Retirement Villages' Residents' Council

**Media Release**
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**Mandatory nine-month repayment best for village residents and operators**

The Government's decision to impose a mandatory nine-month repayment period to return capital on units vacated by retirement residents is a sensible step forward for the industry.

The Retirement Villages' Residents Council, an independent body representing the interests of retirement village residents, welcomed the Government's updated reforms for the industry announced today.

"We believe a nine-month maximum period to repay capital to residents, and their families strikes the right balance," said Council Chair Carol Shepherd.

"Any longer imposes unnecessary costs on residents and families. Any sooner would create financial difficulties for many small operators.

"There are many different types of operators servicing some 55,000 New Zealanders from large listed profitable companies, through to small, charity and family run villages which do not have the same resources."

The reforms include mandatory payment of capital on unsold or vacated units at nine months, with 10% of capital repaid within four weeks of the unit being vacated. The reforms would not apply to current contracts.

Research shows around 90% of units are resold within nine months.

"Residents rightly want earlier access to their capital and greater certainty around when repayment will occur and this decision, while not pleasing all residents, strikes the right balance in our view.

"Residents have consistently indicated that they would prefer earlier repayment wherever possible. However, consultation has also shown that around 60 per cent are not prepared to accept significantly higher costs in order to achieve that outcome. That is the reality of far sooner repayment - many operators would have to borrow capital to fund that and that raises the cost of operating which residents would have to bear.

"The 10% payment after four weeks when a unit is vacated will also ease the burden on families who face upfront costs on behalf of their loved one or the residents themselves who move on for whatever reason. It provides funds they may well need for their ongoing care.

"A compromise is never going to please everyone, but it is vital that the industry is sustainable.

"As our population grows and ages, it's even more important that the regulatory framework continues to ensure residents have choice, their assets are protected, and the industry can continue to provide affordable options."

"Today's announcement provides the certainty that is needed, benefiting residents, their families and the retirement village sector as a whole."

**For more information contact:**
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**Background Retirement Villages' Residents' Council**

The Council aims to act as an independent body representing the interests of retirement village residents.

The Council currently has seven members who were nominated by their villages and / or residents and selected by the independent chair. They reside in various retirement villages, both large and small, throughout the country and bring significant experience to the council, many having served or are serving on the residents' committees of villages.

The Council is funded by the Retirement Villages Association (RVA), which represents most of the operators, developers and managers of retirement villages throughout New Zealand. However, the RVA has no say in anything that the Council does, including its views on policies or how it spends its budget. It does not attend meetings, does not receive agendas or minutes and has no influence over how the Council's budget is applied. This independence is underpinned by the Council's terms of reference.