomes, some of which are covered in the case studies in this chapter. This approach facilitates an examination of historical and ongoing processes, of the relationships and interactions between material components in the study area and of the locations of retirement communities.

6.2.1. Materialities Approaches

Materialities approaches facilitate an examination of interactions between the material and social, political and economic world, assisting an explanation of the current urban built form (Lorimer, 2013). The concept of materiality comprises more than a description of the physical world of urban areas with roads and buildings (Anderson & Wylie, 2009; Latham, 2016). Materialities approaches look beyond the physical world of buildings and infrastructure to the processes that link them to social, political and economic geographies. Focusing on processes facilitates examination of how the material constitutes and in turn can be constituted. Latham and McCormack (2004) examine how private motor vehicles and alcoholic beverages have constituted urban built form. Both of these are material elements which have, through iterative interactions, resulted in distinctive transport networks, town planning, building design and

urban spaces. Materialities approaches focus on the multiple relationships and interactions by which the material influences urban built form. Looking beyond this immediate physical world requires acknowledging that the material has multiple states, each of which is capable of interacting and constituting urban outcomes (Anderson & Wylie, 2009). Examining these multiple states and relationships provides a greater understanding of the complexity of the interactions and moves the focus to the processes resulting in spatial outcomes (Latham & McCormack, 2004). This chapter reviews features of materialities approaches, including a focus beyond the physical outcome, acknowledgement of diversity and plurality and the dynamism of urban processes.

This approach accommodates a diverse range of materialities, and goes beyond considering the material element and spatial outcome as subject and object (Anderson & Wylie, 2009; Latham, 2016). Urban built form has been constituted through multiple materialities that have interacted with each other and with the immaterial (Dovey, 2012). An examination of the history of properties and spatial outcomes acknowledges multiple relationships, interactions, scales and perspectives (Dovey, 2012). This requires more than a description of outcomes or linear processes. Relationships are iterative or two-way, rather than cause and effect, and studying these interactions reveals how the materialities co-constitute each other (Latham & McCormack, 2004). Materiality has plurality in this co-constitution, as material elements can both encourage and restrict urban built form (Latham & McCormack, 2004; Latham, 2016). In this research, this approach is constructive in examining the iterative relationships between retail facilities and retirement communities (Chapter 6.5.2.2).

An examination of these diverse materialities reveals unanticipated agencies (McGuirk, et al., 2016; Towart, et al., 2019). Materialities approaches accommodate a multitude of extensive relationships with social, political and economic geographies (Latham & McCormack, 2004). The material is not defined by its immediate physical proximity but by the multitude of ways in which it can interact with the immaterial. Merriman & Jones (2017) examine how material elements, in this situation, major transport infrastructure of the A470 Road and Severn Bridge, interact and encourage sentiments of national identity. These national mobility infrastructures become part of the distinctive landscapes encouraging national feelings and associations (Merriman & Jones, 2017). The engineers, construction workers and infrastructure planners in envisioning these structures did not intend for them to become national symbols. That they have achieved this through relationships and associations reveals their power as agents (Merriman & Jones, 2017).

Materialities can be both present and absent. Edensor's (2012) examination of building stone in central Manchester connects physical buildings with quarries, disused railway lines and the many artisans employed in the construction of these buildings. A focus on the material, in this case building stone, introduces the many relationships completed buildings have with materials, processes and people. Urban built form is dynamic, resulting from ongoing social, economic and political processes resulting in the construction, renovation, reuse, adaptation and demolition of buildings and infrastructure (Edensor, 2011; Edensor, 2012). Narratives of development of individual properties demonstrate how interactions between the material and the immaterial constitute the urban built form (Latham & McCormack, 2004; Latham, 2016). Absent materialities are a feature of the study area with voids from underground coal mining that continue to influence aboveground built form.

Materialities approaches incorporate a dynamic across time and scale, and relationships between the material and the immaterial are defined by neither size nor speed. The material can range from the microscopic to the national and interactions can be split-second or over a much longer timeframe (Bakker & Bridge, 2006; Anderson & Wylie, 2009; Latham, 2016). The strength of materialities approaches lies in this plasticity, allowing an interrogation of relationships across scale and speed. The strength has encouraged its adoption across academic research and features across multiple disciplines including geography, arts, anthropology, biology and economics.

As stated earlier, materialities approaches involve looking beyond the physical world, allowing an examination to understand the agentic power of the material. Materiality is emergent requiring a focus on dynamic relationships and interactions (Latham, 2016). Urban built form is a product of multiple heterogenous, small-scale, self-organising processes (Latham, 2003). Interrogation of these processes allows an understanding of how spatial patterns in urban built form have arisen. Current urban built form is a waypoint rather than an end to itself. Once commenced, these processes continue and can be viewed as machinic. The influence of these interactions between materialities and social, political and economic forces is ongoing and without a predefined outcome.

Urban built form in the study area is a complex blend of different materialities. This research examines the processes by which retirement community operators interact with materialities of coal, water and medical and retail facilities in making their supply and location decisions. Materialities approaches provide a framework for understanding these processes; assemblage thinking is used to explore the many interactions and relationships within these processes.

6.2.2. Assemblage Thinking

Assemblage thinking is being used increasingly by geographers as a framework with which to examine spatial outcomes and urban built form (McFarlane, 2009; McFarlane, 2011a; DeLanda, 2019). Its usefulness is its inclusiveness and diversity while focusing on ongoing processes (Brenner, et al., 2011; McFarlane & Anderson, 2011c). As a framework, it does not seek rigid classifications or definition of boundaries. Flexibility, rather than a rigid framework, assists in examining a range of urban outcomes (McGuirk & Dowling, 2009). Focus is on the interactions, facilitating an examination of this process, the components within and how these processes and components individually and collectively interact. This section reviews features of assemblage thinking in examining urban outcomes, including acknowledging multiple interrelated processes, embracing the complexity of urban outcomes, a focus on multiple possible outcomes and uncovering constraints to urban processes

Assemblage thinking acknowledges that urban outcomes are a result of multiple interlocking processes (McFarlane, 2011a; McFarlane & Anderson, 2011c; McGuirk, et al., 2016; DeLanda, 2019). The urban is constituted through processes, including infrastructure planning and construction, land releases, property development, strategic and local planning and community consultation and engagement. These processes interact with each other and cannot be reduced to simple definition or explanation (Baker & McGuirk, 2017). Development of a building comprises an available site, planning approval, architectural drawings, project management, construction, finance and occupants. Examining urban outcomes using assemblage thinking allows an unpacking of multiple relationships between all actors that would not be achievable with a focus on a linear process (McGuirk, et al., 2016; DeLanda, 2019). As mentioned in the previous section, materialities approaches acknowledge urban outcomes as emergent, rather than a finite conclusion. Assemblage thinking incorporates this dynamism, spatial outcomes and urban built form are part of an ongoing process constituted through iterative interactions between multiple actors (Anderson, et al., 2012). Acknowledging multiple interlocking processes supports examining retirement community operators' interactions with numerous factors in making their supply and location decisions.

Assemblage thinking embraces the complexity of urban outcomes, this approach resists condensing spatial patterns and built form into simple and inherently abstract descriptions (McFarlane, 2011a; Dovey, 2012; McGuirk, et al., 2016). Humans have a desire to label and classify and in doing so, reduce urban outcomes to simplified categories (von Thünen, 1826).

Earlier concepts and classifications remain useful and 21st century cities are a result of diverse and complex processes which assemblage thinking acknowledges. Embracing complexity resists focusing on singular causality or influences and this acknowledges that more than one factor has resulted in urban built form (Dovey, 2012; McGuirk, et al., 2016). This approach seeks multiple influences which is particularly suited to examining the supply and location drivers of retirement communities.

Constitution by multiple processes and complexity of urban built form acknowledges that urban outcomes involves numerous possible trajectories each of which had the potential to constitute the current outcomes. The final built form is neither predestined nor predictable and is a result of multiple possibilities, each of which had the potential to constitute this outcome (McFarlane, 2011a; Dovey, 2012; Baker & McGuirk, 2017). Examining the histories of urban areas revealed interactions between material resources and historical assemblages (Bakker & Bridge, 2006; Brenner, et al., 2011). The study area provides a demonstration of how material resources and their assemblages have constituted current urban built form. An examination of the multiple interactions in the case studies in this chapter reveals that current urban built form could have been constituted differently (Winchester, et al., 1996; McGuirk, et al., 2016; Towart, et al., 2019).

Acknowledging the presence of multiple processes, possible trajectories and outcomes recognises the importance of constraining factors in constituting urban outcomes (McGuirk, et al., 2016; Baker & McGuirk, 2017; DeLanda, 2019). Spatial patterns and urban built form are often represented as the story of the winner, where developers have succeeded in achieving their goal. Unpacking the many interactions and relationships that have constituted urban outcomes reveals the role of constraining factors (McFarlane & Anderson, 2011c; McGuirk, et al., 2016). Factors that constrain one land use can often encourage another and focusing on the relationships and interactions influencing urban outcomes reveals the power of these constraining factors. Assemblage thinking gives a voice to all factors, not only the formal and powerful. Recognising the importance of constraining factors also provides insights into how processes constituting current built form may or may not be repeated.

Assemblage thinking provides valuable insights into an examination of supply and location drivers of Australian retirement communities, unpacking the many processes with which operators interact and reveals the complexity of these supply decisions. Retirement communities are a property use without the geographical restrictions of residential aged care or the specific land use zones of service stations. No centralised authority has designated their location and supply represents a response between operators and numerous further factors.

This research examines how operators have interacted with the materialities of coal, water and medical and retail facilities in the study area that resulted in spatial outcomes of retirement communities.

6.3. Material Influence 1: Coal and the Underground

Coal has a history since colonial settlement in constituting the study area. Politics and economics in Great Britain led to the settlement of the Colony of New South Wales. The original colony was unable to financially support itself through agriculture and sought new sources of revenue requiring exploration and settlement in the surrounding regions (King & Woolmington, 1960). Deposits of coal at the mouth of the Hunter River were readily accessible and extraction of these provided economic return to Great Britain (Eklund, 2015). The commencement of underground mining required miners and their families to provide labour. In the Newcastle and Hunter region, town centres developed out of pit top communities that had formed around individual mine heads (King & Woolmington, 1960; Eklund, 2015). Many of these had commenced in the 19th century as unplanned settlements based on convenience, as the proximity permitted miners to walk to work (Eklund, 2015). Informal settlements became formalised through town planning legislation and legal title, settlement patterns that continue into the present. Current urban built form is a result of the interaction between the material resources with historical technology, politics and economics (Bakker & Bridge, 2006; Brenner, et al., 2011). Notwithstanding that there was top-down planning in the form of the establishment of the colony, local land use patterns did not stem from a central planning authority but through numerous relationships and interactions including mining and transport technologies. In turn, these interacted with economics and financial markets, resulting in the settlement patterns in the study area (King & Woolmington, 1960; Eklund, 2015).

Closer examination of the history of the study area reveals interaction between the materiality of coal with the other materialities of water, quality agricultural land and harbour locations. The historical context provides a lens through which to view relationships and decisions. The early establishment of retirement communities was in historic town centre locations, including Newcastle and Maitland (Figure 8, page 49). Coal was one of the material factors in influencing social, political and economic development in the area.

The historical mining of underground coal resulted in economic development and influenced the location of urban settlements, of which retirement communities are a subset. Coal's agentic power continues through its absence and, the extracted material continues to exert an influence

on the aboveground with restrictions on land uses through physical, legal and financial assemblages. Absent coal increases costs and uncertainty around constructing permanent dwellings, retirement villages and rental villages, but temporary dwellings, such as MHEs, do not face these constraints.

6.3.1. Mine Subsidence

Understanding materiality requires more than acknowledging a physical presence; relationships and linkages between absent material are equally as strong as with present material (Edensor, 2012). This absence is more than an echo or a reminder of something long gone; the physical absence impacts on the aboveground structures. Coal mining voids involve not only the extracted coal but also the mining technologies used at that time, along with record-keeping. All of these impact on the aboveground urban built form by providing, or not providing, structural support and the certainty of anticipated subsidence effects. Material absence combines with human activity to result in the probability of structural impacts, which in turn influence the financial feasibility of aboveground development. Attention is drawn to the material absence through the cost of additional work required, ranging from grouting (filling of voids with slurry, fly ash and concrete) to strengthening footings in order to achieve the desired urban built form. NFP Operator #4 revealed this ongoing influence ‘things like mine subsidence, so we have had that in a couple of our locations’. Underground coal mining has been a feature of the study area, as all municipalities except for Port Stephens have been undermined and the voids from the extracted coal have resulted in actual or potential mine subsidence.

Mining-induced subsidence has a long history in NSW dating back to the 1880s and its impact on human life and property has been well documented (Seedsman & Pells, 2014). These issues led to the *Mine Subsidence Act 1928* (NSW) which was established to provide compensation to landowners for subsidence-induced damage to their properties. This act was replaced with the *Mine Subsidence Compensation Act 1961* (NSW) (Graham, 2018). The 1928 Act led to the establishment of the Mine Subsidence Board (MSB), a government body that was responsible for assessing and providing compensation for aboveground improvements adversely affected by mine subsidence. The MSB was disbanded in 2016 and replaced with the Subsidence Advisory Council (SA NSW) (Subsidence Advisory NSW, 2017a). In order to develop a property inside a mine subsidence area approval must be obtained from SA NSW.

Relationships between the underground and the aboveground introduce further complexity. Traditionally, territory (the aboveground) was considered a two-dimensional concept. Territory could be invaded, divided and demarcated (Elden, 2013). The underground introduces a third dimension into the concept of territory and the rights and livelihoods of the underground users interact with the rights and livelihoods of surface dwellers. Three-dimensional space involves a diverse range of actors, from multinational mining companies and national governments to activists and people living on the surface (Bebbington, 2012). Where open conflict arises, this can be unequal, particularly when the underground (or the aboveground) users are better financially resourced and are supported by national governments. Australia provides further examples of three-dimensional tensions with relationships between underground coal and aboveground activities constituted through legislative frameworks. The influence of the underground resource is made visible through government agencies and legislation. For example, maps of lands affected by mines are representations of the underground activity, while legislation regulates aboveground uses and provide avenues for compensation due to subsidence.

Mine Subsidence Districts (MSDs) are proclaimed over urban areas where there is a potential for mine subsidence to cause damage to buildings and other structures. These districts include those where mining has occurred and where mining is planned or where urban development has extended over old mine workings (Subsidence Advisory NSW, 2017a). These MSDs include urban areas in the municipalities of Newcastle, Lake Macquarie, Central Coast, Maitland and Cessnock.

MSDs comprise part of the planning and development assemblage of the region. Land within MSDs is classified according to surface development guidelines depending on whether the mine is non-active (historical) or active (current and future) and the anticipated degree of subsidence. There are eight guidelines, as summarised in Table 14.

Table 14: MSD Guidelines – Requirements, information and guidance for property owners likely to be undermined by future mine workings

Guideline	Development Permitted
Guideline 1. Non-active mine workings at risk of pothole subsidence	Single-story or two-storey timber or steel framed residence or single-story brick veneer residence. Commercial buildings and multiunit developments are assessed on merit.
Guideline 2. Non-active mine workings possible subsidence risk	Single or two storey brick veneer residential buildings. Commercial buildings and multi-unit developments are assessed on merit.
Guideline 3. Non-active mine workings remote subsidence risk	Up to four storey residential developments. Ground floor commercial use is permitted.
Guideline 4. Active mining areas - high predicted subsidence impact	Single storey clad frame residential buildings, limited to a maximum length of 18 metres and a maximum footprint of 250m ² .
Guideline 5. Active mining areas – moderate predicted subsidence impact	Single-storey or two-storey, clad frame or articulated brick veneer residential buildings, limited to a maximum length of 24 metres and a maximum footprint of 400m ² . Commercial buildings and multiunit developments are assessed on merit.
Guideline 6. Active mining areas – minimal predicted subsidence impact	Single-storey or two-storey clad frame or masonry veneer residential buildings, limited to a maximum length of 30 metres and a maximum footprint area of 500m ² . Commercial buildings and multiunit developments are assessed on merit.
Guideline 7. On Application	All development requires assessment by SA NSW engineers.
Guideline 8. No Restrictions	N/A

Source: SA NSW

Guidelines 1-3 apply to locations where mining is historical and the potential for subsidence can be estimated. Guidelines 4-6 apply to areas where there are existing mining leases and the extraction has not concluded. Guideline 7 applies to areas where there is the potential for future mining.

Greater limitations and construction requirements on aboveground uses are placed on locations where mining is current and planned for the future, compared to where mining is historic. Personnel at SA NSW indicated that aboveground uses have the potential to sterilise underground activities. In the context of underground coal and aboveground urban development the term ‘to sterilise’ or ‘sterilisation’ means to preclude aboveground or underground activities due to the activity of the other. Multistorey buildings, which are heavier, are not permitted in these locations as they have the potential to suffer greater subsidence damage compared to lighter, single-storey buildings (P. Gray, Personal Communication, 27 March 2019). Underground coal reserves can be sterilised by aboveground development, an example of this being the Main Northern Railway Line in the Newcastle CBD which was not

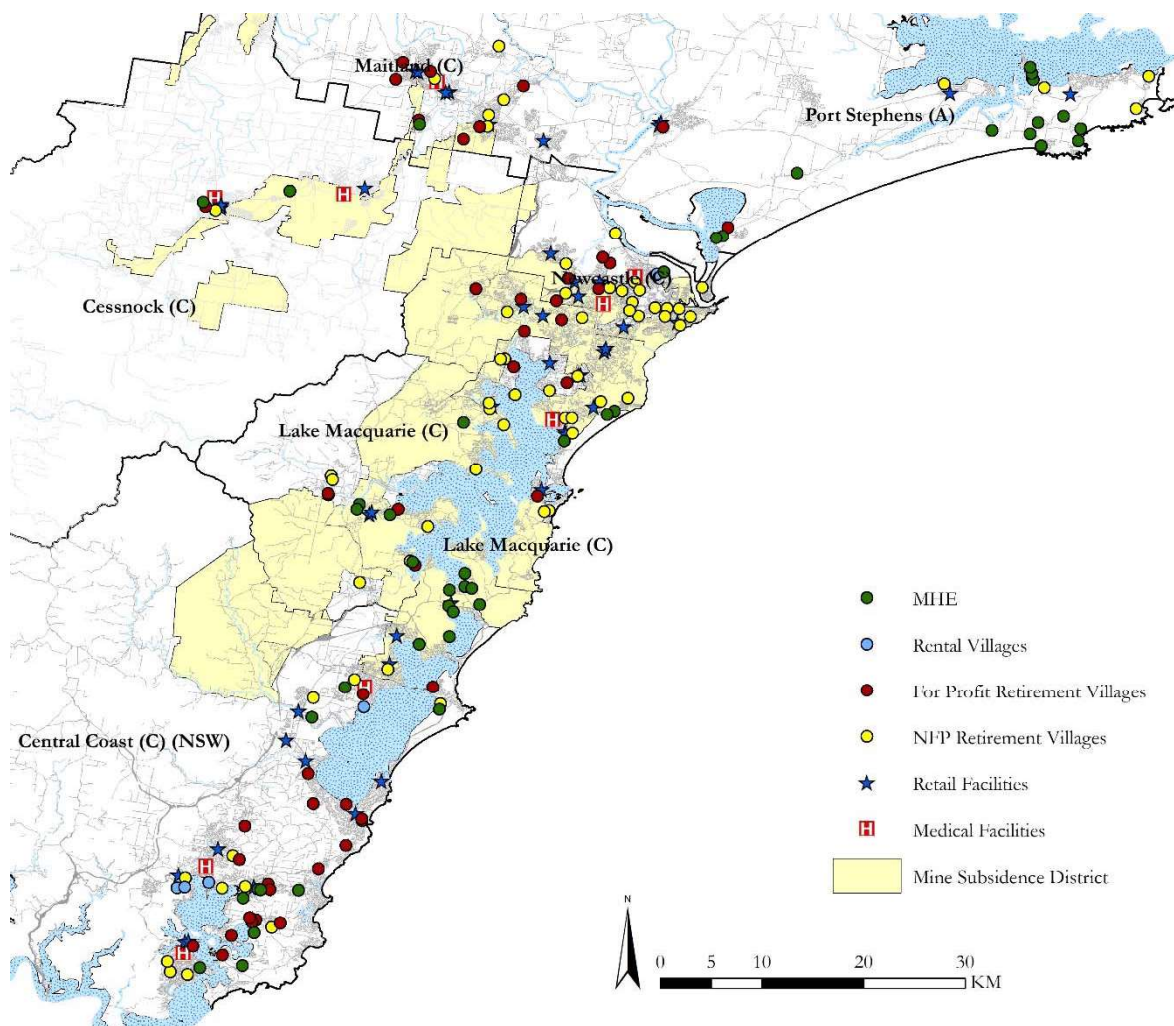
undermined. Sterilisation precludes underground or aboveground economic activity while benefiting the other. Aboveground development can be sterilised by proposed underground mining in order to reduce potential subsidence effects until the full extent of extraction is known. Legislation gives power to underground leaseholders (the collieries) by giving them the right to veto aboveground development (P. Gray, Personal Communication, 27 March 2019). Consultant #2 illustrated the tensions between aboveground and underground uses by saying, ‘Why should the Mine Subsidence Board initially, and then generally, the government continue to be able to sterilise land for future mining?’. In contrast, colliery interests have historically argued that urban development in the region should be limited, as such activity restricts underground mining, reducing recovery rates¹⁹ and financial returns on mining. In 1979, The NSW Combined Colliery Proprietors' Association lobbied for greater aboveground sterilisation:

Urban and infrastructure development together with the problems of subsiding substantial areas of low lying or flood prone land in the Newcastle-Wyong area may result in the sterilisation of up to 4,000 million tons of coking and steaming coal.

The relationship between underground coal and the aboveground is through state legislation and historical mining practices, which interact with building construction, current technology, planning frameworks and property values. The result is that legal constraints on developments in MSDs are a significant component of urban land in the study area. A map of the current MSDs and retirement communities is shown in Figure 32.

¹⁹ Proportion of ore which is extracted, expressed as a percentage of total underground ore.

Figure 32: Study Area Showing Location of Retirement Communities and MSDs²⁰



MSDs introduce constraints that impact on development feasibility; in order to develop a property inside an MSD, approval must be obtained from SA NSW. Approval can be unconditional, with conditions to be met prior to final approval, or approval can be refused. Conditions for development in MSDs include grouting, larger foundations and additional strengthening in footings, all of which add to the cost of a property development and reduce its financial feasibility. Retirement community operators interact with this cost constraint and with other factors resulting in supply and location decisions.

Tension between the underground and the aboveground is mediated by these legislative frameworks. The cost of underground mining is born by surface residents through increased construction costs and disrupted land use patterns. Operators in the study area report working

²⁰ Spatial Services, NSW Department of Finance and Services

around mine subsidence issues, which have become something that just has to be dealt with. NFP Operator #2 explained that dealing with mine subsidence included additional construction and/or civil works as part of the development, which add additional expenses and time. NFP Operator #2 explained ‘[We had] significant costs in meeting additional criteria . . . and delays in dealing with engineers and MSB’. Operators acknowledge that decisions to commence constructing a retirement community include multiple factors. Mine subsidence issues pertaining to individual sites interact with these other factors as part of this decision process. All other things being equal, a site outside an MSD is preferable to one inside. Although mine subsidence is a negative, it does not preclude development of retirement communities, rather it increases the overall cost of construction. NFP Operator #12 explained, ‘So it is an increase in the cost of your civils (civil engineering works), per villa. That is probably the biggest impact that we have got across our sites’.

Additional expenses resulting from SA NSW requirements interact with operators’ establishment decisions, thus influencing financial feasibility. With retirement villages recouping the additional cost requires increased incoming capital contributions from residents. The preference, therefore, is for new properties to be in locations with high property values as these locations can be anticipated to generate higher incoming contributions (FP Operator #2). Development of a retirement village provides a greater financial return compared to ongoing operations (Chapter 5.3.1.2). Interaction between MSDs, property values and establishment of retirement communities is complex and includes building density (number of levels and size of footprint). High-value locations with higher site values encourage higher densities (e.g. multistorey buildings); conversely low-value locations encourage low densities (with lower construction costs).

MSDs are one of a multiplicity of factors influencing supply and location decisions with which operators interact. How operators have interacted with MSDs and further factors in the study area are examined through the two case studies in this section. In both these case studies, interaction with MSDs influenced the planning and development process. These highlight how the influence of MSDs is different for retirement villages, which are permanent dwellings, compared to MHEs, which are ‘temporary’ dwellings. Operators of each of these types interact differently with MSDs, financial feasibilities and planning frameworks which emphasises the complexity of these relationships.

Case Study 1 examines how interaction with MSDs has facilitated retirement village establishment. It explores how retirement community operators have interacted with MSD

restrictions, the competition from residential developments and the financial feasibilities that resulted in establishment of retirement villages. This is examined through the history of three retirement villages that have been established since 2009; Long Tan Village; Sugar Valley Lifestyle Estate; and Marmong Waters, Booragul (Chapter 6.3.2). Case Study 2 examines how an agglomeration of MHEs in Chain Valley Bay and Lake Munmorah occurred on MSD proclaimed lands. It also explores how retirement community operators interacted with MSD restrictions, where the mining was in the future and financial feasibilities (Chapter 6.3.3).

6.3.2. Case Study 1: Interaction with MSDs

Assemblage thinking understands the urban as multiplex; activities of development, subdivision, refurbishment and regeneration involve interlocking multiple processes. These activities are not straightforward and in the study area MSDs have influenced the aboveground through numerous processes. Like all types of property development, retirement village development, is a complex process involving town planning, architects, engineers, building codes, environmental regulations and financiers. Establishment of a retirement village in an MSD places additional building and infrastructure requirements on an operator. The influence of MSDs is accommodated in numerous ways.

Analysis of retirement villages established since the end of the 2008/2009 financial downturn shows establishment both in and outside MSDs. At the time of writing this thesis, a total of 20 retirement villages had been established and/or were under construction in the study area (Table 15). The situation of each property with regard to MSDs was recorded, along with the suburb and LGA median house prices.

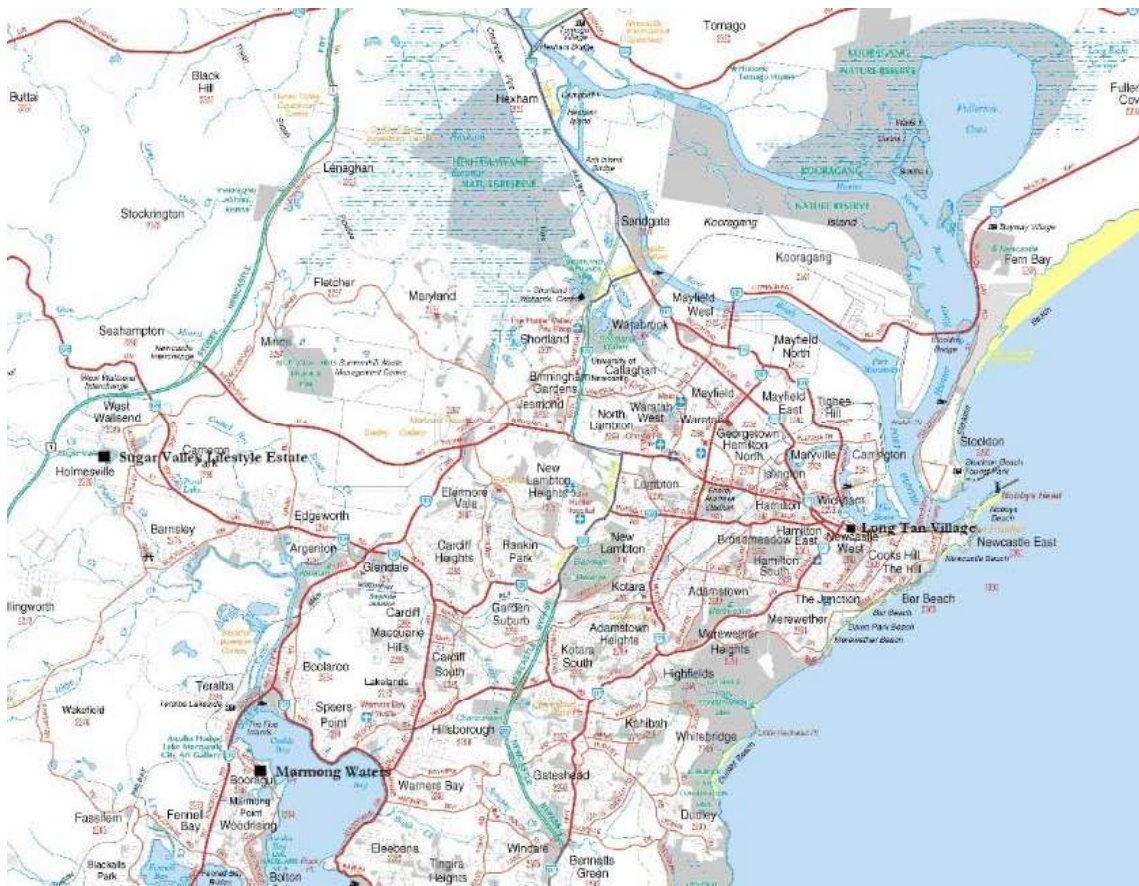
Table 15: Retirement Villages Established post 2009

Suburb	Suburb Median House Price *	MSD Situation	LGA	LGA Median House Price *
Boolaroo	\$501,626	N	Lake Macquarie	\$580,000
Booragul	\$405,459	N	Lake Macquarie	\$580,000
Cameron Park	\$578,096	Y	Lake Macquarie	\$580,000
Cardiff	\$456,784	Y	Lake Macquarie	\$580,000
Cooranbong	\$529,151	N	Lake Macquarie	\$580,000
East Maitland	\$448,893	Y	Maitland	\$475,000
Kanwal	\$442,047	N	Central Coast	\$650,000
Morpeth	\$487,571	N	Maitland	\$475,000
Mount Hutton	\$474,843	N	Lake Macquarie	\$580,000
Newcastle West	\$925,130	Y	Newcastle	\$622,000
Raymond Terrace	\$345,497	N	Port Stephens	\$577,500
Rutherford (3 properties)	\$370,921	N	Maitland	\$475,000
Shortland	\$410,806	N	Newcastle	\$622,000
Toronto	\$412,903	Y	Lake Macquarie	\$580,000
Waratah	\$519,054	N	Newcastle	\$622,000
West Wallsend	\$430,615	Y	Lake Macquarie	\$580,000
Woy Woy	\$600,605	N	Central Coast	\$650,000
Wyong	\$490,075	N	Central Coast	\$650,000

Source: * CoreLogic February 2019

As shown in the table, more retirement villages were established outside MSDs than inside; 14 of the 20 properties are outside an MSD, whereas six are inside. One example of locating outside an MSD is Catalina Lake Macquarie in Coorabong, which abuts MSD-affected lands. The role of MSDs in the development process is examined here through an analysis of the history of three of the establishments inside and outside MSDs. This section examines these retirement villages, two of which are in MSD's and one where the boundary has moved (Figure 33). This examination facilitates unpacking the relationships and interactions between underground coal and aboveground built form.

Figure 33: Locations of Long Tan Village, Sugar Valley Lifestyle Estate and Marmong Waters



Source: UBD

Studying the establishment of these three retirement villages also allows the interactions between retirement community operators and residential developers to be examined. Retirement communities can be located on (most) lands zoned for residential uses and operators compete with residential developers for available sites. As a generalisation, residential developers are able to pay higher prices for available sites than retirement community operators due to the greater financial returns from residential development. Retirement community operators emphasise the difficulty of competing with residential developers for sites in the open market (Property Council of Australia, 2016). In these three examples, MSDs were one of the factors that both retirement village operators and residential developers interacted with in securing sites. This competition is part of the assemblage of retirement villages; operators are seeking opportunities for growth as part of their overall strategy particularly the ability to earn development return from retirement village development (Chapter 5.3.1.3).

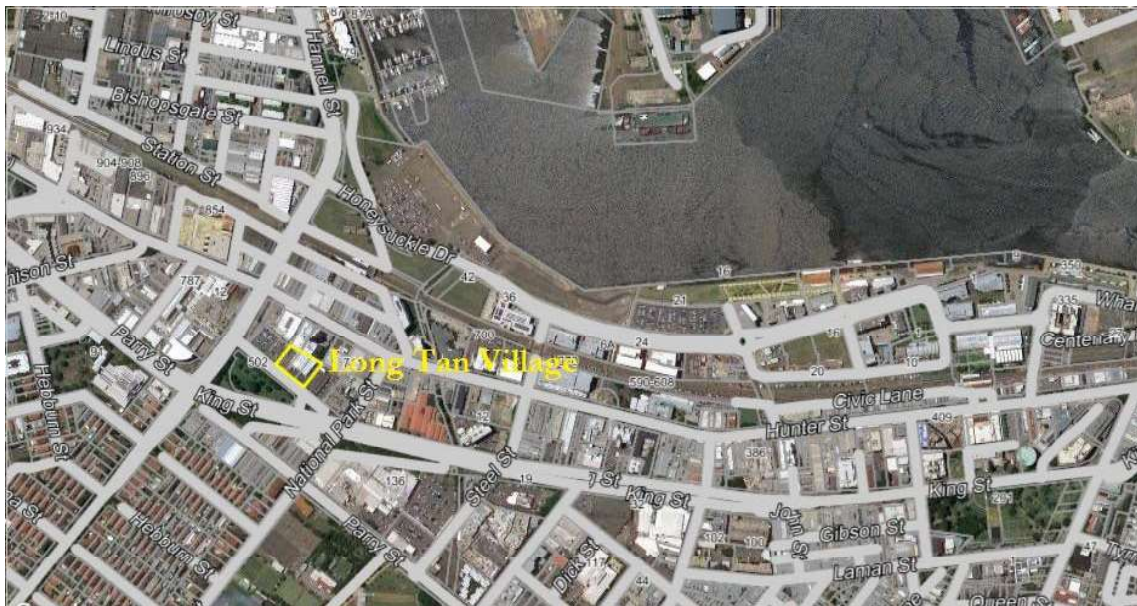
In these examples, underground coal through MSD restrictions interacted with aboveground land uses, resulting in available sites for retirement village uses. Case Study 1 examines three

establishments; two within MSDs and one where the MSD boundaries were changed. Long Tan Village in inner Newcastle and Sugar Valley Lifestyle Estate in West Wallsend, a suburb near the limit of the urban area, are within MSD areas. MSD restrictions plus further individual factors in each property impeded residential development and benefited retirement village operators who were then able to establish properties. Marmong Waters in Booragul, a suburb on the west of Lake Macquarie, was historically within an MSD area. These boundaries were changed in 2016 and the property was no longer affected. MSD restrictions interacted with State government social housing policy, impeding a site from residential development and in the process enabling later retirement village development.

6.3.2.1. Long Tan Village

Long Tan Village at 500 King Street, Newcastle West (Figure 34), operated by RSL Lifecare, comprises a 13-story retirement village and aged care development. This type of retirement village is referred to as a vertical village and was the first in the study area to be established. Newcastle West is part of the inner-city region of Newcastle which has been the subject of planning and rejuvenation schemes since the late 1990s, seeking to invigorate the locality (Ruming, et al., 2016). The most recent planning rejuvenation strategy was the Newcastle Urban Regeneration Strategy 2012 (updated 2014), and the introduction of the Newcastle Local Environmental Plan (LEP) 2012. These planning strategies sought to encourage growth and activity and promote the area as an economic/social and cultural centre. Voids from underground mining in the area have restricted aboveground development by increasing the cost of modern buildings. Rejuvenation strategies are impeded by this additional cost by constraining the redevelopment activity that has occurred in other commercial city centres (UDIA, 2013; Property Council of Australia, 2015; Towart, et al., 2019). Under the new LEP, the site was zoned B3 Business Core, which permitted a wide range of retail, business, office, entertainment, community and other land uses. The ability to rejuvenate the locality, involving higher density development, was reduced by the cost of remediating the underground voids from historic coal mining (Ruming, et al., 2016).

Figure 34: Location of Long Tan Village in Newcastle West



Source: RP Data

Surrounding land uses had historically been low-density commercial; the property was previously a motor vehicle showroom with a single-level steel frame building (RP Data, 2019a). This type of commercial development features larger lot sizes, compared to single residential, these larger lot sizes facilitate amalgamation into sites suitable for higher density development. Availability of appropriate development sites (at a price) is acknowledged by operators as being a constraint to further development of retirement villages (For-Profit Operator #3, NFP Operator #7, For-Profit Operator #7). A 2,605 m² site in an inner-city location with planning controls conducive to high-rise development was attractive to a retirement village operator with the capacity to develop a high-rise building. RSL Lifecare did not have any retirement villages in the vicinity, its nearest property being at Canton Beach to the south in the Central Coast LGA. Data compiled on the Newcastle LGA showed there were 21 retirement villages, of which 15 were very small (fewer than 30 dwellings) with none of more than 100 dwellings. From a retirement village operator's perspective, there was sufficient demand within the region and an absence of strong competition, all of which made the location attractive.

MSD restrictions in Newcastle had constrained development of the high-rise residential buildings that are a feature in Australian inner-city commercial areas. In 2016 development approval was granted for a vertical village comprising 74 retirement village dwellings with two levels of residential aged care comprising 60 places, two levels of basement car parking plus community and administrative uses. Construction included grouting as the location was over

the flooded AA Colliery mine workings (circa 1880) at a depth of approximately 64 metres below ground level (City Plan Services, 2016). Grouting is the process whereby a slurry of fly ash and concrete is pumped into the underground voids through drill holes. This is an expensive and imprecise process as it can frequently fill areas larger than anticipated, which increases the cost. Voids are regularly larger than expected and grouting often fills voids under neighbouring properties (Kirkwood, 2014). Newcastle West it is noted for relatively higher residential values (Figure 7, page 47), which can be anticipated to influence the incoming payment to the retirement village and the residential aged care facility. These higher property values can in part be attributed to the nearby upmarket Honeysuckle development, which was the result of an earlier planning and rejuvenation scheme on derelict railway and harbour lands. Establishment of a retirement village was facilitated through a combination of the interaction with MSDs delayed competing high-rise residential development and urban renewal plans coupled with relatively higher property values.

RSL Lifecare is an operator that has expanded with new developments, acquisitions and extensions in existing properties (RSL Lifecare, 2018). MSDs, relative property values and historical built form were all part of the assemblage that provided an opportunity to an expansionary retirement community operator. MSDs alone did not provide the opportunity but RSL Lifecare interacted with all these factors in commencing the property.

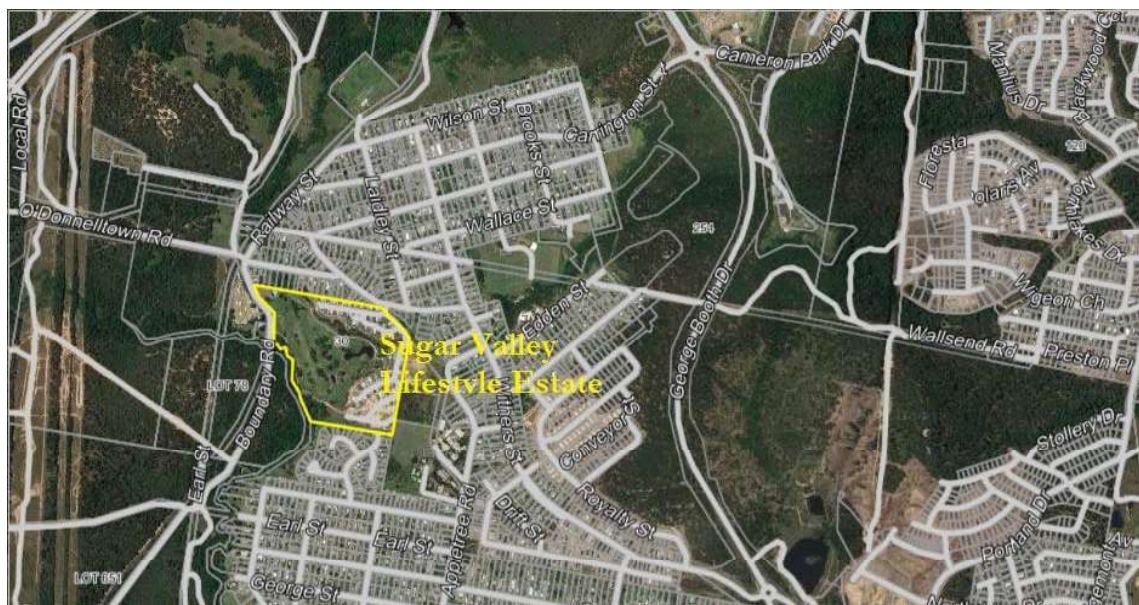
6.3.2.2. Sugar Valley Lifestyle Estate

The Sugar Valley Lifestyle Estate in West Wallsend was developed on the existing private Sugar Valley Golf Club, with the development retaining nine holes of the golf course. MSD restrictions have less impact on sporting fields, as the majority of improvements comprise ground works with minimal built form and there had been a golf course on the lands since 1936. The original Macquarie Golf Club closed in 1948 and in the mid-1960s it was redeveloped and opened as the Sugar Valley Golf Club (Roach, 2004; Lake Macquarie Libraries, 2019). In 1972, it was purchased by Col Johnston, a local professional golfer, and in 2005 the site was sold for redevelopment to Buildev, a local construction company (Lake Macquarie Libraries, 2019). The area is part of the West Wallsend coalfield where underground mining activities commenced in the late 19th century. The colliery itself, West Wallsend Underground, was closed in May 2016 (Glencore, 2019).

MSD restrictions interacted with aboveground land values. Residential housing in the suburb dates back to the earlier 20th-century with many timber frame weatherboard workers cottages

(RP Data, 2019a). Property values were lower compared to the inner Newcastle areas (Chapter 3.4) and a combination of lower values with MSD restrictions made residential development less attractive in the area. It was not until declining patronage impacted on the golf course operations, coupled with the operator deciding to retire, that the land was made available for residential development (Roach, 2004) and development approval for the retirement village was granted in 2006. Buildev, the original developer, was placed into administration in an example of the financial failures post-2008 (Chapter 5.3.4.1) and AEH Property took over operations, with the village opening in 2011 (Newcastle Herald, 2011). The property is in the Lake Macquarie LGA, which features an ageing population profile with inward migration (Table 7, page 37). Attractive demographics interacted with the availability of the site and the amenity of the associated golf course, thus encouraging establishment of this retirement village.

Figure 35: Location of Sugar Valley in West Wallsend



Source: RP Data

Additional strengthening of footings and articulations/control joints was required as part of the construction. The property was low density (single level) and grouting was not required (Mine Subsidence Board, 2013). The property is in an area of relatively lower property values, but Sugar Valley Lifestyle Estate was (and is) marketed as a lifestyle village and achieves incoming capital contributions in excess of median house prices for the suburb (AEH Group, 2019). Sugar Valley Lifestyle Estate can capitalise on the amenity of the golf course (and associated

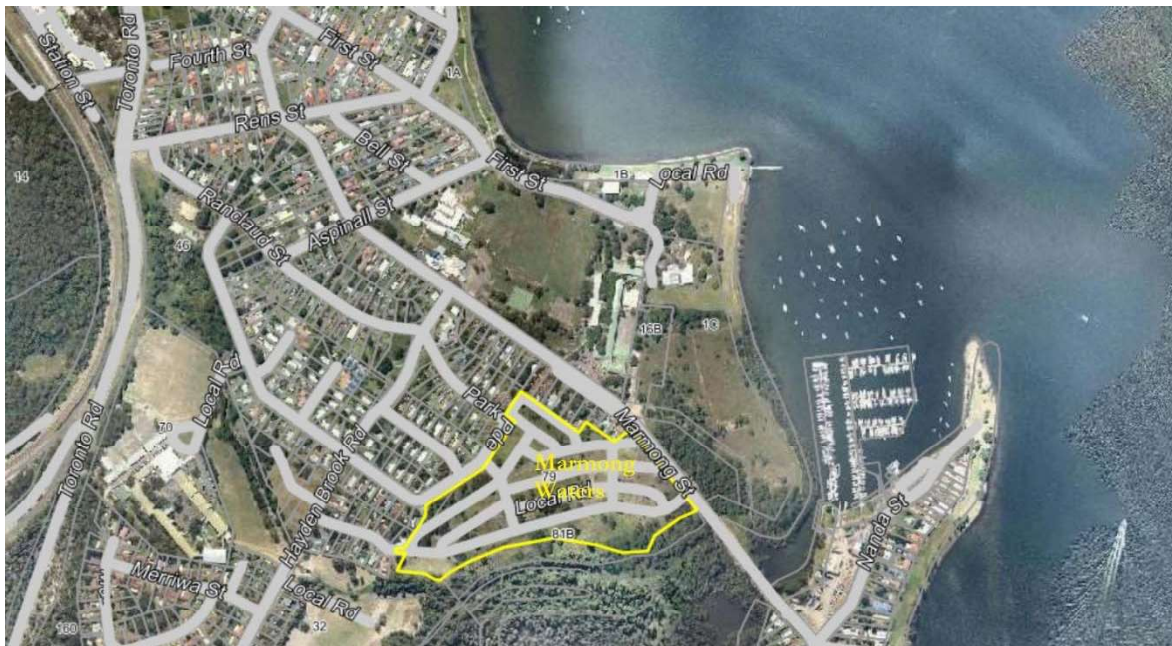
wetlands) plus its internal facilities and amenities to achieve incoming capital contributions higher than the surrounding residential area. A feature of retirement villages is that they can capitalise on internal features rather than depend on the surrounding location. Through marketing, coupled with quality of accommodation and community facilities, operators can achieve prices in excess of those in the surrounding residential areas. In contrast, a residential subdivision could be expected to be more aligned to property values in the locality.

With Long Tan Retirement Village and Sugar Valley Lifestyle Estate, MSDs interacted with other factors, which at that time resulted in the sites being less appealing to residential developers. In the case of Long Tan Retirement Village, surrounding values were relatively higher, therefore increasing incoming capital contributions. In contrast, property values in the area surrounding Sugar Valley Lifestyle Estate were relatively lower; however, the estate is operated and marketed as a lifestyle estate on the basis of the amenity of the golf course and the associated public open space. MSDs facilitated the establishment of these two properties and the development process for both demonstrates the multitude of relationships and interactions between the material and the immaterial.

6.3.2.3. Marmong Waters, Booragul

MSD boundaries are not static, they are regularly reviewed in keeping with underground mining activities, thereby demonstrating the dynamism of assemblages. With Marmong Waters in Booragul, the initial MSD boundaries restricted development. Following changes to underground mining leases and activities, SA NSW released amended MSD boundaries. Further factors then interacted with these changing boundaries, stimulating retirement village establishment. Marmong Waters in Booragul comprises 81 dwellings plus community facilities and is located at the northern end of Lake Macquarie (Figure 36). The property had been inside historical MSD boundaries that had been proclaimed in June 1969 (Figure 37) but in 2016 the MSD boundaries were reviewed and on 1 July 2017 updated MSD boundaries were proclaimed (Subsidence Advisory NSW, 2017b). The outcome of these updated MSD boundaries was that the property was now outside an MSD.

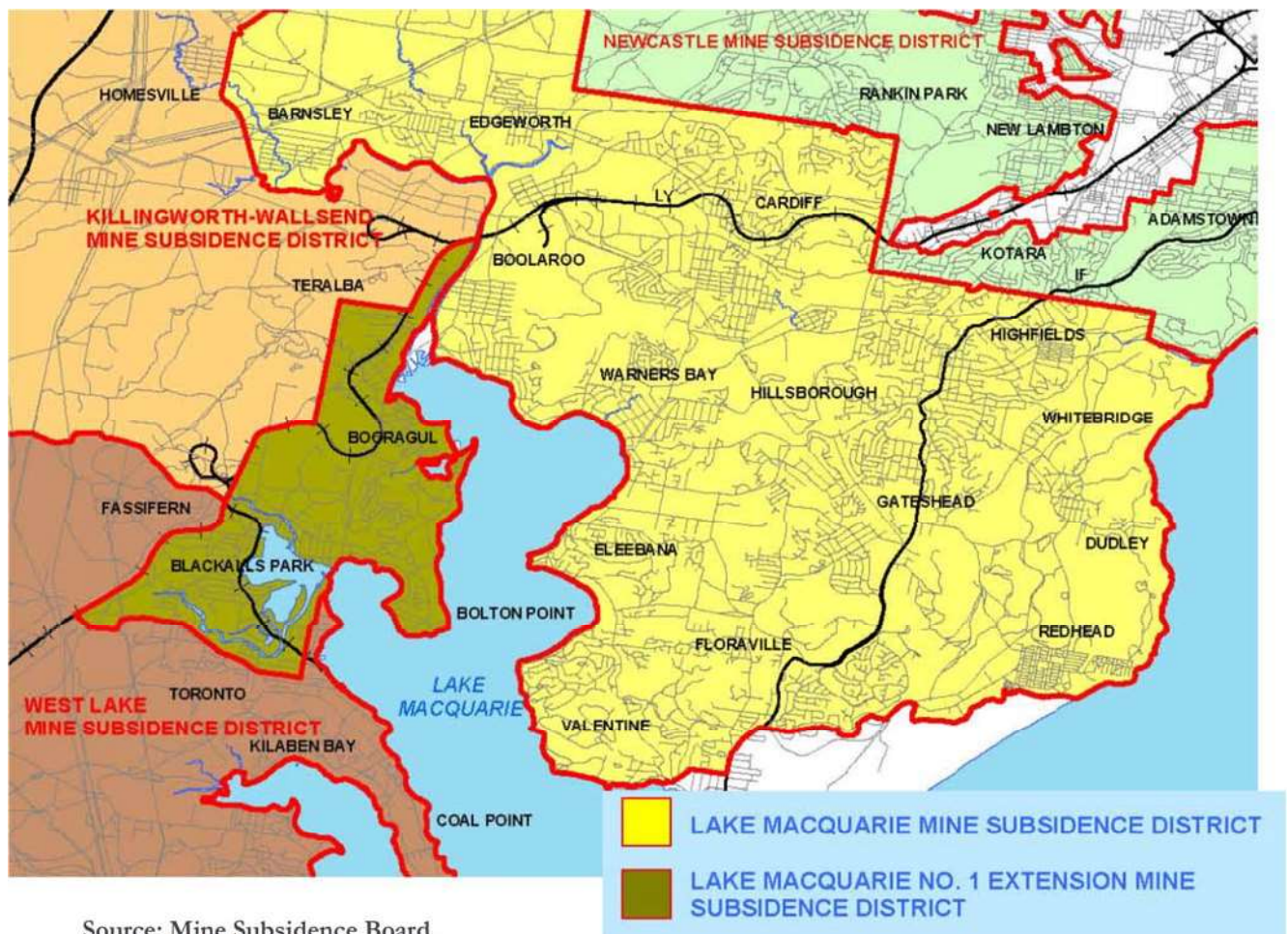
Figure 36: Location of Marmong Waters in Booragul



Source: RP Data

Historically, townhouse-style dwellings built in 1979 by NSW Housing were located on the property and operated as a social housing estate (Cronshaw, 2010). Details on the 1979 construction were not available so it is not known whether additional infrastructure or site works were required, increasing the cost of construction. Townhouse-style dwellings were and still are higher density than the detached residential housing in the surrounding locality (RP Data, 2019a). The estate had experienced social problems, vandalism and crime and was bulldozed in 2002 (Newcastle Herald, 2010). The site remained vacant and was sold in 2013 to a joint venture of Marmong Waters Estate Pty Ltd and Empowered Living Support Services Ltd.

Figure 37: Lake Macquarie and Lake Macquarie No. 1 Extension Mine Subsidence District



Source: Mine Subsidence Board

Lake Macquarie proclaimed 16 May 1962; Lake Macquarie No. 1 Extension proclaimed 11 June 1969

The property had been over the Teralba Southgate mine which was part of Teralba Colliery where development commenced in 1973 and operations in 1978 (Figure 37). Mining operations ceased in 2001 and the mine was placed on care and maintenance (Oceanic Coal Australia Pty Limited, 2014). Land under the suburbs of Booragul and Marmong Waters had not been mined and following proclamation of the amended MSD boundaries in 2017, the suburbs were no longer impacted by MSD restrictions. State government social housing policies had been focused on supply-side measures with construction of properties and estates for tenants; in the 1990s these policies changed to demand-side measures with financial assistance to residents in the private rental housing market (Chapter 4.3.2 and Chapter 4.3.3). This change in focus influenced strategies for renewing public housing estates, particularly when such estates were problematical (Cronshaw, 2010). Historical social housing policies were part of the assemblage, resulting in a site without MSD restrictions becoming available for retirement village operators to purchase.

Changing social housing policies had interacted with changing MSD boundaries and with demographics, creating opportunities for retirement community operators. Similar to Sugar Valley Lifestyle Estate, the property is in Lake Macquarie LGA and benefits from the ageing profile and inward migration. Attractive demographics interacted with the availability of a vacant site with lakeside amenity to the nearby Lake Macquarie. Marketing for the retirement village featured this lakeside amenity and did not mention the suburb's name of Booragul nor the site's history as a social housing estate, as shown in Figure 38. Similar to Sugar Valley, the operator was able to capitalise on internal features and proximity to Lake Macquarie to promote the retirement village, rather than depend on the surrounding residential area. Changing MSD boundaries were part of the assemblage, providing an opportunity to a retirement village operator. Other components included shifting social housing policies, lakefront proximity and the ageing demographic, that resulted in this establishment.

Figure 38: Advertisement for Marmong Waters in Retirement Living

Introducing
Marmong Waters Estate

Over 55's independent *Lakeside* LIFESTYLE

Located on the shores of picturesque Lake Macquarie, *Marmong Waters Estate's* beautifully designed Independent Living Units provide the ultimate modern environment for those who want to downsize from family homes without compromising privacy, freedom of choice or lifestyle options.

Residents will have access to the Community and Recreation Centre, including health and fitness facilities, an integrated business centre and a fully equipped kitchen for functions. Other amenities will include a pool, a bowling green, BBQs and beautiful outdoor areas, secure storage for your caravan or boat, and much more. You even have the opportunity to bring along your fourlegged friend – certain areas of the estate will be pet-friendly!

Building at *Marmong Waters Estate* is currently in progress and our luxury Independent Living Units are selling off the plans.

For more information, or to register your interest, contact:
Andrew Walker
Street Real Estate
0402 009 532
02 4926 3933
andrew@street.net.au

The advertisement includes several images: a couple hugging a dog, a modern interior of a living unit, a family of three on a boat, and an aerial map of the estate with an arrow pointing to the location.

Source: Retirement Living, July 2016, 4th Edition, page 29

6.3.2.4. Summary

Assemblage thinking provides a way of unpacking the relationships and interactions, of which underground coal in this research was a part. Retirement village operators interacted with MSDs and property values, location, existing site ownership, development density and local demographics. Assemblage thinking recognises the importance of constraining factors in constituting urban outcomes (McGuirk, et al., 2016; Baker & McGuirk, 2017; DeLanda, 2019). In each of these case studies, factors constrained earlier potential residential development, resulting in later establishment of retirement communities. This examination acknowledges the complexity and messiness of urban processes, of which commencing retirement villages are a subset. By unpacking these interactions and relationships, the full story of how MSDs and further factors influenced supply and location decisions can be examined. MSD locations result in increased physical cost of construction. All other things being equal, operators would prefer to develop in locations with higher property values to recoup this increased cost from incoming capital contributions (For-Profit Operator #2). Features of retirement villages, including internal security, enable operators to overcome the potential negative of surrounding lower property values.

MSD locations, along with further factors, including site availability and up-to-date development approvals, influence operators' supply and location decisions. Assemblages are comprised of multiple processes and examination of each of these individual case studies reveals further factors and interactions. In these case studies, underground coal is one of the similarities, along with policy and finance. Urban development processes have multiple possible trajectories, as retirement village operators consider numerous possible developments before proceeding with any single property. MSDs result in additional costs of a potential development and they are part of a multitude of attributes of an individual site that impact on operators' establishment decisions.

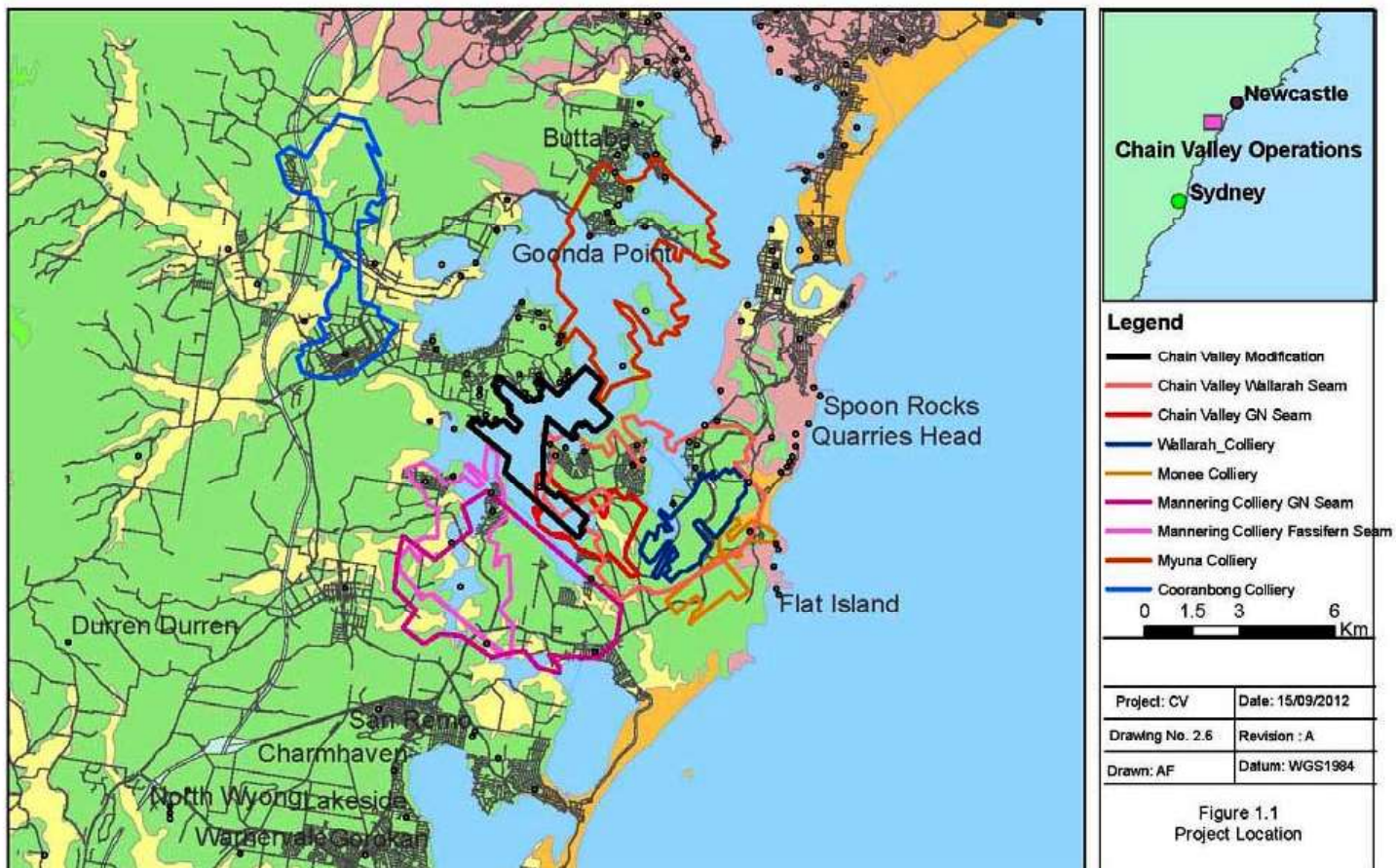
Examining the multiple processes, possible trajectories and outcomes reveals the role of constraining factors in constituting urban outcomes (McGuirk, et al., 2016; Baker & McGuirk, 2017; DeLanda, 2019). Closer examination of the many interactions and relationships reveals the importance of these constraining factors (McFarlane & Anderson, 2011c; McGuirk, et al., 2016). By constraining one urban outcome, factors can encourage other outcomes and assemblage thinking acknowledges all actors and interactions not just the formal and powerful.

6.3.3. Case Study 2: Agglomeration of MHEs

This case study examines an agglomeration of MHEs located in the suburbs of Chain Valley Bay and Lake Munmorah on the isthmus between Lake Macquarie and Lake Munmorah. An examination of the history of this concentration of a specialised land use reveals multiple interactions with MSDs, planning policy and finance. The role of materialities in influencing establishment decisions is examined, highlighting the emergent nature of assemblages (Anderson & McFarlane, 2011), in that the current built form is a ‘temporary’ use. Retirement villages (and rental villages) generally are confronted by different planning regimes and financial models when compared to MHEs. Operators of MHEs face different financial feasibilities when developing in MSDs, as relocatable homes are lighter and do not have as many expensive structural requirements as conventional housing, including retirement villages. Retirement villages and MHEs have different relationships with existing or future underground voids from mined coal.

The Suburbs of Chain Valley Bay and Lake Munmorah are located above Mannering Colliery GN Seam (Figure 39). This colliery supplied the Munmorah Power Station, both colliery and power station commenced in the 1960s (King & Hodgson, 1995). The location is distant from the main population centres of the region, namely Swansea and Charlestown to the north and Lake Haven and Gosford to the south. At the time of mining commencement, there was piecemeal residential subdivision in the suburbs, along with market gardening activities (NSW Department of Finance, Services & Innovation, 1966, 1971, 1980).

Figure 39: Historical and Current Mines of the Southern Region of Lake Macquarie as at 2013



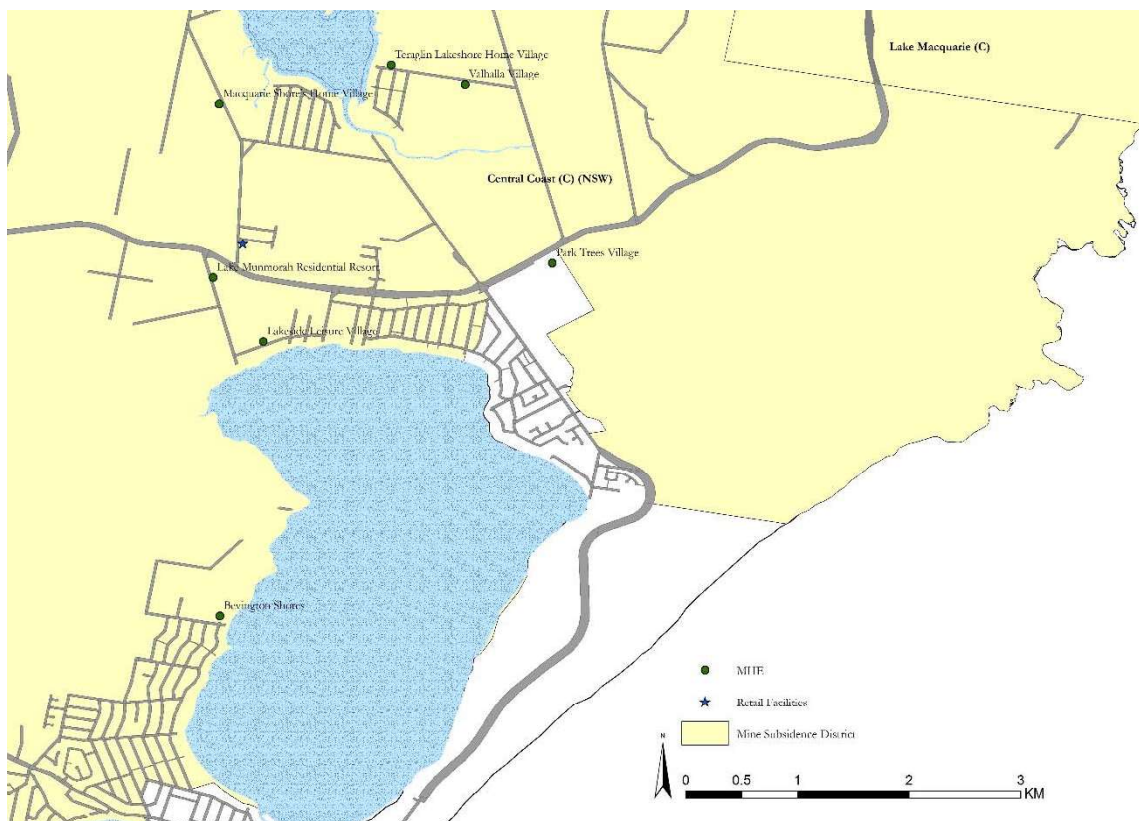
Source: Chain Valley Colliery Mining Extension 1 Groundwater Assessment, GeoTerra Pty Ltd

An examination of this agglomeration demonstrates that the urban built form had been mediated by underground coal mining. Interactions pre-and post-extraction since the 1960s highlight the complexity and messiness of development in urban areas. The emergent and ongoing agglomeration was not planned at any level, nor was it predicted. As Local Government #10 described, 'It is all constrained by mining. By doing a manufactured home estate, that's the way they got round the mining constraints. They can have lightweight [buildings]'. Voids from underground coal were made material through MSD mapping and restrictions were a factor in the formation of this concentration of a specialised land use. Assemblage thinking facilitated an examination of operators' interactions with demographics, policy and economics since the 1960s. MSDs have different levels of restriction depending on whether the mining activities are historic, current or future (Table 14, page 172). MHE

operators' interactions with MSDs commenced when extraction was a proposed activity and these interactions continued after mining had concluded.

The MSD over Chain Valley Bay and Lake Munmorah affected surface development after coal mining leases were granted prior to the coal being extracted (Figure 40). In order to prevent future claims for subsidence damage to permanent structures, aboveground development was restricted prior to extraction, as the full effect of future subsidence was not known (P. Gray, Personal Communication, 27 March 2019). This restriction was due to the weight of conventional residential housing but it this did not restrict caravan parks and MHEs with lighter relocatable homes.

Figure 40: Chain Valley Bay and Lake Munmorah Showing Dryland MSDs²¹



Interactions over time between historical and current MSD restrictions, local property values, surrounding land uses, financial feasibilities and demographics resulted in this agglomeration.

²¹ Spatial Services, NSW Department of Finance and Services

MHEs are financially the most feasible land use. This concentration of a ‘temporary’ activity commenced prior to mining and continued after coal was extracted.

Caravans and relocatable homes are lighter than conventional residential housing and were permitted in areas where there was a potential for subsidence from future mining. Moreover, their modular construction enables them to cope better with subsidence and they are easier to re-level, where required (P Gray, Personal Communication, 27 March 2019). A ‘temporary’ activity was therefore permitted, as the extent of future subsidence was not known. Establishment dates of caravan parks and MHEs were determined for this research using historic Yellow Pages. Caravan parks commenced in the area in the late 1970s (Figure 41) and early 1980s. At that time, permanent residents did live in caravan parks even though this was not legally permitted. As residential subdivision was not permitted, this ‘temporary’ activity allowed a landowner to earn a rental return from a site. Caravan parks were a more lucrative property use compared to other land uses, such as market gardening, observed in historical aerial photos (NSW Department of Finance, Services & Innovation, 1966, 1971, 1980; Reed & Greenhalgh, 2004). Landowners precluded from residential subdivision sought alternative activities that would earn a financial return. The land was effectively quarantined from further residential subdivision due to the unknown impact from a future mining activity. In this way the underground materiality shaped urban development.

As noted previously, MHEs developed as retirement communities without focused policy and legislation has been largely responsive to trends that developed within the sector (Chapter 4.4). Changes in legislation interacted with land use restrictions and with operators seeking to maximise financial return from these restricted sites (Chapter 5.3.5.3). Following changes to legislation permitting permanent residency (Chapter 4.4) caravan park operators responded by converting partially or completely from tourism uses to permanent home sites. Many advertised as having mobile home sites and sales of mobile homes, openly promoting what had previously been an ‘illegal’ use (Figure 42).

Figure 41: Yellow Pages Advertisement for Valley Bay Van Park 1978



Source: Yellow Pages 1978

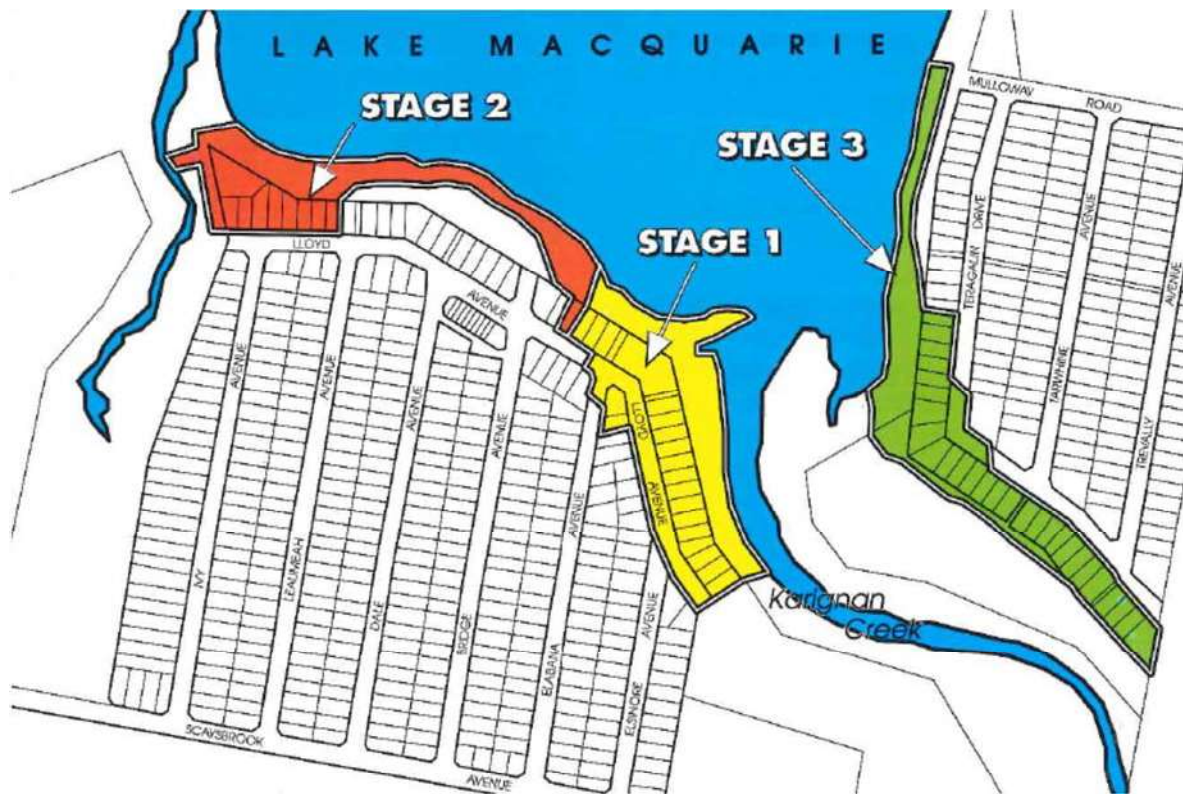
Figure 42: Yellow Pages Advertisement for Chain Valley Bay Van Village 1987



Source: Yellow Pages 1987

Materialities of coal and water combined in this location, emphasising the temporality of the urban built form. This interaction highlights the emergent tendencies of these assemblages to both stability and disorder (Edensor, 2011; DeLanda, 2019). Commencing in 1986, there were a series of significant subsidence events on the foreshore of Chain Valley Bay, impacting on detached residential housing in Lloyd Avenue and Teralgan Drive (Figure 43). Measurement of this subsidence recorded that it reached 702 mm in 1988, when major flooding impacted on houses in the locality. Remedial works, including raising houses, filling of the area and engineering to mitigate against wave action, were undertaken from 1990 (Mine Subsidence Board, 1992). The ongoing impact of this event was to remind local residents of the possibility of subsidence in the location. Local newspapers often feature articles reminding readers of the subsidence damage when further mining activities in the region are discussed (Kirkwood, 2010; Smith, 2011). Subsidence at the shore level that resulted in sea/estuarine water inundation also provides a reminder of the likely impact of sea level rises and future flooding events (Cronshaw, 2003; Rogers, et al., 2019). In this situation, the combination of coal and water highlight the dynamism of assemblages, as the relationship is temporary.

Figure 43: Locations of Chain Valley Bay Subsidence Events



Source: Chain Valley Bay Restoration Project: Special Report – Mine Subsidence Board

Operators interacted with MSD restrictions and with further factors, including local demographics. Assemblage thinking assists in explaining urban outcomes as a result of ongoing iterative interactions between the material and the immaterial. MSDs were one of many agents influencing the supply of MHEs on individual sites and resulting in this agglomeration. By the 1980s the Central Coast region was experiencing a change in demographics with increasing numbers of older people and inward migration. The area had become a popular retiree destination and had both achieved higher rates of growth in the number of people aged 65+ and a greater proportion of the population in this age bracket (Table 8, page 41). Retirees moving to the region were seeking a range of accommodation choices and operators of MHEs interacted with this demand from retirees for accommodation in the region. Mine subsidence restrictions did not preclude age-segregated MHEs, which in the locality were partially or fully operated on an age-segregated basis as a retirement community (Figure 44). A feature of most MHE accommodation is its affordability compared to detached residential housing. As the homes are relocatable, they are generally cheaper than permanent housing in the surrounding

locality. Moreover, as the resident is not purchasing the land, this component is removed from the purchase price. Older people who have accumulated insufficient housing equity to purchase detached residential housing in an area, can find MHEs an affordable alternative. Operators interacted with historical MSD restrictions, demographics and finance resulting in this agglomeration.

Figure 44: Yellow Pages Advertisement for Macquarie Shores Home Village, 1990



Source: Yellow Pages 1990

Figure 45: Yellow Pages Advertisement for Macquarie Shores Home Village in the Retirement Communities Section, 1996



Source: Yellow Pages 1996

Development of MHEs in the locality continued throughout the 1990s and into the 2000s, by which time they were being advertised as retirement communities (Figure 45). In Chain Valley Bay, Lake Munmorah and nearby suburbs there were at the time of writing seven MHEs, the most recent having been established in 2006. Using high-resolution aerial photos (Nearmap, 2019) it is estimated that these MHEs comprise more than 1,500 dwellings.

In 2002, mining operations at Mannering Colliery concluded and the site was placed on care and maintenance. The agglomeration of MHEs continues there, demonstrating the ongoing

influence of coal in constituting the aboveground land uses. Assemblage thinking focuses on the contingent processes and practices that have continued on this land, despite the original reason for its commencement having ended. Examining this process highlights the ongoing iterative interactions resulting in the aboveground agglomeration of MHEs. Features of the financial feasibility of MHEs interacted with post-mining restrictions of MSDs, demographics and local property values, resulting in their ongoing popularity. As Local Government #10 explained ‘That whole area, it is mining constrained. Also, too, you have your lower socio-economic demographics in there as well too’. Although the locality is popular as a retiree destination, no retirement villages have been established since the conclusion of mining even though permanent dwellings are now permissible under MSD legislation.

MHEs can achieve higher densities (more than 18 dwellings/hectare) than other local forms of residential housing, including detached residential or a low-density retirement village (Nearmap, 2019; RP Data, 2019a). Infrastructure costs, road construction and water and sewerage reticulation, are all lower for development of an MHE than other forms of housing. These factors improve the financial feasibility of an MHE development compared to conventional residential subdivision or a retirement village.

Property values in the area are relatively low compared to other suburbs in the Central Coast and Lake Macquarie LGAs (Chapter 3.4). These lower property values can in part be attributed to the distance to services and amenities and the proximity to the coal-fired Munmorah and Vales Point Power Stations located immediately to the west. It is more cost-effective to have coal-fired power stations proximate to underground coal mines as transportation costs are reduced. In addition, power stations and associated lands fracture residential subdivisions and their presence impacts on surrounding residential values.

Lower property values impact on the financial feasibility of developing either general residential or a retirement village. Much of the suburbs are now designated Guideline 2 by SA NSW, limiting development to single- or two-story brick veneer with a maximum footprint of 400m² (Table 14, page 172). SA NSW was drawn into the assemblage, as approval for higher density development would require assessment by SA NSW risk engineers. Such higher density development would require increased footings and/or grouting adding to the cost of construction. Increased construction costs reduce the feasibility of residential or retirement village development, which would require sale prices or incoming capital contributions to be greater than the cost of development. This is difficult to achieve when the locality has higher construction requirements and relatively lower property values. To develop a retirement village

at a similar density to an MHE would require a multi-story development. This is permissible with SA NSW assessment on merit, but it can be anticipated that medium-density development would require increased construction costs. A further agent in the locality, acid sulphate soils, exerts influence requiring additional footing work and construction, increasing costs.

Development of a retirement village is currently assessed under SEPP SL. These policies require proximity or access to services and amenities. Without adequate public transport, an operator would have to supply a communal bus for residents, adding to the cost of operation (Chapter 4.2.4). MHEs are assessed under a different planning framework and do not face this access requirement. Until a neighbourhood shopping centre was developed on the Pacific Highway in 2013, development of a retirement village could have been dependent on the provision of a village bus. Under retirement village law, residents (not operators) pay for ongoing activities including the running of a village bus. The cost of this bus service would be borne by residents, which would increase the monthly service fees relative to other retirement villages that do not have this requirement. Comparatively higher monthly service fees would further reduce the appeal of a retirement village in a location with lower property values. Local government representatives have expressed concern at the formation of this agglomeration. Local Government #9 described this local government response 'It got to a point that there was actually a council resolution back in 2003 because they were cropping up everywhere and they put a ban on MHEs in that area'.

Assemblage thinking provides critical insights as to how this agglomeration of MHEs formed and emphasises how urban built form is emergent (Edensor, 2012). A temporary use interacted with underground coal, demographics and financial feasibility resulting in a property use distinctive to this location. This case study shows how individual operators of MHEs responded to a restriction based on the possibility of subsidence from a future activity and developed a property type that faced lesser restrictions. Central Coast LGA was popular with older people seeking to make a sea change relocation (Chapter 3.2). Those seeking cost-effective retirement accommodation supported these developments by purchasing relocatable homes and moving in. Development features in the MHE operational model include relatively higher densities and lower infrastructure costs compared to retirement villages. The interaction between all these factors results in MHEs being a more financially viable land use in this location. Interactions in this case study highlight the emergent nature of materialities and assemblages. The current urban built form is in itself a 'temporary' or 'transient' land use.

6.3.4. Ongoing Influence of Coal

Materialities and assemblages have agency into the future (Latham, 2016) and are dynamic. This section examines the ongoing agency of coal in the study area. First, it examines the influence of the historical and proposed underground voids from coal mining, shaping development and interacting with urban regeneration strategies, planning frameworks and property values. Second, confronted with evidence of the impact of burning fossil fuels on climate change the desirability of continuing to mine coal reserves and operate coal fuelled power stations is being questioned. Third, it examines how the impacts of climate change in the study area include the increased likelihood of flooding events influencing planning frameworks, insurance availability and property values (Lake Macquarie City Council, 2014).

The ongoing presence of underground voids is made material through their wider assemblage with studies, mapping and policy. Voids may not be visible on the surface and outside property developers and investors considering activities in the region become aware of them after enquiries are made or conversations commenced. The ongoing influence of voids on the aboveground, which includes a degree of uncertainty, becomes manifest. Relationships between the underground and the aboveground are mediated through legislative linkages with MSDs and SA NSW. The relationship between coal and land uses (and their economic values) is a result of a number of interactions which once in motion the processes continue their interaction (Edensor, 2012). Interactions from this original mining activity set in motion a process that includes legislative restrictions.

Subsidence is more than a physical manifestation of a historical activity; MSDs are proclaimed over areas designated for future mining. Coal is physically present; its possible future absence confers a probability of subsidence that is influenced by the geology and the depth and width of the coal seam. When coal is currently present and a mine license has been granted means that, there will be voids in the future once the coal is extracted. This is made more complex by the possibility that mining for a multitude of reasons may not occur. The possibility of this future void influences aboveground built form through MSDs (Table 14, page 172) that restricts some property types and through this restriction promotes other property types. Coal can be physically present, an absent void or a possible future absent void and is part of the interaction with other components in a dynamic system (Latham, 2016).

Aboveground built form outcomes are influenced by these underground voids, whether present or potential, and are a result of interactions with mining practices, building technology and financial feasibility (Gordon, 2013). Building heavy medium-density and high-rise structures

requires grouting, adding expense and time to construction and it becomes financially feasible only in locations with high property values (Green, 2013; Kirkwood, 2014). Current and potential mining voids interact with building technologies and property values, thus influencing aboveground built form and mitigating urban regeneration (Towart, et al., 2019). In this situation the assemblage includes the relationship between an unknown future value of an unextracted resource with known current and unknown future property values in a location experiencing inward migration.

Current climate change debates interact with coal's economic value and the aboveground impact of its extraction. Coal was Australia's most valuable export in 2018 and politicians are required to balance the need to create jobs against the commitment to protect the environment and not contribute to the creation of greenhouse gas emissions (Barich, 2019; Bowden, 2018). Coal's influence is shifting. Burning coal contributes to greenhouse gas emissions, which in part fuel climate change, which in turn is predicted to increase flooding and extreme weather events (Higginbotham, et al., 2014). Political and business emphasis in the region is focused on shifting the economic basis from coal mining and heavy industry to services and tourism (Heys, 1998; NSW Department of Planning and Environment, 2015). This is part of an ongoing debate happening in the study area as Consultant #3 described 'Who knows what's happening, coal is a dirty word, don't talk about mining coal these days'.

Assemblages epitomise the dynamism of de-territorialisation and re-territorialisation, establishing territory as they emerge, transform and disassemble (McFarlane, 2009; Müller, 2015). Historically, coal mining provided economic benefits to the region and the estuarine lagoons and the Hunter River system provided transport and irrigation (King & Woolmington, 1960). Assemblages of coal and water now include scientific understanding, prices set on world markets and weather events. These interact with planning decisions, property values and insurance availability, influencing ongoing settlement patterns and these patterns influence the location of retirement communities (Connor, et al., 2009; Duus, 2013; Bowden, 2018; Barich, 2019). Coal's power has reduced and is expected to reduce in the future. This introduces three-dimensional tension whereby the ongoing value of an underground resource is brought into conflict with aboveground urban uses. Quarantining of land on the surface above future mines reduces potential development as articulated by Consultant #2:

This debate that is now going on, . . . , do we continue to do that (mine coal) and get the royalties and a bit of extra employment, or do we allow residential development where the ongoing economic impact is significantly better.

Local governments in the study area acknowledge that flooding from predicted climate change is impacting on land uses in their jurisdictions (Lake Macquarie City Council, 2014; McManus, et al., 2014; Bowden, et al., 2019). Future materialities include anticipated climate change with local government planning guidelines incorporating anticipated sea level rises (Lake Macquarie City Council, 2014). Including both anticipated flooding and the reduced mobility of old people are issues being addressed as Local Government #1 described 'Sea level rise is one of those issues in our area with those ... communities'. Interactions between the material and social, political and economic geographies are enduring (Latham & McCormack, 2004; Anderson & Wylie, 2009) whereas current urban outcomes are not permanent.

Relationships between underground coal mining and aboveground residents are mediated through NSW legislative frameworks. Materialities approaches and assemblage thinking provide a way of examining how interactions over decades have influenced operators supply and location decisions. The case studies in this research show the complexity of urban processes that result in the supply and location decisions of retirement communities. Interactions between coal and aboveground land uses commenced prior to extraction and continued post-extraction with legislative frameworks, demographics, soil types, financial feasibilities and property values. These interactions highlight the emergent nature of materialities and assemblages (Edensor, 2012). This section has examined how urban development processes have multiple possible trajectories resulting in current property uses that could not have been predicted when mining commenced.

6.4. Material Influence 2: Water

Watercourses are a feature of the region with the Hunter River, its tributaries and wetlands and the estuarine lagoon systems of Lake Macquarie, Tuggerah Lakes and Brisbane Water. Water has shaped urban built form. Historically water-based travel was the main form of transport and communication for early colonial settlement in the region. The navigable waterways of the Hunter River facilitated the extraction of coal through transport, and the river was the major route to the hinterland assisting agricultural settlement on the fertile alluvial flats of Wallis Plains (King & Woolmington, 1960). Prior to the development of road transport networks, the estuarine lagoons hosted regular ferry services within the region and linking them to the northern parts of Sydney (King & Hodgson, 1995). Land use patterns dating from this original water transport continue to this day. Flooding of the Hunter River has been a regular event enriching the surrounding agricultural areas with deposited silts and influencing early town

planning (King & Woolmington, 1960). At the same time, floods cause loss and their ongoing influence includes individual housing and location choices, town planning, property values and insurance availability (McEwen, et al., 2017). Following the upgrading of road networks linking the region to the Greater Sydney region, the area became a popular holiday destination based on the recreational amenity of the estuarine lagoons (Gosford City Library, 2001). Proximity to the Sydney metropolitan region enabled workers employed in Sydney to commute, particularly from the Central Coast LGA. The recreational amenity of the estuarine lagoons coupled with relatively lower property values and a mild climate encouraged retirees to relocate to the region (Gosford City Library, 2001).

Urban settlement patterns, including retirement communities, are a result of interactions with water through original transport networks, flooding and recreational amenity. This section examines how water influences spatial outcomes of retirement communities through flooding and how operators interact with water's amenity. Flooding impacts are different for retirement villages and rental villages compared to MHEs. Water's agentic power has been through interactions with planning policy for retirement communities, resulting in different location choices for retirement villages and MHEs. This is examined in this section with two case studies. Case Study 3: Maitland examines new development of retirement villages in the Maitland LGA concentrated on the urban fringe areas in locations that are not flood affected. Case Study 4: Anna Bay investigates an agglomeration of MHEs that has formed around Anna Bay and the surrounding suburbs of One Mile and Bobs Farm in the Port Stephens LGA. Following these two case studies, the amenity of water and how operators have interacted with this in promoting the region as a desirable retiree destination is examined.

6.4.1. Flooding

Flooding and weather events are a feature of the region. Historic flooding events interact with projections of future flooding events (McEwen, et al., 2017), with town planning and ultimately with the location choices of retirement community operators (McManus, et al., 2014). Flood engineers and town planners in the region have included predictions of these future events in their land use planning regulations (Forino, et al., 2017). Past flooding events are transitory and future flooding is predicted. These temporary events become material through the mapping of flood affected lands.

Water's agency is through interacting with immaterialities of politics and policy, resulting in physical maps that interact with land uses, insurance availability and property values

(Donaldson, et al., 2013; McEwen, et al., 2017; Bowden, et al., 2019). Residents in retirement communities, being older and likely to be less mobile, are considered vulnerable in a town planning context (Faulkner, 2017). Time estimates for emergency evacuation include the level of individual mobility and where people require assistance, emergency evacuations can be anticipated to require additional time (Forino, et al., 2017). These factors influence the locations of retirement communities, as Local Government #10 explained ‘We don’t think vulnerable communities should be put in those locations’. Similar to coal, water has different interactions with the three types of retirement communities. Retirement villages (and rental villages) and MHEs are approved under different planning frameworks with regard to location on flood affected land. The result is different spatial outcomes for each type.

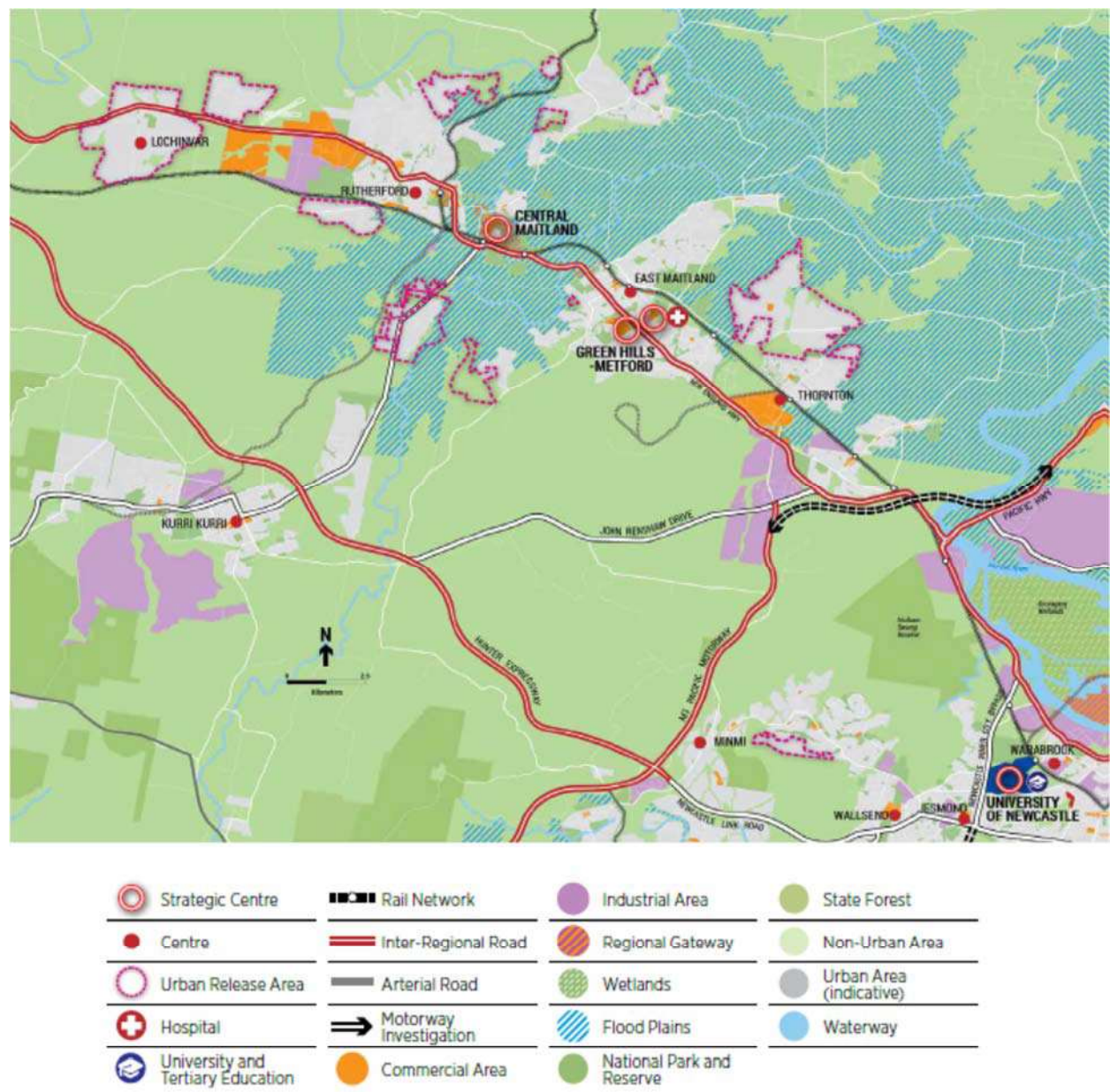
Planning approval for retirement villages and rental villages is regulated under SEPP SL. This policy excludes development on land identified in any other planning instrument by the descriptions ‘floodway’ and/or ‘high flooding hazard’. In contrast, MHEs are assessed under SEPP 36, which permits MHEs on land on which caravan parks are permitted. In practice MHEs are permitted on a wider range of locations including flood affected lands.

The outcomes of these different planning frameworks are demonstrated in the different spatial patterns of retirement villages and MHEs in the study area. This is examined through the following two case studies.

6.4.2. Case Study 3: Maitland

Retirement village operators interact with established settlement patterns, historical and potential flooding events, regional economic and planning strategies and SEPP SL in making supply and location decisions. Maitland LGA is situated on the Hunter River floodplain which experiences regular flooding events (Figure 46). These events have influenced urban development in the region since colonial settlement, encouraging settlement on fertile alluvial lands and development of town centres in historic river ports (King & Woolmington, 1960). Establishment of retirement villages in Maitland post 2000 focused on liminal locations on the boundary of established residential areas with nonurban uses. Operators interacted with flooding restrictions, urban release areas, SEPP SL and built form of retirement villages in the region in making location decisions.

Figure 46: Hunter Region Showing Urban Areas, and Urban Release Areas and Flood affected Lands



Source: Draft Plan for Growing Hunter City, 2015

Maitland LGA has been designated as a strategic site of population growth and development. This introduces tensions between the focus on urban development, including retirement communities, and flooding constraints. The LGA is part of the Newcastle and the Hunter regions where the State government is promoting employment and industry with regional plans (NSW Department of Planning and Environment, 2016). In order to promote growth, residential subdivisions for incoming workers are needed. Regional planning strategies include urban release areas where locations have been designated as growth corridors for new residential

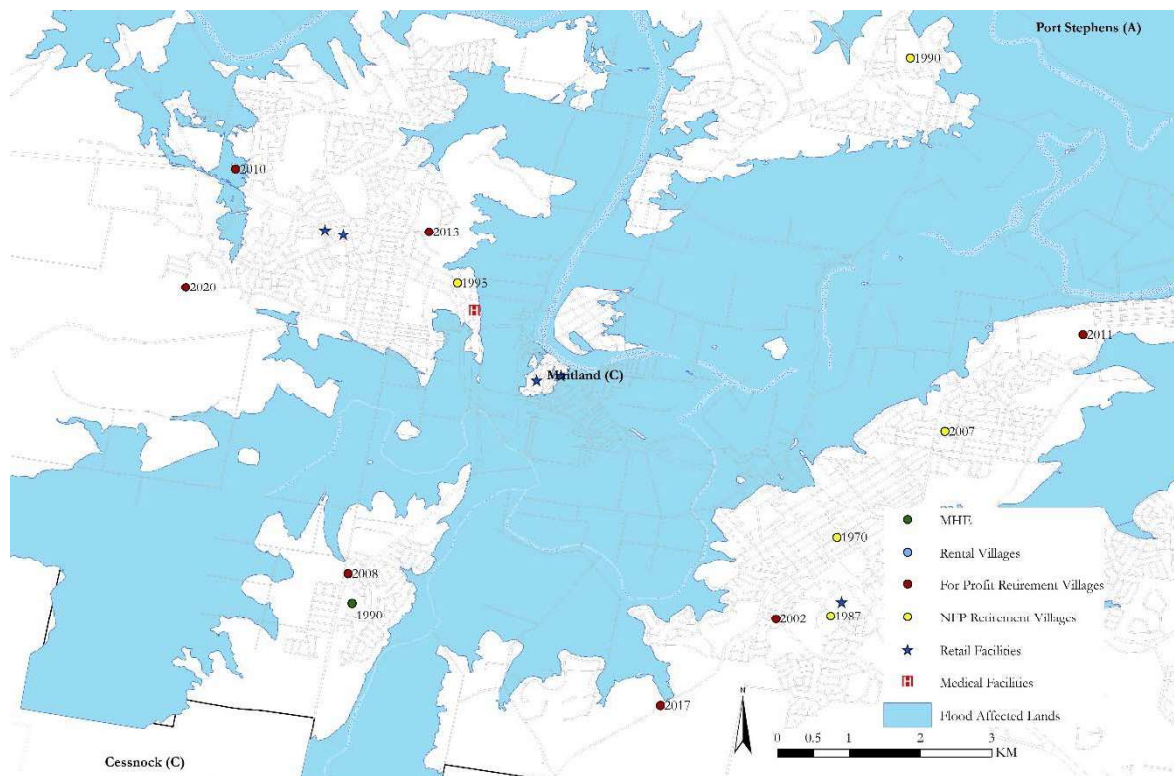
subdivision (NSW Department of Planning and Environment, 2015). Flooding risk shapes strategic planning and regulatory frameworks restricting permanent residential development to non-flood affected locations (Figure 46). Local Government #7 explained that large amounts of land are constrained by flooding, saying, ‘That’s always a challenge . . . we are on a big floodplain, so if we do have a massive event, we have got a lot of very vulnerable groups’. Flooding events, made material by mapping of flood affected lands, interact with the availability of large developable sites, with the ability to obtain property insurance and with property values to influence residential development. Retirement community operators interact with these factors and with SEPP SL that applies to retirement villages that are different from the SEPP 36 that applies to MHEs, resulting in different supply and location decisions for these types of retirement communities.

Urban release areas (Figure 46) include future residential subdivisions. Overlaying flooding maps with urban release areas and existing urban areas reveal a concentration of potential residential development on land that is not flood affected. Urban release areas represent an opportunity for retirement village operators seeking new sites to facilitate growth as part of their overall strategy and the return from retirement village development (Chapter 5.3.1.3). Through flooding restrictions, operators in this region are limited to these locations. Flooding restrictions now interact with features of residential property in the region being low-density. Retirement villages in the region feature low-density villa-style units plus quality amenities and facilities. In order to provide these amenities and facilities, retirement villages in excess of 100 dwellings are preferred; in this way the monthly service fees paid by residents are spread across a sufficiently large number of dwellings to be at a competitive level. To achieve this, sites of greater than 1 ha are preferred; however, since vacant sites of this size are difficult to obtain in infill locations (Figure 46 and Figure 47), operators concentrate on liminal locations for new properties. This introduces a tension, including the traditional criticism that retirement village establishment under SEPP 5 and SEPP SL (Chapter 4.2.4) encouraged new properties in liminal locations and that such locations had relatively poor access to services and facilities (Ross, 2008).

Existing residential areas in the Maitland region, including retirement communities, are already constrained by flooding issues (Figure 46 and Figure 47) and residential developers and retirement community operators are restricted to new urban release areas. This leads to a focus on new residential and retirement village development in liminal non-flood affected locations in the LGA. Generally, liminal locations have been considered less desirable as they had (relatively) poorer access to services and amenities (Stimson & McCrea, 2004; Judd, et al., 2014). While this may have applied in other geographies, analysis of access to medical and retail

facilities however in Maitland LGA shows that this generalisation does not apply in this location (Chapter 6.5). Recent and proposed developments of retirement villages in the Maitland LGA have focused on liminal sites not affected by flooding issues. Establishment dates of individual properties demonstrate that more recent development has been on non-flood affected locations (Figure 47).

Figure 47: Maitland Region Showing Location of Retirement Communities with Dates of Establishment and Flood Affected Lands²²



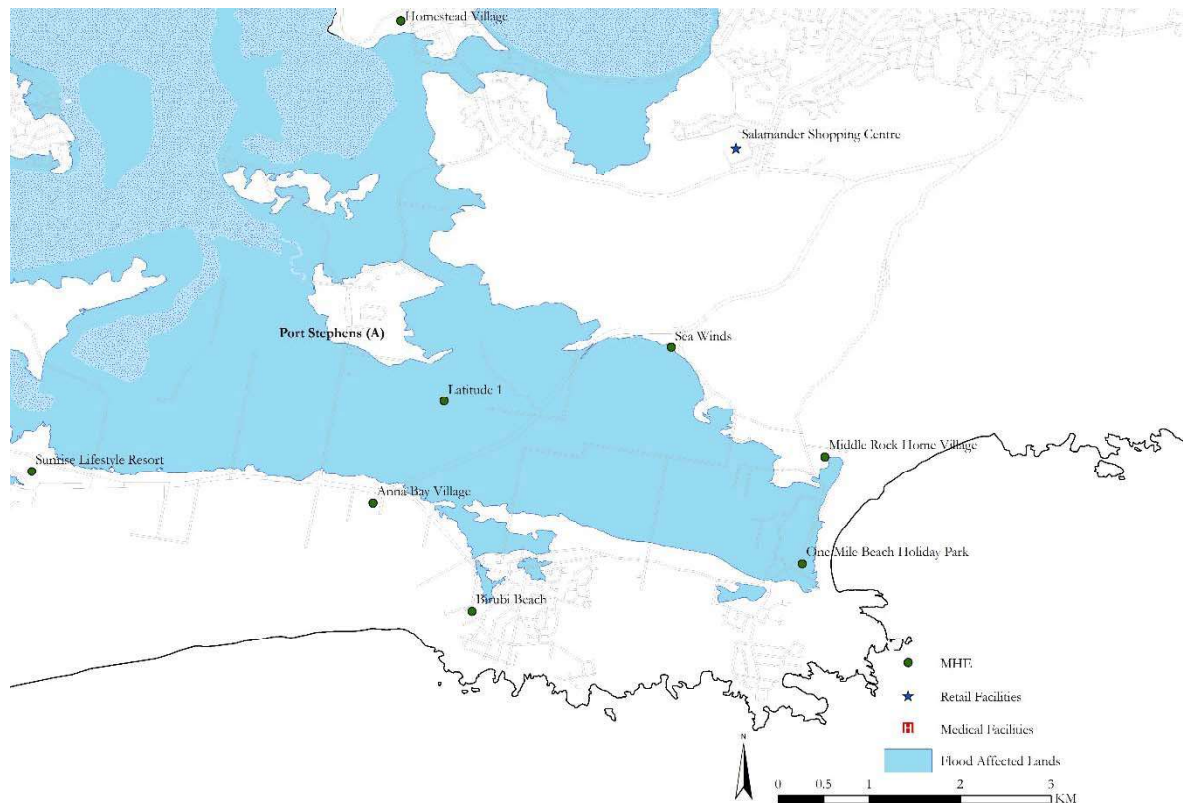
Recent retirement community establishment in Maitland LGA is an example of how water influences the locations of retirement villages. As these properties are permanent structures, they are restricted to non-flood affected locations. In contrast, MHEs are temporary structures and their establishment is analysed under different planning frameworks. MHE operators interact with planning legislation, site availability, flood affectation and financial feasibility, resulting in a different spatial outcome. This is examined in the next case study.

²² Land where development implications exist due to the risk of flood as designated by the relevant NSW environmental planning instrument (EPI).

6.4.3. Case Study 4: Anna Bay

Anna Bay and the adjacent suburbs of Bobs Farm and One Mile in the Port Stephens LGA feature an agglomeration of MHEs. Examination of this agglomeration reveals that a number are situated within or adjacent to flood affected land (Figure 48). Examining how this agglomeration has occurred demonstrates how operators have interacted with local amenity plus planning legislation, site availability and financial feasibilities. In contrast to the previous case study, MHE locations are not restricted by flood affectation, resulting in different interactions and spatial outcomes. This and Case Study 3 highlight the differences between retirement villages and MHEs with regard to the location choices of operators.

Figure 48: Port Stephens Region Showing Location of Retirement Communities and Flood Affected Lands²³



²³ Land where development implications exist due to the risk of flood as designated by the relevant NSW environmental planning instrument (EPI).

Planning approval for MHEs in NSW is under SEPP 36 and MHEs are permitted on a wider range of locations than are residential housing, retirement villages and rental villages (Chapter 4.4), as explained by Local Government #11:

Manufactured home estates don't actually have their own definition in planning terms, it is one of the really difficult things that we are finding at the moment, there is this uncertainty as to what you actually call a manufactured home estate in the planning world. They thought at the time that it was linked to caravan parks, that is where a lot of these actually started off as, short-term caravan park which has gone to long-term sites. That seems to be where the manufactured home estates have evolved from. They try to limit caravan parks to recreation zones; private recreation and any existing ones were given a private recreation zone.

MHEs are permitted on rural land (without the requirement to be adjoining urban land) and private recreation zones, plus where a caravan park is permitted. Caravan parks can be developed on flood affected lands. A strategy observed by local governments is one whereby operators obtain land that is either used as a caravan park or has development approval for a caravan park. The operator then uses the ability to convert a caravan park to an MHE under planning frameworks, resulting in an MHE development as Local Government #11 explained:

. . . developers having limited capacity now to do manufactured home estate under the existing zoning, were looking at other avenues. They are using the existing use rights of caravan parks . . .

Many MHEs are never developed or operated as a caravan park prior to their establishment. Flood affected lands where MHEs could be established, presented an opportunity to operators as such sites were relatively cheap in comparison to land without flood restrictions.

Anna Bay and surrounding suburbs have natural amenity with proximity and access to beaches and national parks, but the location is distant from the major population centres of Nelson Bay and Raymond Terrace. Examining the history of individual properties facilitates an unpacking of the interactions that result in a total of seven MHEs being established in the location. Using historical Yellow Pages, aerial photos and local government planning documents, the histories of these properties were collated. One, Birubi Beach in Anna Bay, had been operated as a caravan park prior to being converted to an MHE. The remainder had commenced operations as MHEs, one in 1988, and five post-2000. Operators were encouraged by relatively cheap available sites on land that could not be developed with permanent dwellings. Conversion from caravan park approval is popular with MHE operators, with the two most recent developments following this route. Latitude One in Anna Bay established in 2018 and Sunrise Lifestyle Resort in Bobs Farm established in 2020. Both of these had received development approval for caravan

park use and both had been used for rural purposes (horse grazing) prior to development of MHEs. Both of these were at the time of writing operated by listed national and international organisations. MHE operators emphasise the ability of this type of retirement community to earn a financial return (Chapter 5.3.5.3). Ingenia Communities Group, the operator of Latitude One, stated in the 2019 annual results presentation (page 31):

Latitude One is generating strong margins and growing home sale prices . . .
Latitude One remains on track to deliver pre-tax unlevered project IRR >25% .
. . . Ingenia owns outright 18 hectares of adjoining land with development
potential for 161 new homes . . . which should provide for attractive rental and
development returns

There was no mention of potential flooding issues.

Flooding restrictions interact with local demographics. From the 1980s onwards Port Stephens LGA developed a strong ageing demographic (Table 8, page 41). The LGA has become a popular retiree destination with inward immigration resulting in comparatively higher rates of growth in the numbers of older people compared to the study area and NSW. Commencing a retirement village in Anna Bay and surrounding suburbs would be difficult due to flooding constraints and the location's distance from population centres. Anna Bay is a small township with convenience retail and a doctor's surgery. The suburb is some distance from the main population centres of Nelson Bay and Raymond Terrace (Chapter 6.5), with a limited bus service along Nelson Bay Road. Local Government #11 outlined the issues associated with providing services to such a location:

. . . . we look at its relative isolation from any established centres, communities
and for people who move in. Although it seems quite attractive, they are
relatively close, driving distance to the coast, nice place to retire and that sort of
thing. We fear that once they come to live there, they will realise that they're
isolated from other communities and services that Council provides. It is
obviously inefficient for council to be duplicating those services in different
areas.

Operators sought opportunities to take advantage of demand from prospective residents. Flooding restrictions have improved the financial viability of MHEs, and land zoned as rural generally has a lower value (\$/ha) compared with residential zoned land of similar size (Mangioni, 2015). Therefore, operators of MHEs can obtain their sites more cheaply than if they had to locate on residential zoned land. These factors have improved the financial viability of MHEs, however if there were a significant flooding event the costs would be borne by the residents.

Currently the locality is not well served with retail and community amenities and further development is constrained by flooding and national parks. Residents in MHEs can be expected to want to age in place (Australian Institute of Health and Welfare, 2013; Kendig, et al., 2017); however, Anna Bay is a location with limited facilities and amenities. MHEs are marketed on the basis of the location's natural amenity as shown in Figure 49, the longer-term outcome is in an agglomeration of older people distant from services and amenities on flood affected sites.

Figure 49: Promotional Brochure for Latitude One, Anna Bay



Source: Ingenia Communities

6.4.4. Amenity of Water

An assemblage approach provides a way of understanding how relationships between local amenity, urban built form and social practice have contributed to the study area becoming a retiree destination (Luka, 2017). Assemblage thinking provides a way of understanding relationships between these heterogenous components over a period of time (Müller, 2015). Estuarine lagoons and coastal beaches in the region provide environmental, visual and recreational amenity, attracting tourists and residents (Gosford City Library, 2001; Gosford City Council & Wyong Shire Council, 2014). As Newcastle developed as an industrial hub in the 19th century, there was a desire to escape the smells and disease associated with industrial activities at that time (Dredge, 2001). Holiday camps for workers and their families plus more upmarket resorts were developed along the length of the estuarine lagoons (Gosford City

Library, 2001; Dredge, 2001). Amenity locations, many of them urban, have been increasingly observed in other countries. Amenity retirement migration is an established phenomenon in many geographies, and studies have identified the interrelated factors that influence such migration. These factors are demographic, with relocation occurring soon after exiting the workforce, and economic, the ability to afford relocation (Haas III & Serow, 2002).

Proximity to the ocean and estuarine lagoons provides climate moderation and cooling summer breezes (King & Hodgson, 1995; Gosford City Library, 2001). Population growth in the region is attributed to the sea change phenomenon where people relocate (predominantly from capital cities) to regional locations with coastal proximity (Gosford City Council & Wyong Shire Council, 2014). Many of these coastal locations provide the amenity that drives this migration (Gurran, 2008; Argent, et al., 2014). Local Government #9 described the sea change phenomenon thus: ‘A lot of people from Sydney are downsizing, they can get cashed up, sell, and then buy at a cheaper rate up here. That whole sea change type thing’.

Müller (2015) argues that such assemblages are characterised by relationships that are productive and heterogenous yet shaped by desire. This can be seen with retirement community living in the region being promoted on the basis of its desirability, featuring the amenity of water and other attractive attributes of the study area. Central Coast, Lake Macquarie and Port Stephens LGAs feature an ageing profile with increasing numbers of older people and inward migration (Table 7, page 37). Retirees in Australia have shown a preference for coastal locations with mild climates (Gurran, 2008). Other coastal locations in Australia that feature ageing profiles include the mid-North Coast in NSW, south-east Queensland, southwest Western Australia and the Mornington Peninsula in Victoria (Knight Frank, 2017). Regional amenity is a component of these retiree destinations, as For-Profit Operator #3 discussed ‘It was ideal because it was close the shops and close to the water’. Further components of these retiree destinations include proximity to major population centres and relative affordability.

Assemblage shifts the focus from an explanation of the spatial outcomes to an examination of the processes that create the outcomes. This involves investigating relations between components that have constituted this eventual outcome (Anderson, et al., 2012). Amenity of water is one of the factors attracting retirees to the study area. Other factors include the M1 Motorway to Sydney, providing access to capital city amenities and previous social contacts and the relative affordability, which assists with financial downsizing. Operators responded to these factors plus planning legislation, financial feasibility, site availability and local geographies in making supply and location decisions as explained by For-Profit Operator #3:

... we geared ourselves, to just residents on the Coast. Then we found that city people were finding us, and it ended up our sales roughly equated to about 50% local people and 50% Sydney. Today the market would probably be 70% Sydney, 30% [local]. You can buy a nice place ... you sell your place in Sydney for about \$1 million, go up there for half \$1 million and put half \$1 million in your pocket and live comfortably.

The amenity of water is both at the regional level, encouraging inward migration, and at the individual site level. Amenity at the individual site level provides a point of difference for one retirement community compared to other properties, as was explained by For-Profit Operator #2:

[the site] needs to be an attractive location. Ideally from our point of view, we'd like the site to offer aesthetics. You know a setting that looks out onto something, or a setting that brings some tranquillity.

Retirement community living is a choice and, marketing a property involves encouraging potential residents to make the decision to relocate. In the interviews conducted for this research, retirement community operators acknowledged that it was desirable for individual properties to have some natural amenity that gave them this point of difference. New retirement communities provide a range of facilities and amenities; natural amenity from the site provides an additional point of difference in order to compete with the other accommodation choices in the region. For-profit Operator #7 enlarged on the importance of a point of difference:

... I think it's more that if people have a choice, they want something that has something special or endearing to it. [Name] it is an unspoiled vista, it looks nice, ... Another village might be its proximity to town services, something like that. It has to have a special hook.

Promotion of retirement communities in the study area featured photos and other graphics of the estuarine lagoons and coastal beaches. Operators emphasised the amenity of the region in their promotional material 'coastal living', 'sea breezes', 'beautiful beaches' and 'relaxed coastal lifestyle' were phrases used repeatedly and promotional photos from many retirement communities feature at least one location shot of beaches or lagoons (Figure 49, Figure 50 and Figure 38, page 186).

Figure 50: Promotional Brochure for Valhalla Village, Chain Valley Bay



Source: Gateway Lifestyle

The amenity of water is a factor in making retirement communities attractive in the study area. Many other parts of Australia have natural amenity, but what makes this region a retirement destination and encourages operators to establish properties are further components of the assemblage. Operators have interacted with these further components, including affordability, site availability and demographics in making their supply and location decisions. Assemblage thinking provides a framework with which to examine amenity along with all these further factors (Dovey, 2012; Dovey & Ristic, 2017).

6.4.5. Summary

Water's influence has been as a transport medium and facilitating agriculture and it influenced historical settlement patterns which continue to this day. Historical and predicted flooding has been made material through planning legislation. Retirement villages and MHEs have different interactions with this planning legislation, resulting in different spatial outcomes. Operators interact with planning restrictions under SEPP SL and with regional and economic planning strategies and site availability. The outcome is new retirement villages situated in liminal locations in the Maitland LGA. MHE operators interact with the planning legislation that facilitates the establishment of properties in locations where residential subdivision would be difficult, and with site availability and financial feasibility. The outcome is an agglomeration of

MHEs in Anna Bay and surrounding suburbs in a location that is flood affected. The amenity of water is a feature of the region and has interacted with proximity to Sydney and relative affordability encouraging inward migration by retirees. Operators have interacted with this inward migration resulting in the establishment of retirement communities.

6.5. Material Influence 3: Medical and Retail Facilities

The third material influence that shapes the supply and location of retirement communities is the presence of medical and retail facilities. The way in which medical and retail facilities influence operators' supply and location decisions differs from that of coal and water. Retirement communities provide patrons to medical and retail facilities and retail and medical facilities provide services to residents. Published research on older people has shown that they prefer housing (and, by proxy, retirement communities) in locations that have good accessibility to amenities and services including medical and retail facilities (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014).

This section examines the relationships between retirement communities and medical and retail facilities, and it demonstrates that retirement villages (and rental villages) have different relationships with these materialities compared to MHEs. Proximity is measured by calculating travel time distance between individual retirement communities and the nearest medical and retail facility. This analysis provides an understanding of the connectedness of retirement communities to facilities and amenities desired by older people.

This section examines the outcomes of interactions between retirement community operators and medical and retail facilities. These outcomes are more than cause and effect where operators respond to the location of medical and retail facilities and accordingly source sites with proximity and/or access. Operators interact with potential future urban growth and how the establishment of a retirement community contributes to this growth. As For-Profit Operator #6 explained 'At the time the [Name] was very much on the outer edge of the [Name] area. It is very different now, there is a lot more development around this'.

6.5.1. Retirement Communities and Proximity

As examined in previous sections, different types of retirement communities have different planning frameworks impacting on operators' supply and location decisions. State government health policy influences medical facilities and planning frameworks affect both medical and retail

facilities. This is more than a linear cause and effect, with medical and retail facilities encouraging retirement communities in proximate locations. Retirement communities provide patrons to these facilities. Increasing populations of older people encourage the extension and upgrading of medical facilities (Brown, 2013), plus the commencement and extension of retail facilities (Westfield Holdings Ltd, 2000; McNally & Malone, 2010; Bailey, 2019b).

Relationships between operators of retirement communities and medical and retail facilities are ongoing. As stated above, retirement communities provide patrons to these facilities and policymakers, planning personnel, shopping centre developers and owners and hospital and medical organisations all interact with this demand. Location, upgrading and operational decisions regarding medical and retail facilities are a result of the relationships between current and projected demographics, road networks plus the current and planned urban built form (Brown, 2013; Bailey, 2019b). Each of these components interacts with the others in iterative and dynamic processes.

McFarlane (2011) argues that assemblages focus on processes and emergence rather than describe spatial patterns. This provides a way of how we envision agency and facilitates an understanding of the dynamism of processes that resulted in an urban built form. Assemblage thinking is more than saying operators seek locations with proximity to services and amenities, although many acknowledge that proximity is desirable. Medical and retail facilities are part of the complex mix within retirement communities' assemblage. Operators interact with these when making supply and location decisions, as explained by For-Profit Operator #2:

In terms of what to us represents a suitable retirement living site . . . you want the site to be proximate to where people are living so that people don't need to move too far from things they're familiar with. You know the local shopping centre, doctors, recreation and the rest. You want it to be accessible to transport and entertainment . . .

Retirement communities are part of the urban assemblage whereby the changing social, political and economic processes continually shape development, demolition and renovation (Edensor, 2012). Operators for their part are active as agents within this dynamic environment and those that had been in the industry for a number of years were cognisant of how changing land uses created opportunities. In the 1980s and 1990s, traditional land uses were changing with the closure of caravan parks, drive-ins and suburban schools. As For-Profit Operator #8 described:

[In the 1980s] we bought sites that used to be caravan parks, used to be old school sites . . . They were those infill sites that ended up being those really good multiunit development sites.

Operators at the time were able to take advantage of the opportunities created by changing urban land uses by commencing retirement communities on these sites. Travel time distance provides a framework to analyse these interactions and their outcomes.

6.5.2. Case Study 5: Travel Time Distance

Analysis of proximity between retirement communities with public hospitals and retail centres was conducted. This analysis demonstrates that the majority of retirement communities had moderate or better access to medical and retail facilities, with retirement villages and rental villages having slightly better access than MHEs. The calculation was undertaken at the individual property level and was then arithmetically averaged for all retirement communities in each suburb to produce maps showing spatial variations in accessibility. The results are not simple or straightforward; there are agglomerations and individual properties in locations with good access, and there are agglomerations and individual properties in locations with poor access (Figure 51, page 216 & Figure 52, page 220). Further analysis of these locations reveals the reasons for these agglomerations and location choices.

6.5.2.1. Medical

Access to a major public hospital in the case of emergency is something that older people, carers and commentators have articulated as important in a location (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014). Access to medical facilities on the basis of travel time references the amount of time an ambulance could take to arrive. For-Profit Operator #5 articulated the importance of this: 'We would like our villages to be within 5 km of a hospital so that they can access it as they need to'. This was reinforced by For-Profit Operator #8 who said, 'You need access to specialists and hospitals, really important'. Other operators also articulated the importance of health services in the region, for example, NFP Operator #4:

The other thing that you have is, which is really important, is the infrastructure and the health services around there . . . it's always been important to be close to hospitals and medical precincts. Because obviously you've got some considerable infrastructure up there in that Hunter region, to support that as well.

Access between retirement communities and major public hospitals was measured on the basis of travel time distance with three tranches identified. In this analysis, retirement communities

with a travel time of less than 15 minutes can be regarded as having good access (this is calculated for a private vehicle and it can be anticipated that an average ambulance driver would expedite this journey). Between 15 minutes and 30 minutes, retirement communities can be regarded as having moderate access. Where the travel time is greater than 30 minutes, retirement communities can be regarded as having poor access. A summary of these findings is contained in Table 16.

Table 16: Travel Time to Major Public Hospital by Private Vehicle for Types of Retirement Community

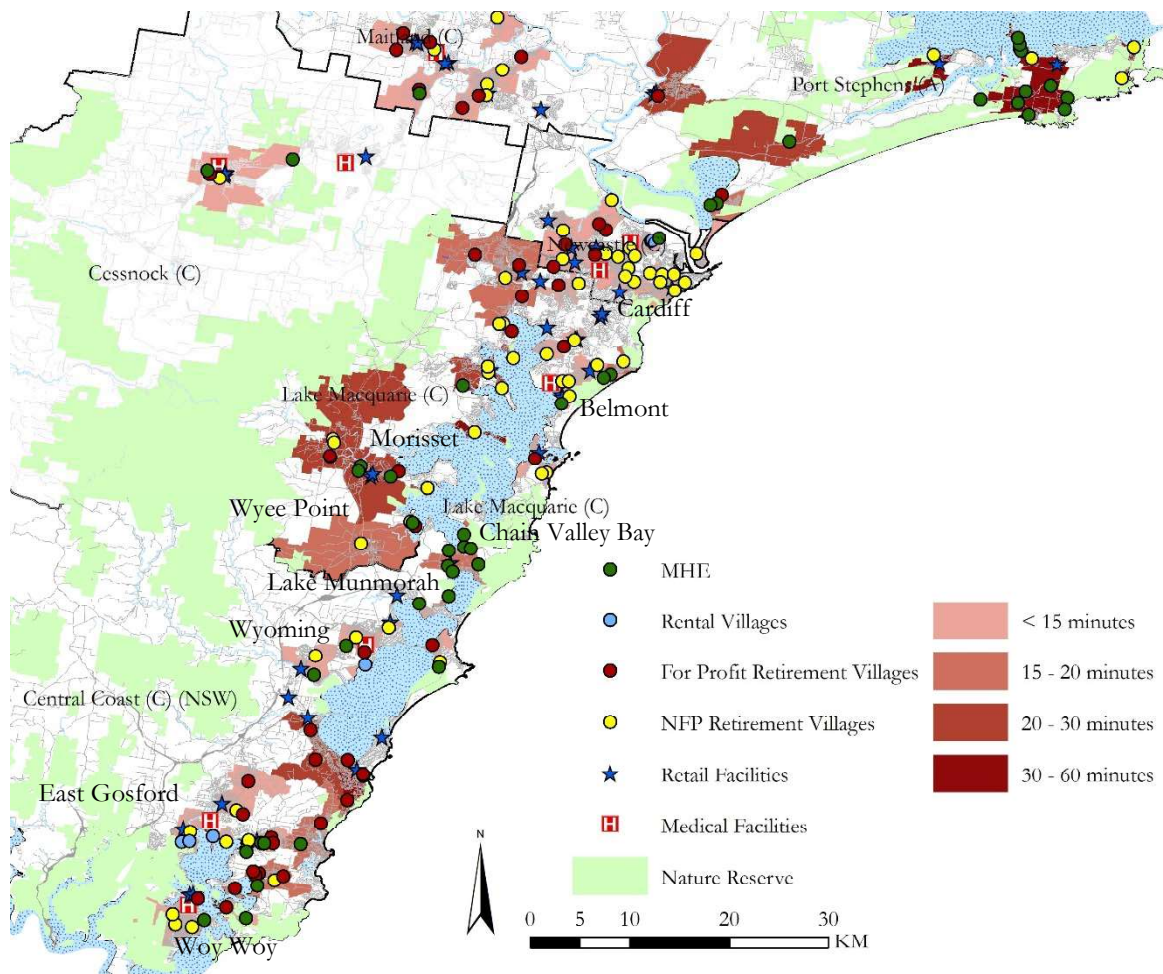
Travel Time Distance	Retirement Villages	Rental Villages	MHEs
15 minutes or less	70 retirement villages 61% of the total	5 rental villages 100% of the total	16 MHEs 36% of the total
Greater than 15 minutes and up to 30 minutes	36 retirement villages 32% of the total	-	18 MHEs 41% of the total
Greater than 30 minutes	8 retirement villages 7% of the total	-	10 MHEs 23% of the total

Source: Author

The results reveal a number of interesting patterns; 93% of retirement villages have good or moderate access to medical facilities and all rental villages have good access to medical facilities. A smaller proportion of MHEs, 77%, have good or moderate access to medical facilities, which is still a large proportion.

Travel time distance was averaged at the suburb level facilitating mapping and revealing spatial outcomes (Figure 51). Understandably, established residential areas corresponding to historical regional centres have good access. Within these locations, there is a range of retirement communities (and operator types) with a range of establishment dates. Established residential areas can be expected to have retirement communities with earlier start dates, although there is no obvious trend. On the Central Coast, a number of retirement villages and MHEs are situated in Woy Woy and adjacent suburbs with good proximity to Woy Woy Hospital. The retirement villages are operated by both for-profit and NFP operators and with establishment dates between 1983 and 2017. Further to the north, in the established suburbs of Wyoming and East Gosford, there are for-profit and NFP operated retirement villages with establishment dates between 1979 and 1985. These suburbs conform to the description of older retirement communities in established locations having better proximity to facilities and services.

Figure 51: Study Area Showing Travel Time to Major Public Hospitals by Private Motor Vehicle, Selected Suburbs



In the Lake Macquarie suburbs of Belmont and Cardiff there are for-profit and NFP operated retirement villages and MHEs with establishment dates between 1971 and 2013. Newcastle LGA is serviced by two major hospitals and the majority of suburbs have good access. Maitland and Cessnock LGAs have developed around the town centres, each with a base hospital providing good access to retirement communities. Retirement communities have agglomerated around these areas on the non-flood affected lands, with establishment dates ranging from 1972 to one under construction due to open in 2020.

Many retirement communities in established suburbs have a long history in these locations and it would be difficult to procure an equivalent site in many of those suburbs given today's prevailing property values. The attractiveness of an existing location interacts with the difficulty of obtaining suitable property in the vicinity and with operator strategies, resulting in the observed outcome that retirement villages are rarely decommissioned. Instead, they are

redeveloped, extended and refurbished, which can result in increased incoming contributions. This demonstrates the attractiveness to operators of retirement communities in well-established locations and why many are electing to increase the density of their properties by redeveloping and/or increasing their footprint by purchasing adjacent sites (James Milson Village, 2018).

Examining locations with moderate access helps to understand how the retirement community assemblage varies with different localities. Such locations include the western and southern edges of Lake Macquarie. Retirement community operators here interacted with settlement patterns that were (and are) fractured through topography, intervening waterways (with winding road layouts) and the presence of large industrial land uses, specifically coal-fired power stations. Assemblage thinking reveals how these fractured settlement patterns are a result of further relationships. Expansion of urban areas is restricted due to coal mining activities associated with the power stations, plus locations on the western and southern edge of Lake Macquarie are in MSDs, which precludes higher density development. MSDs in other parts of the study area, specifically Newcastle and Lake Macquarie, do not have such fractured settlement patterns. The coal-fired power stations use water from Lake Macquarie and Lake Munmorah for cooling purposes, thus reducing the amenity of the immediate location. Areas further inland, to the west of the M1 Motorway, are outside MSDs (Figure 32, page 174) but these lack the amenity of proximity to the estuarine lagoons.

Operators interact with the relatively lower property values of these locations (Figure 7, page 47). Lower values can be anticipated to result in lower purchase prices for sites, however, these can also result in lower incoming capital contributions for retirement villages which in turn would impact on financial feasibility discouraging operators from establishment. These locations feature agglomerations of MHEs, in Chain Valley Bay, Lake Munmorah (Chapter 6.3.3) and to the west in Wyee Point and Morisset. MHEs benefit from relatively cheaper property values and are less affected by MSDs. Scattered settlement patterns and lower property values preclude more extensive or higher density development and these locations have insufficient populations to support greater levels of medical services. These locations have both retirement villages (for-profit and NFP operated) and MHEs that were established between 1986 and 2017.

The majority of suburbs with poor access to hospitals are in the Port Stephens municipality, which is the one LGA in the study area that does not have a major public hospital; however, there is a community hospital with a 14-bed acute ward and a 5-bed emergency department in Nelson Bay (Hunter New England Health, 2019). There are established settlements in the

municipality on the southern shores of Port Stephens, but they are not large and further major residential subdivision is curtailed by national parks and flooding issues (NSW Department of Planning and Environment, 2016). Port Stephens LGA has high recreational amenity due to its proximity to waterways and national parks. Earlier analysis examined how the amenity of the region had interacted with other factors to increase inward migration (Chapter 6.4.4) but, this amenity-based migration was not evenly spread. Locations in Port Stephens LGA suffer from limited access to medical services and without significant further residential development resulting in a population increase it is difficult to support an increased level of services.

It is difficult to make generalisations on the basis of operator type and date of establishment (Jones, et al., 2010). In the study area, eight retirement villages had poor access, of these seven were operated by NFP operators; the one retirement village operated by a for-profit operator had purchased the property from an NFP operator. These properties had establishment dates between 1978 and 2009.

While the majority of retirement communities in the study area have moderate or better access to medical facilities the results are heterogenous. Assemblage thinking provides a framework to examine these locational outcomes. In making establishment decisions, operators have interacted with the presence of medical facilities plus multiple further factors. MHE's have relatively poor access compared to retirement villages and rental villages, a factor that in part can be attributed to their ability to be located on a wider range of sites. With retirement villages and rental villages, there is little correlation between establishment dates and operator type. This lack of correlation demonstrates the individual nature of operators' decisions on the location of retirement communities. Decisions regarding the location of properties were made on the basis of multiple factors, of which the presence of medical facilities was only one.

6.5.2.2. Retail

Older people have articulated that access to services and amenities, including retail facilities, is important in housing location (Manicaros & Stimson, 1999; Stimson, et al., 2002; Pinnegar, et al., 2012; McCrindle & Madden, 2013; Judd, et al., 2014). Operators also articulated that proximity to retail facilities is important in a location. As For-Profit Operator #3 stated, 'It's a beautiful site, opposite shops, nearly 500m to the beach'. Consultants in the industry reinforce this importance, as articulated by Consultant #1: 'Proximity to transport, proximity to shops . . . and things like that'. This analysis demonstrates that the majority of retirement communities have moderate or better access to retail facilities. Proximity to retail facilities in the form of

shopping centres was considered more important than convenience shopping which provides only immediate essentials (NFP Operator #6). It can be anticipated that people would walk to convenience shopping where required/available and they would drive for their main retail activities, which would assist in the transportation of purchases.

Access between retirement communities and retail centres was measured on the basis of travel time distance with four tranches identified. The first tranche, 5 minutes or less, which can be regarded as having very good access; the second tranche, between 5 and 10 minutes, can be regarded as having good access; the third tranche, between 10 and 20 minutes, can be regarded as having moderate access; and the fourth tranche, over 20 minutes, can be regarded as having poor access. A summary of these findings is contained in Table 17.

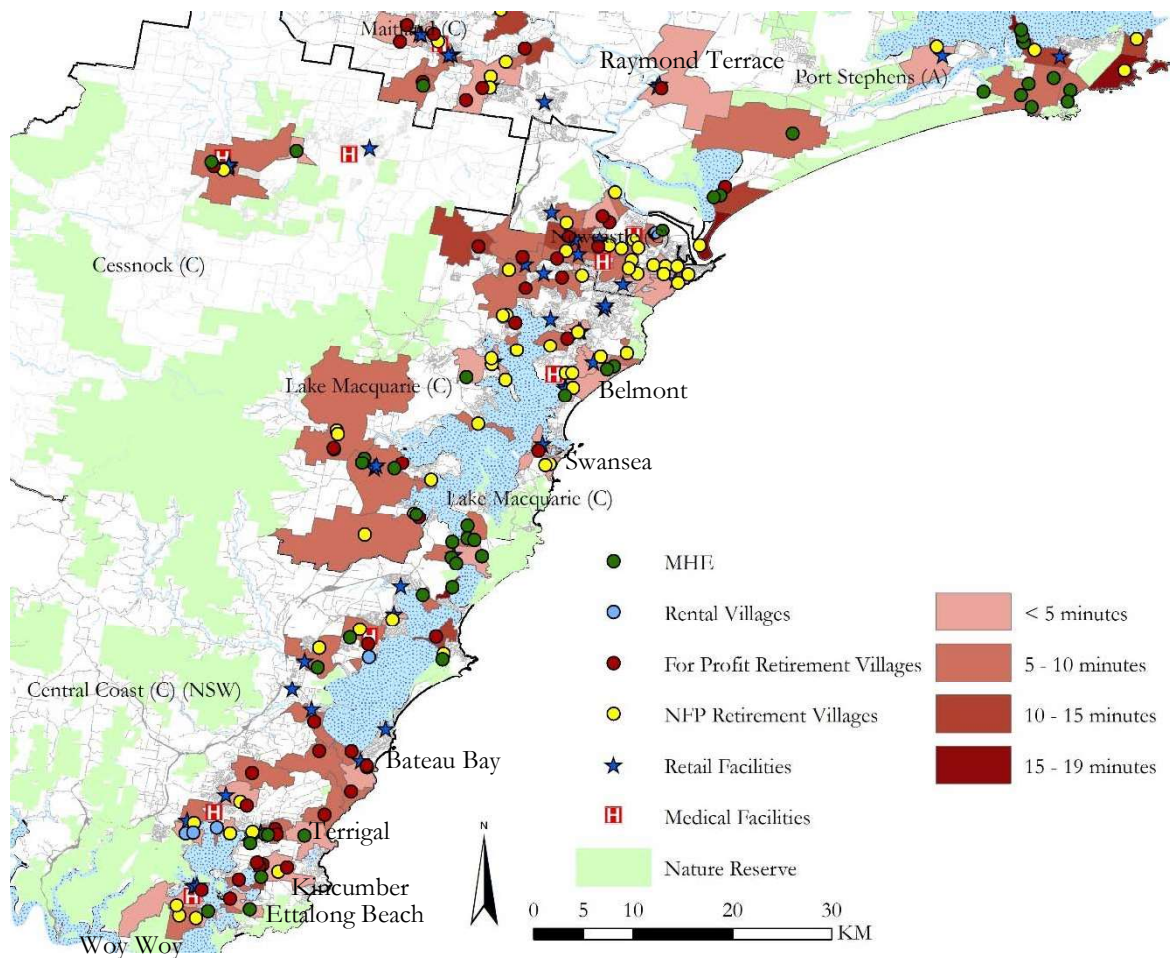
Table 17: Travel Time Distance to Retail Centre for Types of Retirement Community by Private Vehicle

Travel Time Distance	Retirement Villages	Rental Villages	MHEs
5 minutes or less	51 retirement villages 45% of the total	2 rental villages 40% of the total	14 MHEs 32% of the total
Greater than 5 minutes and up to 10 minutes	49 retirement villages 43% of the total	2 rental villages 40% of the total	20 MHEs 45% of the total
Greater than 10 minutes and up to 20 minutes	13 retirement villages 13% of the total	1 rental village 20% of the total	9 MHEs 20% of the total
Greater than 20 minutes	1 retirement village 13% of the total	-	1 MHE 2% of the total

Source: Author

Travel time distance was averaged at the suburb level facilitating mapping across the study area. Again, retirement communities in established residential locations were more likely to have good access compared to those in new or developing locations (Figure 52).

Figure 52: Study Area Showing Travel Time to Nearest Shopping Centre by Private Motor Vehicle, Selected Suburbs



Assemblage thinking provides a framework to unpack the processes that resulted in these different levels of access. In this study, this was done by examining locations in order of the level of access, starting with those with very good and good access, and studying the two-way relationships between retirement communities and retail facilities. This was followed by an examination of locations with moderate access, to identify how the materiality of water influenced spatial patterns and ultimately this level of access.

Those suburbs classified as having very good access to retail centres comprised a number of long-established residential locations, including Raymond Terrace, Belmont, Swansea, Terrigal, Maitland, Kincumber, Woy Woy, Ettalong Beach and Bateau Bay, with retail centres developed to meet expanding populations. The 1980s and 1990s were periods noted for a considerable level of development of shopping centres, (Westfield Holdings Ltd, 2000; McNally & Malone, 2010; Bailey, 2019b) many of which have since been expanded and upgraded (Property Council of Australia, 2016). This coincided with when many retirement community operators were

entering the industry and seeking new sites. Sites were available proximate to shopping centres and operators were able to be selective in their purchases, as Consultant #3 explained ‘The site was well located right in Erina . . . (Erina Fair Regional Shopping Centre)’.

Relationships between retirement communities and retail facilities are two-way and both are components of each other’s assemblage. Retirement community operators and retail landlords each respond to the activities of the other. This study shows how operators interacted with proximity to retail facilities, site availability, inward retiree migration and other features of the location commencing new retirement communities. Retail landlords responded to the increasing population providing patronage from these retirement communities and the surrounding location and commenced new shopping centres (Muir, 1997). In the study area, Erina Fair opened in 1987 and on adjacent properties Karalta Plaza opened in 1990 followed by Fountain Plaza in 1992; these retail centres now comprise a major regional hub (Property Council of Australia, 2016). A number of retirement communities were established in the immediate vicinity, beginning with Greenlife Erina, an MHE converted from a caravan park in 1986. There is now a total of six retirement communities proximate to Erina Fair, the most recent commencing in 2002. Landlords also responded to an increased population by upgrading existing shopping centres. Erina Fair has been refurbished and extended five times since commencement (Property Council of Australia, 2016). Kincumber provides a further example of this two-way relationship with the retirement village, Brentwood Village, established in 1983 and the shopping centre, Kincumber Village opening in 1986. There is now a total of six retirement communities in the vicinity, the most recent commencing in 2000. In both these examples, initial and ongoing development of shopping facilities occurred in tandem with establishment and completion of stages in retirement communities. Retirement communities in these locations are of a higher density (dwellings/hectare) than detached residential properties, thus providing greater patronage to retail facilities. Local Government #10 expressed the desirability of having retirement communities with good access to facilities, saying ‘. . . in and around town centres where they have got good access to transport and also access to community facilities. Having them isolated we don’t think is acceptable’.

An examination of the agglomeration of MHEs in Chain Valley Bay and Lake Munmorah (Chapter 6.3.3) revealed that this agglomeration had developed over several decades and that previous land uses were semirural. Prior to 2013 when a small shopping centre was opened in this locality, it had poor access to retail facilities. Development of MHEs increased the population to the extent that it provided sufficient patronage encouraging a shopping centre operator to develop such a facility.

Features that help make the region a retiree destination through natural amenity include the hilly terrain and intervening waterways, thereby providing views of and proximity to the estuarine lagoons and Pacific coast. These necessitate winding road layouts with fractured settlement patterns, resulting in some locations with better access to retail centres than others. An analysis of suburbs with very good access to retail facilities revealed a similar number to those with good access to retail facilities. The difference between suburbs with very good access and suburbs with good access is predominantly the road layout accessing retail centres. Water has also influenced road patterns around the estuarine lakes of the study area, which in turn have influenced settlement patterns (Gosford City Library, 2001).

Locations with moderate access to retail centres include those on the western edge of Lake Macquarie and coastal areas of Port Stephens LGA. These locations feature low levels of residential subdivision. Low urban density precludes the development of large retail facilities, which require large catchment areas (Muir, 1997). Shopping centre landlords, similar to retirement village and rental village operators, are limited to sites that are not flood affected. Port Stephens LGA features large areas of flood affected land which limits residential and, by proxy, retail development (Chapter 6.4.3). Locations with poorer access are less popular with operators as outlined by For-Profit Operator #5:

[What makes a bad site] If there was no access to services, the residents couldn't get to shops, or the doctor, [public] transport easily, that would be a problem for us.

Flooding has not limited the establishment of MHEs and a number of MHE operators have focused on Port Stephens LGA. MHEs provide patrons for potential retail developments, but shopping centre landlords require appropriate i.e. non-flood affected sites. With the MHEs in Chain Valley Bay and Lake Munmorah, relationships with MSDs did not preclude development of a shopping centre (after the mining had ceased) and MHEs provided sufficient patronage. The relationship is different where flood affected lands are concerned, as this restriction precludes permanent construction despite potential patronage.

Examining travel time distances demonstrates that in the study area the majority of retirement communities have very good, good or moderate access to medical and retail facilities. Access is slightly better for retirement villages and rental villages than for MHEs. This difference demonstrates how operators have interacted with different planning policy requirements for access to medical and retail facilities for each of these retirement community types. Retirement communities and retail facilities can constitute each other's assemblage, the former provides patrons to the latter which provides services to the former.

6.6. Case Study 6: Tarragal Glen and The Cove Village

This final case study examines the ongoing processes in the interactions between materialities with location choice and operations. Chapter 5.3 examined two retirement villages in the study area that established in the 1980s, Tarragal Glen and The Cove Village, to show how financialisation had influenced their establishment, ownership and operations. Assemblage thinking highlights the ongoing nature of these relationships, which extend beyond the initial selection of location (McFarlane, 2011a; Anderson, et al., 2012). In this case study, operators continue to interact with a location's materialities by featuring aspects of those materialities in their marketing and promotional literature.

Materialities approaches facilitated an examination of the relationships between the material world and demographics, policy and finance in the study area to show how spatial outcomes were and are a result of these relationships. In the case of these two properties, interactions with materialities influenced their current locations. This section examines how relationships with these materialities continue after location selection and establishment and how operators continue to interact with materialities in ongoing operations. Marketing material was obtained from each property in September 2019 and these brochures display how operators use materialities to promote individual properties to prospective residents.

Tarragal Glen was established by the Glen Group, a Gosford based residential developer and homebuilder. The Glen Group established a total of four retirement villages in the study area in the 1980s and 1990s that were sold to AMP Capital Meridien Lifestyle in 2007 (Chapter 5.3.3.1) (AAP Bulletins, 2007). Tarragal Glen is located in the suburb of Erina adjacent to Erina Fair, which is a major regional shopping centre servicing the Central Coast region. Erina Fair opened in 1987 (Property Council of Australia, 2016) and Tarragal Glen established in 1988. By the 1980s, suburban shopping centres were well established in Australia and were demonstrating their ability to attract shoppers at a regional level (Westfield Holdings Ltd, 2000; McNally & Malone, 2010; Bailey, 2019b). Proximity to shopping centres was considered desirable as it enabled residents to access services and amenities without having to travel long distances (Jones, et al., 2010). Access to Tarragal Glen is from Karalta Road, a busy local suburban street (Figure 53). Karalta Road at this point is relatively level, providing easy walking access to the shopping centre. Tarragal Glen is situated on an undulating site of approximately 6.6ha (RP Data, 2019a) with a feature of central parkland. Promotional material for Tarragal Glen highlights the proximity to shops and the central parkland (Figure 54).

Figure 53: Locality Map of Tarragal Glen



Source: RP Data

Figure 54: Promotional Material for Tarragal Glen



Source: Retire Australia

The Cove Village was established in 1983 (Stockland, 2019b) by Peridon Management Limited, a Western Australian-based investment management company. Investment in the scheme which held The Cove Village was marketed to individual investors (ASIC, 2019). This establishment was after the introduction of SEPP 5 and it is considered likely that development approval predated this planning regulation. The Cove Village is located at Daleys Point a suburb overlooking Brisbane Water, and the site has water frontage (Figure 55). The property is

dissected by Empire Bay Drive, a major regional road connecting Woy Woy with Kincumber and Avoca. Original development was on the eastern side of Empire Bay Drive and land on the western side of Empire Bay Drive was amalgamated into the property, to enable expansion. This created difficulties for residents who had to cross the road in order to access facilities on other parts of the property, and they had to lobby local government for a lights-controlled pedestrian crossing post-2000 (Central Coast Express, 2002). The land on the eastern side of Empire Bay Drive is steeply sloping making access difficult for residents with mobility issues.

Figure 55: Locality Map of The Cove Village



Source: RP Data

There is convenience retail on an adjacent property, but The Cove Village is more than 5 km by road from the nearest major retail centre. Marketing material emphasises the proximity to and amenity of Brisbane Water, the availability of the village bus for access to shopping facilities and a pharmacy delivery service (Figure 56). The cost of operating this village bus is paid for by residents, not the operator, through the village budget. There is no mention of the busy road or steep gradient.

Figure 56: Promotional Material for The Cove Village

The Cove

36 Empire Bay Drive, Dalays Point NSW 2257

Welcome to The Cove

Waterfront living at its very best, life at The Cove is calm and relaxing, featuring picturesque water views from every angle of the village. The village has something for everyone, from the saltwater pools, the billiards room, our own wharf for fishing and boating or just taking in the spectacular outlook from your new home.

SOCIAL ACTIVITIES

- Outings in the village bus
- Snooker and cards,
- Craft mornings
- Happy hours
- Movie afternoons
- Walking group
- Morning & afternoon teas

LOCAL FACILITIES & TRANSPORT

- A short drive to Ettalong Shopping Centre
- 10kms to Kincumber Shopping Centre
- Gosford Public Hospital approximately 17kms away
- Close to Everglades Golf Club & Ettalong Bowling Club
- Regular bus service to shopping centres & train station

INDOOR FACILITIES

- Hairdressing salon
- Community Centre
- Billiards & table tennis room
- Waterfront lounge & library
- Computer room with broadband

OUTDOOR FACILITIES

- Private jetty & outdoor BBQs
- Three heated saltwater pools, one with a spa

VILLAGE SERVICES

- Village bus
- Pet friendly
- Village Manager
- Active Village Committees
- 24hr emergency service (INS)
- Pharmacy delivery service
- Podiatrist (user pay)
- Visiting dental service (user pay)

VILLAS & UNITS

Features include

- 14 Villas & 98 Units offered
- 2 bedroom villa designs
- Spacious open-plan living designs
- Villas fully refurbished in neutral tones
- Large single garages & some tandem garages
- Most with water views

Stockland

The Cove

Freecall 1800 72 71 70

stocklandretire.com.au

Source: Stockland

These two examples show how operators' strategies interacted with local demographics, economics, availability of (and the operator's ability to access) developable sites and materialities of water and retail facilities in the initial location choice of each of these properties. Both retirement villages are now operated by large investor groups, listed and unlisted. Assemblages are dynamic in that relationships continue as part of an ongoing process (Anderson & McFarlane, 2011; McFarlane & Anderson, 2011c). Current operators continue the original

operators' interaction with the materialities of each property. These relationships are ongoing, with operators emphasising the materialities of each location in their promotional and marketing literature. Urban built form is also dynamic. Operators continue their relationships with demographic, political and financial processes in emphasising materialities of each location.

6.7. Conclusion

Across the study area, coal and water have been agentic factors in the development of the urban built form of which retirement communities are a subset. This relationship is dynamic and iterative, with historic decisions and events impacting over time to influence the financial feasibility of new retirement communities. In this section, materialities framing and assemblage thinking have facilitated an examination of the iterative and ongoing relationships between these materialities with operators' supply and location choices. This approach acknowledges the dynamism in these relationships, which is evident from the literature that has been sourced in this analysis. In 1979, The NSW Combined Colliery Proprietors' Association argued that underground coal reserves were being sterilised by unnecessary urban development (The NSW Combined Colliery Proprietors' Association, 1979). In contrast, in 2016, McGuirk et al. argued that historic mine shafts were impeding desirable urban regeneration in Newcastle (McGuirk, et al., 2016; Towart, et al., 2019).

Underground coal has influenced settlement patterns and these patterns continue post-extraction with urban development and town centres. The underground material resource interacts with the aboveground and these interactions continue after extraction (Edensor, 2012), with voids from underground mining influencing urban built form. Interactions with existing land uses, site availability, planning frameworks, property values and operators' strategies influence spatial outcomes, including the establishment of retirement communities. Relationships between materialities and spatial outcomes are mutable (Anderson & Wylie, 2009), as the examination of the agglomeration of MHEs around Lake Munmorah demonstrates. Retirement villages and rental villages face greater constraints in MSD locations, which impact on the financial feasibility of their development. In turn, operators seeking new sites show a preference for those either outside MSDs or, if inside, then in locations with higher property values. MHEs do not face this constraint, as a result of which operators have shown a preference for developing in MSDs in locations that have lower property values as the lower site price improves financial feasibility. Interactions between underground coal are different for the different types of retirement communities resulting in an agglomeration of MHEs around

Lake Munmorah. With one type of community underground coal mining impedes development, whereas with another it promotes development, another example of how operators have interacted with the materiality of coal and demographics, planning policy and finance in making their location decisions.

Water's agentic power can have both a positive and negative outcome. The negative side of water is flooding. Historical flooding patterns have informed settlement patterns that are now being reconsidered in the light of anticipated climate change effects, thus demonstrating the dynamism of these ongoing relationships (Latham & McCormack, 2004; Latham, 2016). The three types of retirement communities have different interactions with flooding, including different planning frameworks, property values, existing land uses, site availability and operators' strategies. Flood restrictions focus retirement village and rental village development in locations that are not flood affected, resulting in concentrations in new residential areas. MHEs, however can be developed on a wider range of sites and this research identified a number on flood affected lands. Operators interact with flooding affectation and financial returns as they generally are able to purchase sites at cheaper prices, which improves financial feasibility. In MHEs, residents own the physical dwelling and in the event of a significant flooding event costs would be borne by residents, not operators. Environmental, visual and recreational amenity of water has stimulated inward migration of retirees with which operators have interacted and established retirement communities.

The region is noted for hilly terrain coupled with intervening waterways, resulting in a fractured settlement pattern which continues. Such small fractured settlements are less able to support extensive medical, retail and civic facilities. This has resulted in a patchwork of localities, some with good access to medical and retail facilities and others with relatively poor access. This range of outcomes demonstrates how materialities influence urban built form and spatial outcomes (Latham & McCormack, 2004; Anderson & Wylie, 2009). Operators have interacted with man-made materialities of medical and retail facilities and with planning frameworks. Retirement villages and rental villages are assessed under SEPP SL, which requires proximity or access to facilities, while MHEs are assessed under a different framework and without this requirement. Materialities of medical and retail facilities have interacted with different planning frameworks, site availability and operator strategies, thus influencing the locations of retirement communities. Linked materialities of coal and water influence location choices of coal-fired power stations and their presence influences residential land uses in the immediate locations, which further influences the locations of medical and retail facilities.

The individual histories of properties reveal a background of how materialities have interacted with operators' strategies and multiple other factors in the location decision. Assemblage thinking provides a framework in which to examine these histories, revealing interactions between a multitude of factors that resulted in the final outcome. The region's distinctive urban geography is the result of interactions between materialities of coal, water and medical and retail facilities, with social, political and economic factors. Operators' relationships with these materialities continue with ongoing operations and marketing that references the positive materialities of a location. Analysis of individual retirement communities reveals how they have been and continue to be constituted by the materialities of this region. Assemblage thinking facilitates an examination of the complexity of the relationships between the multiple factors that resulted in operators' supply and location decisions.

Chapter 7 Concluding Observations and Future Research

7.1. Introduction

The aim of this research is to understand the supply and location drivers of Australian retirement communities. The Central Coast, Newcastle and the Hunter regions provided a study area of sufficient diversity and size with which to examine these decisions.

Operators' supply and location decisions were examined using three analytical frameworks or theoretical entry points: policy, financialisation and materialities. These frameworks provided different viewpoints from which to examine the properties, localities and histories that resulted in the supply of retirement communities in the study area. These different viewpoints highlighted the interactions between policy, financialisation and materialities, revealing a diverse range of operators strategies and practices. As demonstrated in this thesis, there is no one single driver; operators interact with multiple factors in making supply and location decisions.

This research addressed the four research questions articulated in Chapter 1.3. The first three questions examined supply and location under each of the three frameworks and the final question examined the interactions between the multiple factors influencing supply and location choices. This concluding chapter considers the research findings in each of the three previous chapters and examines how they address the research questions. It is structured as follows; the next section considers the findings and key insights and examines in detail how this research addresses each of the research questions. This is followed by a description of the contribution that this research has made to understanding the supply and location of retirement communities. The next section discusses the limitations of this research leading into the next section on identification of further research. Concluding remarks comprise the final component.

7.2. Findings and Key Insights

Operators' decisions to establish retirement communities and choose locations are based on more than the growing ageing demographic and increased demand. Government policies and planning frameworks, finance and local geographies each play a role in shaping these decisions. In this research, these decisions and interactions were examined under three frameworks. This section addresses each of the research questions in turn drawing together and analysing the factors and the interactions between those factors encouraging, impeding and framing operators' supply and location decisions.

7.2.1. Research Question 1

Research Question 1 asked: *How have a diverse set of policy initiatives influenced supply and location decisions since WWII?* Through this research it is evident that policy settings since WWII financially stimulated, framed and influenced retirement communities supply and locations. Interactions between policy settings and multiple further factors resulted in strategies focusing on profit motives in preference to providing appropriate housing for older people. Increased supply of retirement communities resulted in an increased population of residents; this increased population influenced policy responses. An examination of these policies since WWII demonstrated similar but different processes in Australian states and policy mobilities and transfer between them (McCann, 2011; Pawson & Hulse, 2011; Prince, 2012; Murphy, 2016). Features of neoliberalism and marketisation observed in other geographies (Pawson & Hulse, 2011; Jacobs & Manzi, 2013; Jacobs & Manzi, 2014; Murdoch & Abram, 2017) were adopted in policy-making influencing Australian retirement communities.

This research has highlighted how history matters with properties established and constructed under historical policies remaining in use as housing for older people. This importance of historical policies is of relevance to policymakers when determining future policy settings. The analysis of impact into the introduction of policies that stimulate and control supply needs to include a longer timeframe than the short to medium term.

Two Commonwealth policies in particular stimulated new supply through financial incentives, namely aged persons homes and TR 94/24. Both these policies faced similar criticism, that the resultant construction was designed to maximise financial return to operators rather than to benefit residents. The outcome of such policies has implications for policy makers in that where financial incentives are provided to stimulate supply these need to be balanced with a focus on appropriate outcomes for residents.

Aged care legislation indirectly influences supply and location decisions. Operators with trilevel care who focus on the profitability of the residential aged care use their retirement communities as ‘feeders’ to maintain full occupancy. Residential aged care is geographically licensed, and these operators focus on supply of retirement communities in regions where they have residential aged care facilities. Indirectly, aged care legislation influences the locations of retirement communities through this geographical licensing. Operators are flexible and have developed a strategy independent of geographical licensing, which involves providing retirement community accommodation that facilitates ageing in place and home care services as required

by residents. Compared to residential aged care, this strategy faces fewer restrictions from aged care legislation and governance requirements. Changing state and territory housing policies have interacted with reductions in housing affordability in major population centres. The outcome has been increasing demand from older people for age-appropriate affordable housing. Both for-profit and NFP operators are examining ways in which to meet this demand subject to achieving a financial return, which is difficult given the prevailing property prices.

That aged care and housing policies influence the supply and location of retirement communities has implications for policy makers. This research emphasised that operators with social housing and aged care are flexible in how they respond to policy settings in any one of these industries. These findings show the wider implications of policy and how policy settings in one industry can result in outcomes across further industries.

An absence of focused policy encouraged the growth of MHEs as retirement communities; a growth that has parallels with informal urban settlements in developing countries (Huchzermeyer, 2001; Roy, 2005). Informal settlements and temporary housing that cater to the marginalised and disenfranchised are a product of a lack of focused policy by the state (Roy, 2005; McFarlane, 2011b). When policymakers do pay attention, it is usually as a response to publicity and political issues (Huchzermeyer, 2001; Roy, 2005; Marais & Ntema, 2013; McCann & Ward, 2015). This research has identified MHEs in the study area that are located on flood affected lands and that the absence of focused policy has encouraged operators to establish properties in these locations. Operators emphasised the strong growth in numbers of MHEs and of MHE residents, they do not dwell on the issue of MHEs in problem locations.

As the retirement community industry has evolved and grown in size, the resident population has also increased. These residents vote. Tensions between residents with large institutional retirement village investor/operators seeking to improve financial returns has resulted in national publicity. This has resulted in policy intervention, thereby reducing operators returns.

7.2.2. Research Question 2

Research Question 2 asked: *What are the financial drivers of retirement communities supply and to what extent has financialisation shaped industry structure and supply?* Operators have interacted with increasing numbers of wealthier older people by commencing properties. Investors have targeted the industry, purchasing properties and accumulating portfolios. Their lack of understanding of the financial returns coupled with clumsy attempts to increase these returns

resulted in legislation to protect residents' rights further. This legislation reduced financial returns and potentially hinders further financialisation. Studies of financialisation across various asset sectors in different countries demonstrate that it is geographically and historically contingent with diverse processes and outcomes (Murphy, 2015; Wijburg, et al., 2018). Compared to processes examined elsewhere, the financialisation Australian retirement communities has been similar with increasing dominance of financial actors, practices and narratives. This financialisation has been different occurring over a longer timeframe and with operators being dynamic actors in the process from the 1980s.

Since WWII, the industry has changed from one dominated by mostly small and local NFP operators. This has not been a straightforward process with notable financial failures and tensions between operators and residents that resulted in increased legislative oversight. In the 1980s, changing policy settings interacted with increasing numbers of older people who were wealthier than previous generations, encouraging for-profit operators to establish retirement villages. The development of the exit fee at this time dealt with for-profit operators need to achieve a financial return on their investment in facilities and amenities. This exit fee created later problems for large institutional investors attempting to convert retirement villages into securitised portfolios. With the retirement village exit fee, the bulk of the return is achieved at the development stage, not ongoing operations and there is limited ability to increase returns from an established retirement village without capital expenditure.

Research on financialisation suggests that the focus is on creating financial products and returns to suit institutional investors (Theurillat, et al., 2010; van Loon & Aalbers, 2017; van der Zwan, 2017; Corpataux, et al., 2017). Institutional investors that had successfully financialised Australian commercial, retail and industrial property were confronted with a very different asset in retirement villages. Despite their previous success, these investors did not understand the subtleties of the retirement village return structure. Institutional investors accumulated portfolios of established retirement villages prior to 2008 but this group did not realise that their entry into the industry had driven up prices to unsustainable levels. Portfolios of commercial, retail and industrial assets benefit from the economies of scale of management activities that improve investors' returns. In contrast, portfolios of retirement villages achieve only marginal economies of scale of management activities across Australian states. Institutional investors who had accumulated portfolios of expensive retirement villages prior to 2007 were confronted with the financial turmoil of 2008/2009. This turmoil impacted on residential markets and investors discovered that retirement villages were not diversified from residential markets as they had originally predicted. Thus, these new institutional investors were in a perfect storm

that was mostly of their own making. Not to be deterred, they continued their focus on achieving investment returns from portfolios of retirement village assets but their attempts to increase their returns from current residents in retirement villages resulted in tensions that were played out in the national media. Such publicity exposed operators to reputational risk, increasing vacancies and further impacting on returns. Additionally, these tensions attracted the attention of policymakers to the further financial disadvantage of operators.

Financial failures created opportunities for well capitalised for-profit and NFP operators, many of whom made opportunistic purchases. Predictions that NFP operators would exit the industry have proved to be inaccurate. On the contrary, they increased their size and their portfolios. Similar to for-profit operators, they articulated financial narratives, measurements and practices in their public reporting. NFP operators also capitalised on the portfolio accumulation and financial failures of for-profit operators that created uncertainty for residents. In contrast, NFP operators emphasised their constancy of ownership and operations. Entry by institutional investors to any new geography or asset type resulted in the increasing dominance of financial actors, markets, practices, measurements and narratives (Fernandez & Aalbers, 2016; Aalbers, 2017; Aalbers, 2019b). Again, financialisation of Australian retirement communities was similar but different compared to financialisation in other geographies and markets. Financial practices, measurements and narratives have been widely adopted but large institutional investors do not dominate. The industry is now one where both large and small and for-profit and NFP operators coexist and no single operator dominates.

This research has shown that making returns from retirement communities is more complex than achieving a profit. A retirement community is an ongoing business requiring operational expertise. With retirement villages and MHEs, operators need to keep attracting new residents to replace those vacating. This is only achievable if the property and operator have a good business reputation. Making decisions purely to improve the immediate financial return resulted in tensions between residents and operators, which caused significant negative publicity, exposed operators to reputational risk and impacted on listed operators' market price and investment returns.

Financialisation has been one of the factors influencing the industry since the 1970s. Australia's ageing demographic and the ability of operators to achieve financial returns from this group were further factors encouraging them to enter the industry. The idiosyncratic returns, particularly of retirement villages, coupled with regulatory risk made conversion of retirement villages into securitised assets by institutional investors problematic. Australia's ageing

demographic continues, but significant losses achieved by institutional investors has reduced their enthusiasm for the industry.

7.2.3. Research Question 3

Research Question 3 asked: *How, and to what extent, have material elements of development locations in the study area influenced the supply of retirement communities?* Materialities approaches and assemblage thinking provided a framework to examine how coal, water and medical and retail facilities influenced the supply and location of retirement communities in study area. Compared to other retirement locations, coal is a relatively unique materiality and in the study area operators incorporated coal's influence into their location strategies. In contrast, many other retirement localities are coastal and feature inland waterways, amenities that encouraged the inward migration to these localities and the study area.

Materialities approaches facilitate an examination of how the relationships and interactions between the material and the immaterial shape current spatial outcomes (Lees, 2002; Lorimer, 2013). This research shows how retirement community operators interacted with material elements when making supply and location decisions. In the study area these materialities included coal, water and medical and retail facilities. Coal is a relatively unique feature of the study area, whereas water and medical and retail facilities feature in other retirement destinations. Historical coal mining influenced town planning in the region and its ongoing influence includes established settlement patterns and subsidence from underground voids. The study area, particularly around Newcastle and the Hunter, is a mining region. Urban built form developed around original mining activities and now interacts with policy, focusing the establishment of retirement villages and rental villages in or adjacent to these established urban areas.

Subsidence from underground coal mining is a feature of the region that led to the proclamation of Mine Subsidence Districts (MSDs). Subsidence places additional requirements on building construction, particularly increasing the cost, which can impact on financial feasibilities. This is not a straightforward situation causing operators usually to prefer sites outside an MSD. Examining individual properties established inside and outside MSDs reveal further factors, including competition with residential developers, surrounding property values and the features of individual sites. Operators respond to all these influences in their making supply and location decisions. MSDs can encourage the supply of MHEs, as these are lighter and easier to re-level in the event of subsidence. An agglomeration of MHEs in a location of lower property values

proximate to a coal-fired power station has developed since the 1980s. Operators interacted and continue to interact with historical and current MSD restrictions, planning policy, property values and inward migration by retirees seeking affordable housing options in developing this agglomeration. The relationships and linkages between underground coal and urban outcomes are convoluted and assemblage thinking acknowledges their complexity (Anderson, et al., 2012). Coal has constituted aboveground outcomes through numerous, mutable and entangled processes (Edensor, 2011). MSDs alone do not stimulate or impede establishment of retirement communities; multiple further factors also encourage or discourage operators.

The influence of water on the supply of retirement communities is through its amenity to the region and by flooding impacts on individual localities. The region has been a retiree destination for decades and, in part, the amenity of waterways in the region has encouraged this inward migration by older people. Without the amenity of the estuarine lagoons, the Pacific Coast and the Hunter River, the population profile of the region would be very different. Operators respond to the amenity of the region and individual properties in promoting retirement community living. The threat of flooding is made material through legislation and mapping designating flood affected lands. Retirement villages and rental villages are restricted to sites that are not flood affected, resulting in new supply in liminal locations. MHEs are not restricted in this regard and operators have commenced agglomerations in locations that are flood affected. A feature of MHEs is that while the operator owns the site, and community facilities, the resident owns the dwelling. In a flooding event, residents would bear the cost, which for a pensioner with limited financial resources could be catastrophic.

Residents prefer locations with good proximity or access to services and amenities and for retirement villages and rental villages this is required under planning legislation. Assemblages focus on processes and emergence rather than describing spatial patterns (McFarlane, 2011a) and provide a way of conceptualising the ongoing and iterative relationships between retirement communities and medical and retail facilities. An examination of spatial outcomes in the study area demonstrates that most retirement villages and rental villages have good to moderate proximity to medical and retail facilities. These spatial outcomes are a response to interactions between retirement community operators, State government health policy planning frameworks and shopping centre owners. MHE's do not have a proximity requirement under state planning Legislation and a lesser proportion have good to moderate access. Sites with poorer proximity are usually cheaper and, operators have interacted with these lesser planning requirements in establishing their properties.

7.2.4. Research Question 4

Research Question 4 asked: *How have policy, financial and material influences come together to shape the supply of retirement communities in the study area?* By examining how MHEs have developed as retirement communities and their attractive financial returns demonstrates how these influences have combined. An absence of focused policy encouraged establishment in a wider range of localities, some potentially hazard prone. Such sites were cheaper, thereby improving operators' financial return. Operators have capitalised on aspects of the business model further improving their financial return and increasing supply. Increasing numbers of residents in locations that are potentially hazard prone, however, can result in negative outcomes for residents. This research has shown that when faced by tensions between residents and operators, governments have legislated in favour of residents, which has led to reduced financial performance for operators.

How policy, financialisation and materialities came together can be demonstrated through the growth of MHEs as retirement communities. Their increasing popularity and the growth in their resident populations can be anticipated to increase policy focus, as it did with retirement villages. An absence of focused policy facilitates establishment of MHEs on a wider range of sites than retirement villages. In NSW, MHEs are permitted on sites where planning permission has been obtained for a caravan park. Permanent residential development, including retirement villages and rental villages, would be problematic if not impossible on many of these sites. This research has disclosed locations that are flood affected and where agglomerations of MHEs have developed. Sites that are flood affected are usually cheaper than residential development sites.

Cheaper sites result in a lower capital outlay by an operator, but do not impact on the rental achieved from the dwellings on such a site. Operators can thus achieve a greater return from developing an MHE. Listed MHE operators openly promote the financial returns from their business model well in excess of the returns achieved by retirement village operators. In addition to receiving site rental, operators can achieve a profit or commission from the purchase of a new relocatable dwelling, thus further improving their returns.

MHEs are promoted as affordable housing, as the purchase price of a relocatable dwelling is generally cheaper than that of permanent detached housing. MHE dwellings available for sale in the study area were found to be generally at lower prices than the surrounding residential properties. This is not always the case, and operators, through marketing and presentation, can

achieve prices for new relocatable dwellings in excess of the surrounding residential property prices.

Policy interacts further with this business model. Residents who are receiving the age pension are also eligible to receive CRA. The operator increases the site rental by the amount of the CRA and this increase is a direct financial benefit to the operator. Listed operators promote their business model as being underpinned by government revenue, namely CRA. Most residents moving into an MHE sell their own home, changing their status from owner occupier to tenant and becoming eligible to receive CRA. The result is increasing numbers of older people receiving a government benefit.

At the same time, MHE residents own their dwelling and if there were a flood event, they would bear the direct cost of damage to the dwelling. That cost would also depend on whether property insurance was available for such a location. This is different from a retirement village where the operator owns the dwellings and therefore would be required to maintain property insurance and be liable for damages. Potentially MHE residents could be exposed to homelessness.

Operators have responded to this business model and the achievable returns by commencing MHEs. The result is, increasing numbers of older people, becoming eligible to receive a government benefit that financially directly benefits operators. MHE Operator #5 predicted that numbers of residents in MHEs will exceed the numbers of residents in retirement villages in the near future.

There have been instances of tensions between operators and residents where new operators seeking to close MHEs and redevelop the land sought to evict residents. In NSW this resulted in legislative change increasing the time residents had to find a new MHE and increasing the cost to operators. To date, there have not been tensions receiving national publicity between institutional investors seeking to improve returns and MHE residents similar to that experienced with retirement villages. The outcome of the increasing numbers of MHEs and their resident population interacting with operators focused strongly on financial return is anticipated to be increased tensions. This research has demonstrated that the result of tensions between residents in retirement communities and operators includes national publicity, increasing government focus and changing legislation reducing operators returns.

7.3. Research Contribution

This research has made a number of contributions to the understanding of supply and location drivers of Australian retirement communities. First, it has quantified supply in a defined location allowing hitherto unknown spatial patterns to be revealed. Second, it contributes to understanding on retirement destination locations in Australia. Third, it has shown that where supply is stimulated by financial incentives, outcomes are less likely to be appropriate for older people. Fourth, this research has demonstrated how the heterogeneity of older people is matched by equally heterogeneous operators and supply of retirement communities. Finally, it has shown that physical geography matters by demonstrating how the unique geography of the study area has influenced the supply of retirement communities.

7.3.1. Quantifying Supply in a Locality

This research has identified and physically and digitally mapped all retirement communities in a defined locality. Such detailed mapping has not previously been conducted to this level. This enabled the visualisation of spatial outcomes, particularly agglomerations. Many interviewees (town planners, operators, consultants) based in the study area were surprised at the number and size of agglomerations. Other research has undertaken mapping of retirement communities, but not to the level of mapping all properties in a defined location. Identification and mapping in other retirement destination localities would further inform planners and operators.

The research process has served as an example of how mapping coupled with quantification of supply can assist in combining qualitative and quantitative analysis. Building a geo-database provided insights into social, political and economic geographies that would not have been available using other methods.

7.3.2. Retirement Destination Locations

Retirement destination locations have been studied in North America with regard to the attributes of the location and retirees' migration reasons. Retirement destination locations have been less well studied in Australia by academics, notwithstanding that industry practitioners have identified such locations. This research has contributed to an understanding of how the amenity of the region has encouraged this inward migration. Importantly, operators emphasised that it was the number of inward migrant retirees rather than the amenity of the location that

encouraged establishments. Operators were not trailblazers, they waited for sufficient numbers of inward retiree migrants before establishing retirement communities. Operators are not expected to change in this regard, which informs policymakers in other locations that have natural amenity but lack inward retiree migration.

7.3.3. Outcomes of Encouragement by Financial Incentives

The interaction between policy, financial benefits and local materialities encouraged the supply of MHEs in the study area. Financial benefit was cited by operators as one of the major drivers for this supply even though the location of a number of these MHEs was not appropriate in terms of potential hazards and access to services and amenities. Pure financial inducements to increase supply are more likely to result in inappropriate outcomes.

Retirement communities are an industry where history matters, the ongoing influence of historical policies is through maintaining the use of properties for housing for older people. Inducements to increase supply under historical policy have long-term implications through this ongoing use. With the capital grants under the aged persons homes acts and TR 94/24, financial benefit was a major driver of supply. A criticism of properties established in response to these financial benefits has been that outcomes in terms of built form and location were not always appropriate for older people. These criticisms inform policymakers, as policy settings that encourage an emphasis purely on financial returns can be anticipated to result in inappropriate supply.

7.3.4. Diversity of Operators and Diversity of Supply

When the database of all retirement communities in the study area was compiled, the considerable heterogeneity of the supply became evident. There was a variety across locations, size of retirement communities, level of accommodation, age of built form, level of amenities, price points and operator involvement. Older people are heterogeneous, and the fact that operators matched this through an equally diverse supply of accommodation and business strategies was a new insight. Not all operators seek publicity and this considerable diversity is not immediately obvious through external examination of the industry.

7.3.5. Material Influences

Physical geography matters and material influences have shaped supply and location in the study area. Exploration of how subsidence from coal mining has influenced the outcomes of retirement communities, including agglomerations of MHEs, adds to the understanding of how coal mining continues to affect aboveground built form. The ongoing influence of underground coal in the region is acknowledged by policymakers, developers and financiers. That coal also influences retirement community outcomes in various ways is a new insight; the encouragement of MHEs in cheaper locations affected by mine subsidence has not been recognised previously.

That flood affected lands can encourage agglomerations of MHEs has also not been recognised previously. In other locations there is the potential for similar agglomerations in areas with flooding or other hazards. The outcomes of these agglomerations include increased populations of older people in locations exposed to hazard. Coupled with the MHE business model where residents own the physical dwelling, one of the outcomes of a hazard event could be older people being rendered homeless.

7.4. Research Limitations

This research has a number of limitations that may well place caveats on the findings. These include the focus on a defined study area and that the database may not have recorded all the retirement communities in the study area.

In order to provide meaningful analysis within the timeframe, this research was focused on a study area, the Central Coast, Newcastle and Hunter regions. There is the limitation that the study area may be highly unique and research findings have minimal applicability to other parts of Australia.

Findings may be applicable only to NSW, particularly those that pertain to planning legislation. NSW is the only state in Australia with overarching planning policy for housing for older people and for MHEs. When local governments have refused planning permission, operators have been observed appealing through the planning tribunal under planning policies and gaining development approval. Different planning regimes can be anticipated to result in different outcomes.

A feature of this research was the quantification of the supply of retirement communities in the study area. Compiling this database was time-intensive, resulting in the possibility that some properties, particularly rental villages, may have been omitted.

7.5. Further Research

This research has identified issues where further research could inform policymakers. These issues include greater details on residents in MHEs and their financial position on exit. The use of geo-visualisation in analysing supply could be expanded to include how ownership patterns have changed. A comparison of proximity of retirement communities to medical and retail facilities in other locations and states would demonstrate whether outcomes in the study area can be attributed to NSW planning policies. Finally, amenity retirement migration in Australia has been under researched.

7.5.1. Growth of MHEs

MHEs have ‘quietly’ evolved as a type of retirement community and have received less attention from researchers compared to other forms of housing for older people. Operators predicted in interviews that this sector would overtake retirement villages in terms of number of residents in a few years. This thesis has identified locations not intended for permanent housing where MHEs have proliferated. Whether MHEs proliferate in similar locations in other states would inform policymakers determining if further regulation of these retirement communities is required.

There is limited research into the socio-economic demographics of MHE residents. MHE operators do not compile the detailed personal information that is required for exit fee calculations for retirement village residents. Given the proliferation of MHEs, more understanding of their residents, including their age, socio-economic status and background, would inform policymakers.

Potentially, residents can live in an MHE for years, possibly decades. Currently the value of relocatable homes that are several decades old is negligible and unless residents have personal savings, they will have limited funds with which to finance a move into residential aged care. There is the possibility that the continued proliferation of MHEs will lead to increasing numbers of older people with limited financial resources to fund residential aged care. Further research would inform policymakers of the longer-term implications of the proliferation of this property type.

7.5.2. Geo-visualisation of Supply

Geo-visualisation, which includes multiple features of retirement communities, including resident population, would be worth exploring. An interactive map showing changes of operator ownership, portfolio accumulation and opportunistic purchases (for-profit to NFP) would assist in understanding how the industry has evolved.

7.5.3. Proximity Outcomes

This research has identified that accessibility outcomes in terms of travel time to medical and retail facilities was good and moderate for most properties. In part, some of this can be attributed to interaction with SEPP SL. Whether retiree destinations in other states have similar accessibility outcomes could demonstrate the usefulness of state-based planning policies.

Further examination of proximity outcomes, including relationships between operator types (for-profit, NFP) and date of establishment would increase understanding of the industry. There is a 'truism' that older retirement communities are in locations with better proximity than those established more recently. Analysis of the study area, not included in this thesis, proved this to be inaccurate and, analysis of other locations could prove or disprove the foundation of this assumption.

7.5.4. Amenity Retirement Migration

The region benefits from amenity retirement migration, a phenomenon that has been better researched in North America. Other retiree destinations in Australia have been identified and further examination of local amenity retirement migration could inform policymakers. Retirees require different health care and support services compared to younger people. Identifying the driving factors behind amenity retirement migration in Australia could assist in determining whether such migration is something to be encouraged and what types of services and amenities are required. Retiree destinations with natural amenity in Australia are often noted for hazards in the form of flooding and bushfires. Further examination of amenity retirement migration and the appropriateness of locations for increased populations of older people could determine whether this trend should be encouraged or discouraged.

7.6. Concluding Remarks

This research applied a novel mixed-methods approach to add to the understanding of supply and location choices of Australian retirement communities. It identified patterns of supply and agglomerations in the study area and interviews with operators and consultants identified the reasons behind their supply and location decisions. This research provided extra context as to how retirement communities meet demand from Australia's ageing population, how operators respond to this demand and the multiple further factors in making supply and location decisions.

My original interest in the industry stemmed from my background as a valuer of retirement villages, residential aged care and healthcare properties. Having observed firsthand the impact of the financial turmoil in 2008/2009 on the industry, I had always wanted to establish how so many well-qualified and well-resourced institutional investors managed to achieve such dreadful financial outcomes. This research has managed to address this by identifying that institutional investors were not fully aware of all the subtleties of the industry. It has led to an awareness that increasing numbers of wealthier older people does not automatically translate into financial returns to institutional investors. Plus, that the successful conversion of other property assets into securitised investments does not guarantee success in converting retirement communities into securitised investments.

This research has also exposed tensions in the increasingly popular MHE model. Locations of MHEs have the potential for hazard, as demonstrated in the 2019/2020 NSW bushfires. Further hazard events are anticipated, and the outcome of such events may well be increased legislation and reduced financial returns to operators.

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Appendices

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Appendix 1 – Semi-structured Interview Questions

1.1. Interview Questions for Unlisted & NFP Operators

Factual information

- a) Name of interviewee
- b) Background and experience

History

The following retirement communities operated by (name) have been identified in the Central Coast/Newcastle/Hunter region. Preliminary research has identified the commencement date of a number of these and the operator at the time of commencement.

List

1. (Name) acquired/commenced some of these villages, can you provide any further information on these commencement /acquisition dates?
2. Can you provide any further information on the planning approval and development of these?
3. Are you able to provide any information on the operator(s) who commenced these properties?
4. To what degree did the following factors have on the decision to develop/acquire retirement communities in the study area?
 - a. State Environmental Planning Policy (SEPP) and local government planning?
 - b. Site availability
 - c. Demographics
 - d. State of the residential market
 - e. Macro-economic factors
 - f. Regulation including taxation rulings, government subsidies
5. Were there any other factors specific to the operator in this decision to commence the retirement community?
6. In your judgement, which of these factors was the most important?
7. Were some of these factors more site-specific or more timing specific?

8. Were there any further factors not mentioned previously which were important in the decision to commence these properties?

Thank you for your time

1.1. Interview Questions for Listed Operators

Factual information

- a) Name of interviewee
- b) Background and experience

History

1. You have been involved with acquisitions and development. In your experience what are the main investment drivers (financial logics) for
 - a. Investment/acquisition in retirement living and aged care?
 - b. Commencement of new properties?
2. Has access to debt and equity capital changed these?
3. Have these changed over your time in the industry?
 - a. For example, did the GFC change these investment drivers?
4. Do different operators have different investment drivers?
 - a. For example, is there a difference between for-profit and not-for-profit?
 - b. And listed and unlisted?
 - c. Is there a difference between investors and operators?
5. Do you consider that the experience of investors in the sector has been positive?
 - a. Why or why not?
 - b. Is there a difference between investor expectations and operator expectations?
6. To what degree did the following factors have on the decision to commence/acquire retirement communities in the study area (and generally)?
 - a. State Environmental Planning Policy (SEPP) and local government planning?
 - b. Site availability
 - c. Demographics
 - d. State of the residential market
 - e. Macro-economic factors
 - f. Regulation including taxation rulings, government subsidies
7. Why do some commencements and/or acquisitions not proceed?
8. What in your opinion holds back further commencements?

Thank you for your time

1.2. Interview Questions for Financiers

Factual information

- c) Name of interviewee
- d) Background and experience
- e)

History

1. What is the main rationale for debt financiers funding retirement housing and aged care?
 - a. How has this changed over time
2. Some lenders (one noticeable one) had been strong on lending to the retirement housing and aged care sectors and experienced difficulties during the financial crisis. Why do you consider that some have remained in the sector and some have exited?
3. What aspects are more important when determining whether to lend to an operator
 - a. The individual asset(s)
 - b. The operator
 - c. The level of experience of the board and senior management
 - d. The existing levels of debt and sources (capital position)
 - e. The ability to raise equity funding
 - f. The ability to find a takeout purchaser
4. There have been some interesting negative investment experiences, what do you consider whether main reasons for these negative experiences?
5. Do different operators have different investment drivers?
 - a. For example, is there a difference between for-profit and not-for-profit?
 - b. And listed and unlisted?
 - c. Is there a difference between investors and operators?
6. Why do deals not proceed?

Thank you for your time

1.3. Interview Questions for Local Government Planners

Factual information

- a) Name of interviewee
- b) Background and experience
- c)

History

The following retirement communities have been identified in the (Name) Council. Preliminary research has identified the commencement date of a number of these and the operator at the time of commencement.

(Refer to attached schedule/map)

- 1. Can you provide any further information on these commencement dates?
- 2. Can you provide any further information on the planning approval and development of these?
- 3. Are you able to provide any information on the operator(s) who commenced these properties?
- 4. What degree did the planning framework, State Environmental Planning Policy (SEPP) and local government planning, have on determining the decision to commence retirement communities in these locations?
- 5. How much was site availability, including bequests, a factor in commencing development in that location and/or at that time?
- 6. To what degree were demographics, the number/proportion of people aged 65 and older living in the region, a factor in this decision?
- 7. How much did the state of the residential market, price levels and transactions, influence the decision to commence these properties?
- 8. What degree were macro-economic factors, interest rates and economic growth, important in this decision?
- 9. Was regulation, including taxation rulings, government subsidies and operational legislation, a factor in the decision to commence a retirement community?
- 10. Were there any other factors specific to the operator in this decision to commence the retirement community?
- 11. In your judgement, which of these factors was the most important?
- 12. Were some of these factors more site-specific or more timing specific?

13. Were there any further factors not mentioned previously which were important in the decision to commence development?

Thank you for your time

1.4. Interview Questions for Consultants

Factual information

- a) Name of interviewee
- b) Background and experience

History

1. You have been involved in the industry for a number of years, including being involved in and advising on acquisitions and development. In your experience what are the main investment drivers (financial logics) for
 - a. Investment/acquisition in retirement living and aged care?
 - b. Commencement of new properties?
 - c. How does this compare with other asset sectors?
2. Has access to debt and equity capital changed these?
 - a. Have these changed over your time in the industry?
3. For example, did the GFC change these investment drivers?
4. Do different operators have different investment drivers?
 - a. In your experience is there a difference between for-profit and NFP?
 - b. And listed and unlisted?
 - c. Is there a difference between investors and operators?
5. Do you consider that the experience of investors in the sector has been positive?
 - a. Why or why not?
 - b. Is there a difference between investor expectations and operator expectations?

Thank you for your time

**Appendix 2 of this thesis has been removed as it may contain
sensitive/confidential content**

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