

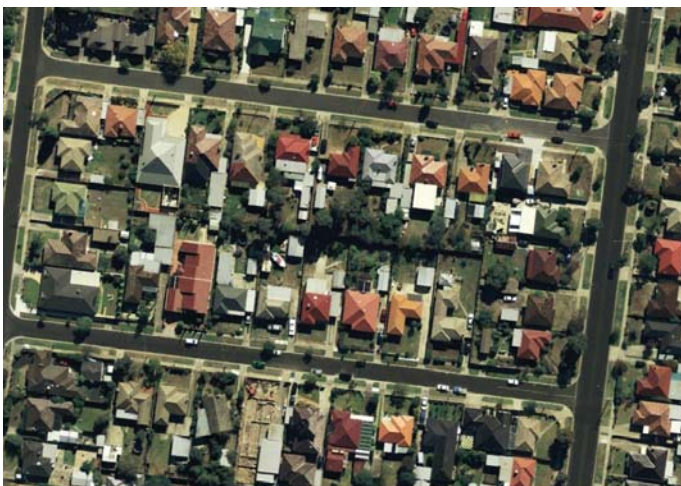
# Rehousing Nonna



Asset Rich Income Poor 'Nonna' in the North



Typical Fawkner Home



Fawkner, Average Block Size, 40m x 20m

If home is where the heart is what happens when that home is too much for the heart to manage?

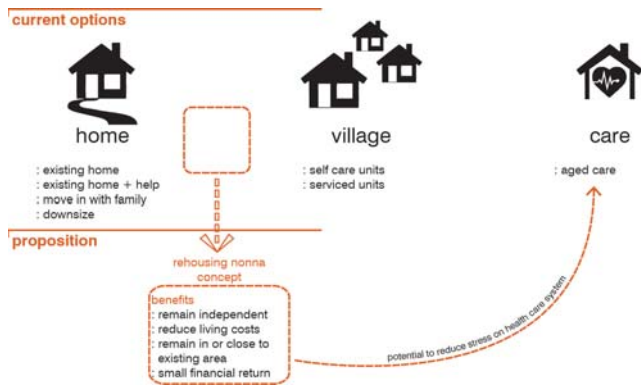
## Introduction

Research undertaken by the City of Moreland in partnership with Women's Property Initiatives identified that there is a group of older women home owners in the City Moreland who are asset-rich and income-poor. One particular area that was investigated was Fawkner.

Fawkner is a typical post war suburb in the north of Melbourne. It was and still is an area with a high level of migrant residents with double the percentage of Italian residents compared with Moreland as a whole. Fawkner is now a typical ageing suburb with 25.2% of residents over the age of 60, compared with 18.8% for the City of Moreland (2011 Census). There is however a high level of home ownership with 45.5% of adults owning their own home.

These older women living in Fawkner are ingrained in the community, living in the area for over 40 years with many of them involved with designing, building and, styling their homes. They walk and catch public transport regularly to the local shops and various social and community activities. They are part of an invaluable social web that many have come to rely on.

Now the large family home is generally empty however there is always need for a spare room or two for when family come to visit. The large garden has become unmanageable for one person, and the house itself is in need of repair and not always suitable to needs of an older resident. However these women have a low level of disposable income to undertake repairs and limited familiarity with property market negotiation or financial planning to consider downsizing.



Housing Choices

The key features of the proposal include:

- consolidation of properties
- 2 bedrooms (one being for guests/family)
- large living spaces (to accommodate existing furniture and family gatherings)
- private open space
- communal open space with productive gardens and space for children to play
- reverse granny flat for use by shared carer or as a guest house
- fully accessible house with features such as grab rails for towel rails to prevent any future modifications and costs associated with that
- car share space for use by the residents to reduce car running costs and maintain independence
- a profit of approximately \$20,000 for the resident after selling and buying this new dwelling

## Concept

Rehousing Nonna explores the process and finances required to assist older female home owners to 'downsize' from their current dwellings to newly built, well designed adaptable units in close proximity to their existing residence, and to gain a small financial surplus through the transaction.

It is proposed to develop a site for four dwellings that still allow for a high level of independence and ability to continue being the gathering point for their families.

The concept offers an alternative housing choice for seniors. Typically there are three options home based, retirement village or aged care facility. This concept is a hybrid between the home and the village concept. Retaining all the comforts of being independent and in your own home whilst also providing and social benefits of a village albeit at a smaller scale. The proposition also includes the potential for a reverse granny flat which opens up the opportunity for shared care amongst the residents.

## Design Guidelines

The research team have developed some indicative layouts to test the proposition and provide a basis for costing. This has also allowed the consideration to design guidelines to ensure that if this housing type became an option there were clear parameters regarding the specific elements that make this a viable proposal.

## Benefits

The benefits of such a development in a familiar neighbourhood include valuable local knowledge of transport, service and leisure options is retained; social connections are not disrupted; better internal and external accessibility; lower maintenance costs; lower utility and rates costs; and financial profit that can be invested.



Nonna's Rehoused.

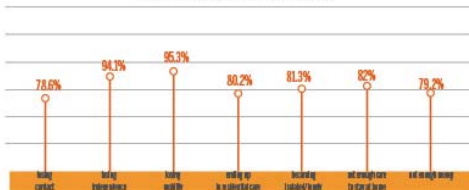


## AGEING IN PLACE 2,000 PARTICIPANTS

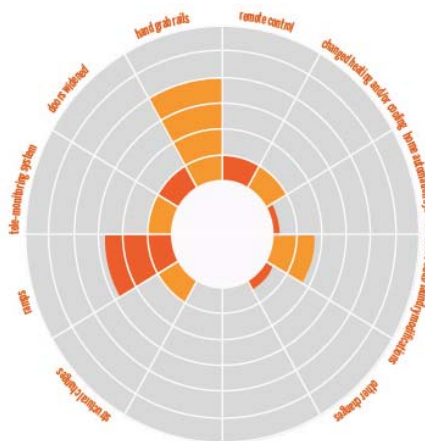
National Seniors Survey Wave 2 August 2012



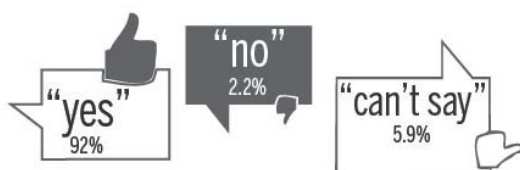
What are Senior Australians' Concerns?



Is the Current Family Home Conducive to Ageing in Place?



If you can afford these changes, are you willing to stay in your current home? (%)



National Seniors Survey Wave 2 August 2012

### Application

The proposition was initiated on an understanding of older women in Moreland's north. The concept that women live longer have strong connections to the family home, and are significant members of the social structure of a community is evident in various cultural groups and across various municipalities. We actually believe that if the financial and property process developed as a sound and secure concept it could apply to any group of homeowners who are looking to co-locate.

### Ageing in Place

The Australian Government recognises that many older Australians want to stay in their own homes as long as they can. The ability of senior Australians to remain living independently in the community in adequate and affordable housing is an important factor to promote productive and healthy livelihoods and to help offset increasing aged care costs due to population ageing.

Previous studies have indicated that many mature age Australians do indeed prefer to age in place and in many cases, their own home. A large national Australian study with a sample of 7,000 people age 50 and above, showed more than almost two thirds (65%) intend to remain in their current place of residence as they age. A number of reasons are offered for this motivation including familiarity with their home/neighbourhood, comfort, emotional attachment, and proximity to friends and family.

### Personalisation & Identity

The concept would include a process that provides an opportunity for home owners to be significantly involved in the design and development of the proposition. It was found through the initial consultation that there was hesitation to the proposal due to a connection to the past and memories of what has been experienced in the family home. It is considered that meaning and connection to the family home is twofold, both ritualistic and physical. The importance of providing large living/eating spaces will ensure the family can still gather at their parent's home for key family events, and multiple bedrooms ensure that there is still room for children to visit and stay. Consideration has also been made to the dimensions of rooms generally with an attempt to find a balance between downsizing whilst also ensuring that there is enough space to allow for furniture and sentimental pieces in the home to be brought along.

There is also the intangible element of memories. The group has considered the idea of a memory box that is created for the future owner of the old home as a way of sharing the stories of the old family home. In terms of the new home there is the possibility of reusing materials so there is a visual connection to the old home.



Personas Used as a Way of Testing the Proposition.

## Impact and Effectiveness

The proposal would provide another option to the housing choices available. Whilst this proposition was instigated by a very specific investigation into a particular group of older residents in Moreland's northern suburbs the process and concept could be easily transferable to another location and to any person looking to downsize in their current location.

The proposal aims to have a direct benefit to the future residents through cost savings, ability to remain in or close to their existing community. There are broader benefits to the community generally in that valuable members who are regular frequenters of smaller shopping strips and are those everyday occupiers of the street and public spaces that offers both activity and passive surveillance.

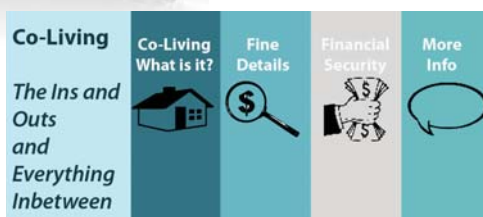
There could also be benefits to the health system in terms of aged care services in that relatively independent and low care seniors are willing to remain in their home provided that it has been adapted for ease of movement. There are also connections to mental health services as concerns about housing affordability and housing quality have all been offered as reasons why a person mental health may decline.

## Practicality and Application

The concept is not necessarily new but an adaptation of various options currently provided. The key to implementing the concept is actually overcoming the hesitations of the future residents as it is well documented that change at this stage of life can be quite daunting and complicated with family been involved.

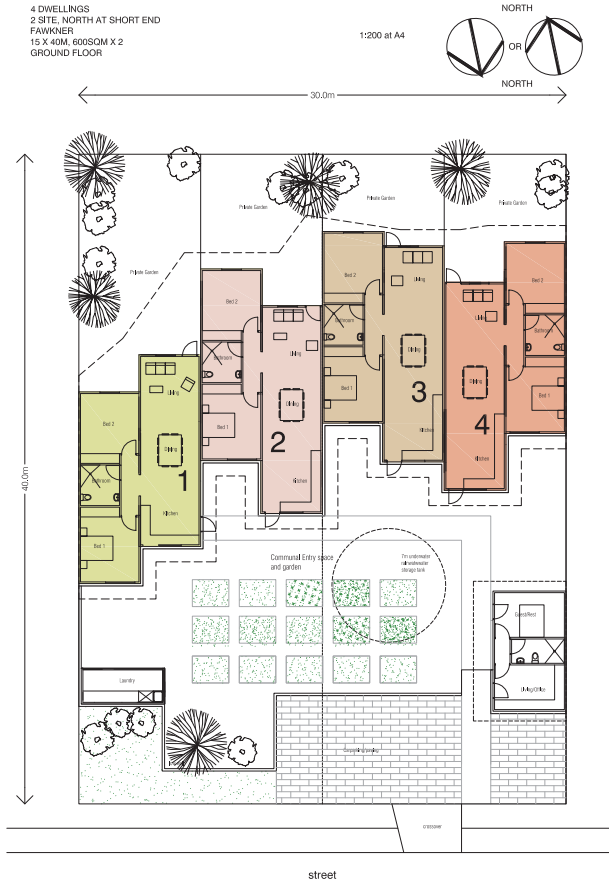
It is proposed then that in order to demonstrate the details of the project there is the need to develop a prototype of sorts. This would involve consultation with prospective residents as to date we have developed the concept with the use of 5 personas.

The prototype would be funded through an alternative source. A marketing and communication strategy would be developed that would provide information to future residents and financial institutions to consider in conjunction whilst experiencing the prototype.

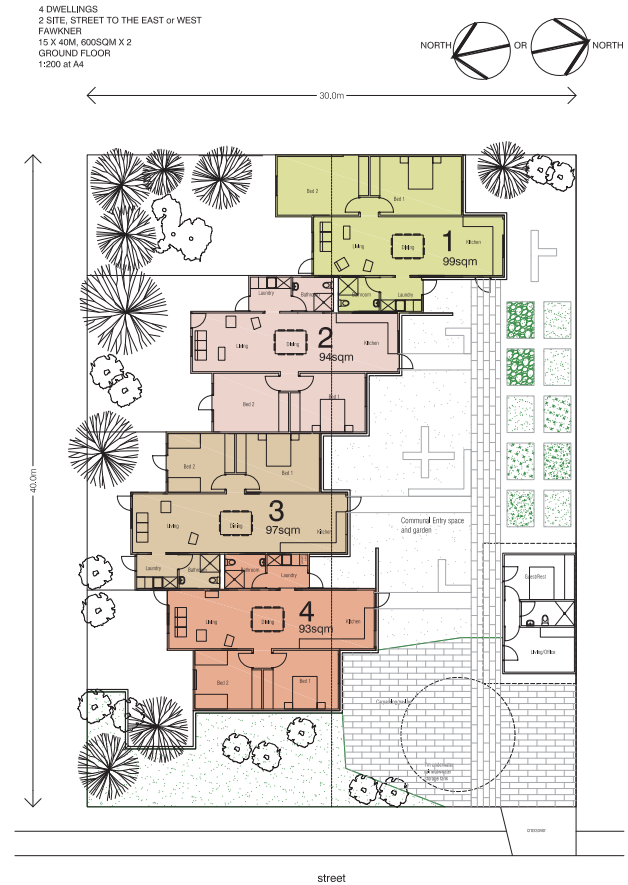


Marketing & Communication to the Four Key Players

# Rehousing Nonna



North-South Site Orientation



East-West Site Orientation



Accessible Bathroom design by Harrison + White



Triple Fronted, Howard Arkley, 1988



## FINANCIAL INFORMATION

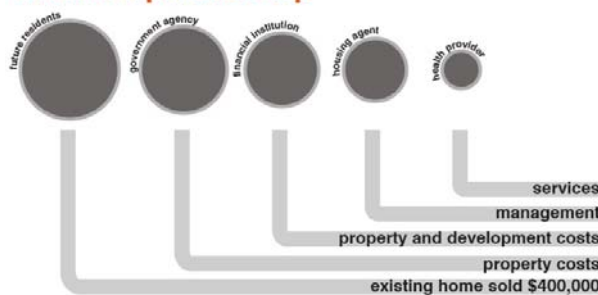
### case study :: fawkner



### project costs



### financial partnership



### economic benefits



## Financial Outline

### ReHousing Nonna

#### 2 site 5 dwelling option

land purchase price for 600m2 block	2	\$300,000	
2 blocks required		\$600,000	
stamp duty		\$20,000	
holding costs		\$2,000	
open space contribution	5%	\$30,000	
land costs		\$652,000	
land interest component		\$50,000	
<b>total land cost</b>			<b>\$702,000</b>
consultant costs		\$76,000	
permit costs*		\$2,500	
demolition costs		\$10,000	
construction costs		\$1,104,000	
profit and risk of construction			
construction contingency factor	5%	\$55,200	
<b>total construction costs</b>			<b>\$1,247,700</b>
survey and title office fees		\$7,000	
legals associated with sale		\$2,000	
<b>total cost of development</b>			<b>\$1,949,700</b>
number units	5		
<b>total cost of unit to purchaser</b>			<b>\$389,940</b>
each participant sells existing house			<b>\$410,000</b>
<b>amount remaining</b>			<b>\$20,060</b>

### ReHousing Nonna

#### 2 site 4 dwelling option

land purchase price for 600m2 block	2	\$300,000	
blocks required		\$600,000	
stamp duty		\$20,000	
holding costs		\$2,000	
open space contribution	5%	\$0	
land costs			<b>\$622,000</b>
<b>total land cost</b>			
consultant costs		\$31,630	
permit costs*		\$2,500	
demolition costs		\$10,000	
construction costs		\$861,000	
profit and risk of construction			
construction contingency factor	5%	\$43,050	
<b>total construction costs</b>			<b>\$948,180</b>
survey and title office fees		\$7,000	
legals associated with sale		\$2,000	
<b>total cost of development</b>			<b>\$1,570,180</b>
number units	4		
<b>total cost of unit to purchaser</b>			<b>\$392,545</b>
each participant sells existing house			<b>\$410,000</b>
<b>amount remaining</b>			<b>\$17,455</b>

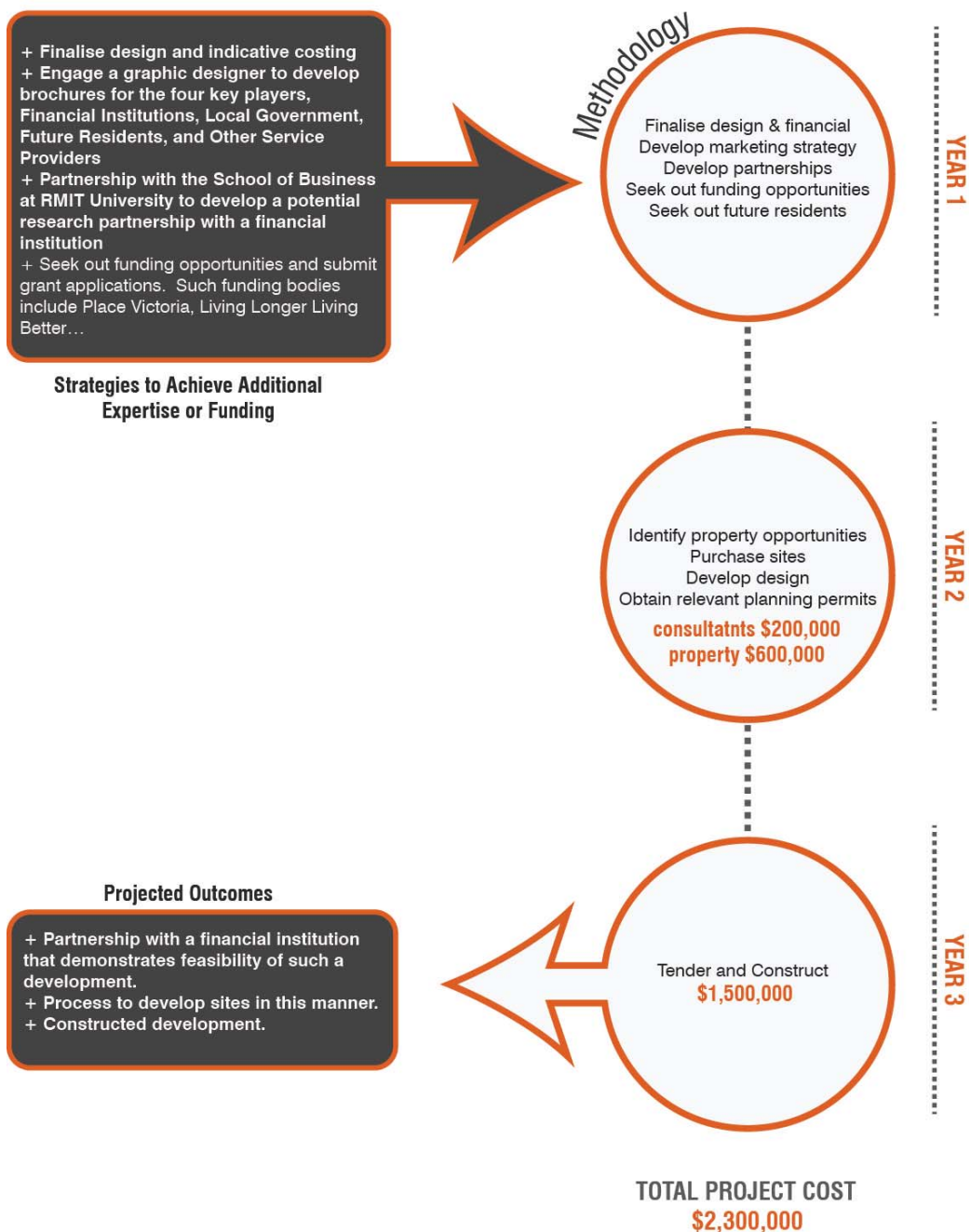
## High Level Project Costs (4 dwellings)

## High Level Project Costs (5 dwellings)

## Potential for Design Development

The proposal has the potential to develop further through the development of a marketing and communication strategy that will assist us in conveying the concept idea. This marketing and communication process will enable the establishment of financial, development, and research partnership that will contribute to the development of the concept to something that is viable.

## RESEARCH PLAN



Anne has an urban studies and social design background and has worked on collaborative projects about homelessness, gender issues in housing, affordable housing and project housing.

**ANNE GARTNER**  
 Senior Housing Strategist

## Research Team

The research team consists of people who operate in the area of ageing and/or related fields such as architecture, housing, and urban design. There have also been consultations with other experts in relevant fields such as property, town planning, finance, and development.



Stuart is director of award winning practice Harrison and White. He broadcasts on 3RRR and the ABC and has authored two books on innovative housing, including 'Forty-Six Square Metres of Land Doesn't Normally Become a House.'

**STUART HARRISON**  
 PhD Candidate RMIT University



Naomi is a PhD Candidate whose research looks at the relationship between design and planning and the influence design can have on policy.

**NAOMI BARUN**  
 PhD Candidate RMIT University



Liz has been employed in aged & disability services and the disability advocacy sector for 20 years, including 18 months as Positive Ageing Advisor with the MAV. She works on healthy ageing in the community.

**LIZ HARVEY**  
 Aged Services Policy and Planning Officer



A Chartered structural engineer with 20 years experience, Caroline is responsible for managing the development of WPI's community housing portfolio, in conjunction with Government and industry

**CAROLINE LARCHER**  
 Project and Development Manager  
 Women's Property Initiatives (WPI)

## Consultant / Advisor



Mike is a leading scholar of urban studies and public policy. Professor Berry has been carrying out research of national significance and international reach into alternative financing approaches for affordable housing.

**PROF. MIKE BERRY**  
 PhD Candidate RMIT University



## **Attachments**

- Initial Research Undertaken
- Stage 1 Submission
- Interim Report to DRI
- Costings
- Plans



**Moreland** City Council



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VICTORIAN WOMEN'S  
HOUSING ASSOCIATION

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## **Older Women's Housing Project**

**Feasibility proposal drafted by the Victorian Women's Housing  
Association and Moreland City Council**

**June 2009**

**TRIMD09/111901**

## Older Women's Housing Project

### Vision

A scheme which supports older female home owners, typically living in lone households, to downsize within their locality which could lead to:

- more appropriate housing with lower longer term housing costs;;
- greater independence and ageing in place; and
- better utilisation of 2 and 3 bedroom houses (family homes) within the municipality.

### Proposal

This document outlines a proposal to seek funding for a feasibility study (leading to a demonstration project) for an older women's housing project for owner occupiers. It was devised by the Victorian Women's Housing Association (VWHA) and Moreland City Council (MCC) between 2007-2008.

It explores the process and finances required to assist older, single women to downsize from a typical family residence to a new unit with ambitious environmental and accessibility standards.

Moreland has an aged and ageing population profile in comparison to many other Victorian municipalities. Research confirms that there is a group of older female home owners in Moreland who are living alone in what was once their family home. Many of these women would like to improve their housing conditions, but have a low level of disposable income and limited familiarity with property market negotiation or financial planning. Many older home owners understandably have a strong emotional tie to their current home.

The study was based in Fawkner where there is a large proportion of people in the 60+ age groups. Of the total Fawkner population 27.2% were aged 60 years and over, compared with 20.1% for the City of Moreland (2006 Census). In this suburb 50% of adults own their own homes; 21% are purchasers and 20% are tenants (a typical profile of an ageing suburb).

This proposal examined the feasibility of assisting those (interested) older female home owners to 'downsize' from their current dwellings to newly built, well designed adaptable units in their suburb, and to gain a small financial surplus through the transaction.

VWHA and MCC share a mutual interest in assisting older female home owners - justified by the longer life expectancy of women, the dependence on HAAC services and the overall lack of appropriate housing options for asset-rich, income-poor older residents.

It is envisaged that a consultant will be required to further investigate the feasibility of property development options on (a) privately-owned land, (b) Council owned land; and (c) funding possibilities. The consultant would be expected to build on advice received to date from MCC, VWHA, financial planners, property analysts and project management consultants. To date much advice has been provided on a *pro bono* basis, although the



specialised property advice provided by Jeanette Blackwood (through MCC) is acknowledged.

The intent is to seek funding to undertake a more detailed feasibility study, which would lead to construction of a demonstration project. The demonstration project would be monitored to assess whether there is broader community and private sector interest in the proposed scheme, which could be developed into an innovative housing option for ageing householders. Such a scheme could also provide a possible financial alternative to products such as reverse mortgages.

Since research into the proposal commenced new funding opportunities have arisen through Federal and State Government economic stimulus packages and Nation Building programs, which could underpin a demonstration project.

### **The Partnership**

The proposal was devised and researched by MCC and the VWHA.

#### Victorian Women's Housing Association (VWHA)

The VWHA was established in 1998 to develop innovative programs to provide a range of housing options for disadvantaged women who experience affordability issues in the housing market.

The VWHA creates practical working partnerships across the private, community and public sectors to leverage contributions and build houses for women and their children to live with dignity and become contributing members of their local communities. VWHA aims to develop housing in the form of long-term leased, affordable accommodation within the private rental market or housing owned by the VWHA.

The VWHA is a not for profit company limited by guarantee (with public benevolent status) managed by a voluntary Board of Directors. The Board comprises women from the private, public and community sectors who share the passion for improving the life choices for women and families surviving on low incomes.

In 2008 VWHA gained registration as a Housing Provider with the Housing Registrar, Department of Human Services and intends to apply for registration as a Housing Association in the future.

Currently VWHA owns X properties and tenancy manages X properties for X households.

#### VWHA's objectives:

1. *To provide and manage not-for-profit low-cost rental housing for women on low incomes;*
2. *To act as a lessor of low rental or subsidised housing for low-income women;*
3. *To refer women on low incomes facing homelessness and destitution to low rental or subsidised accommodation; and*
4. *To link women living in the Association's housing with counselling, rehabilitation and support services, where appropriate.*

### Moreland City Council

Council recognises that housing affordability in Australia is at a crisis point. Many households are experiencing 'housing stress' where more than 30% of their income is being spent on providing a roof over their heads. Finance for other necessities is consequently reduced and many households are struggling to meet other household bills and feeding and clothing their families.

Council has undertaken several community housing projects in Moreland, including an 8 unit development for vulnerable single people in Coburg and a 12 unit development in Fawkner for households aged over 55 years. Further affordable housing is planned through the implementation of Activity Centre Planning in Coburg, Brunswick and Glenroy and initiatives outlined in the Moreland Affordable Housing Strategy 2006 (MAHS).

The Victorian Government's policy and funding shift to support Housing Associations has provided new opportunities for partnerships between local government and organisations such as VWHA.

### MCC objectives

The MAHS outlines Council's commitment to:

- *increase affordable and accessible housing options in Moreland; and*
- *to continue to work on housing options for elderly residents.*

The 2008 Mayor's Speech includes commitments to :

- *advocate to ensure a range of affordable and secure accommodation options for older people, including public housing, is available;*
- *advocate for greater investment from State & Federal Governments in social and public housing;*
- *identify opportunities for expansion & redevelopment of existing public housing stock;*
- *ensure affordable housing is included in structure plan implementation;*
- *advocate for action from State and Federal Governments on housing affordability;*
- *continue to pursue community partnerships with agencies to develop and encourage affordable housing;*
- *investigate the introduction of inclusionary zoning to facilitate social housing;*
- *support the long-term lease of Council properties, such as airspace, for social housing; and*
- *provide adequate resources to ensure local private rooming houses comply with health and building regulations*

Council priorities also include an emphasis on enhancing women's opportunities through promotion of healthy and active ageing programs and advocacy to ensure that a range of affordable and secure accommodation options are available for older people.

### **VWHA and MCC assumptions**

Both organisations recognise that relocation and construction of property can be stressful experiences for older residents and that the costs of additional social and financial support (such as that offered by the Women's Financial Network) are desirable

to include in project costings and processes. Financial transactions can be particularly stressful for widows who may not have had first hand experience of financial and real estate transactions.

Both organisations anticipate that participants should discuss the option of downsizing with their families and friends; and that family and friends may also need to be offered support during the project.

Both organisations support community consultation as part of the project process and will seek further resources to refine the proposal.

### **Asset rich, income poor target group**

Research and consultation confirms that there is a group of older women home owners in Moreland who are asset-rich and income-poor. They often have difficulty maintaining their houses to an acceptable standard. Many older houses require significant maintenance and are in danger of physical deterioration to the point where they may not provide an acceptable standard of living for women in their older years. Purchase of essential items such as mobility aids, food and appropriate clothing is typically constrained by low income (even though properties may be valued above the median price for their suburb).

Further, the dwellings are often :

- energy inefficient with high heating and cooling costs;
- poorly designed for physical accessibility should mobility requirements change.; and
- very demanding in garden and external area maintenance.

A common scenario is that an accident may suddenly reduce the occupier's mobility and independence, which in turn forces a sudden change of location and dwelling (based on advice from local health and HAAC workers.

Consequently it was decided to investigate the options for these women to 'downsize' their housing, and purchase a new, more appropriately designed unit in the locality.

Immediate advantages are that newer dwellings require less maintenance, would be more energy efficient (and hence reduce longer term housing costs) and would be designed to anticipate future accessibility requirements by drawing on Universal Design Guidelines. Garden maintenance is also likely to be reduced.

Consultation has included :

Council officers involved with HACC, Aged Care Services, The Coburg Initiative, the Activity Centre Team

Consultation sessions for Moreland residents

Local health care professionals, including the Royal District Nursing Service

Local housing agencies

All day seminar 'Housing for Life' : accessible housing forum December 2008.

### **Anticipated benefits of down sizing**

The benefits of downsizing in a familiar neighbourhood include



- valuable local knowledge of transport, service and leisure options is retained;
- social connections are not disrupted;
- better internal and external accessibility;
- lower maintenance costs; and
- lower utility and rates costs.

Downsizing to a group of units (2-3 bedrooms in each residence) would also provide a more secure physical environment with an immediate support network of 3 or 4 neighbouring unit owners when compared to more conventional suburban neighbourhoods of detached dwellings.

A further assumption tested in this proposal is whether downsizing might provide the women with some money to invest (\$20,000) that could provide a small ongoing income for everyday living expenses.

### **Selection of Fawkner**

Fawkner was selected as a pertinent case study area because of the opportunities presented by the larger lot sizes in that suburb, and the more conventional subdivision and lot patterns.

### **Background meetings:**

Various organisations and individuals gave *pro bono* advice in development of the concept:

#### **Project management consultants**

Project management consultants suggested that :

- a specific suburban area needed to be investigated to determine the feasibility of the project;
- the potential financial impact for the women needed further investigation; and
- land valuation needed to be undertaken prior to progressing further with the project.

Should the land valuation prove viable, then a consultant should be engaged to undertake the remaining work required to determine feasibility.

#### **Women's Financial Network (WFN)**

- WFN suggested that the project could be financially viable for the target group being considered based on the information gathered to date. The project targets older women home owners who are on aged pensions with no other significant assets. At the time of interview a woman was allowed to have \$161,000 [MSOffice1] in assets in addition to her home. The difference between selling the family home and buying a unit is unlikely to result in the woman having more than \$161,000 in assets if she currently has limited or no other assets.
- It is unlikely that the amount the woman could invest after selling her house and buying her unit would exceed the assets test (i.e. \$161,000) for her pension.

- The income earned from the investment may affect her pension, however she would still be better off and earning more income. Currently she is allowed to earn an additional \$128 per fortnight; and after this, 40c in every dollar earned is withheld.
- Funding will be required in order to build units first – an owner can't be expected to sell her house first. Therefore project/bridging finance options will need to be explored.
- WFN would be prepared to provide *pro bono* information sessions on financial implications for interested women;
- WFN would charge VWHA and MCC for financial advice and modelling provided before and during the project - and this would need to be costed into the project.
- VWHA and MCC should link with the Financial Information Services (FIS) officer at the local Centrelink office to ensure that all relevant information is known and kept up-to-date.

#### **Socio-demographic advice**

- It is clear that Moreland has an ageing population with one in three people aged 75 years and over living alone. The 55 – 74 year old age group is projected to increase;
- Older people in Moreland live in a variety of household types but increasingly live alone. Isolation in the older age groups is an issue adversely affecting many older residents;
- A high proportion of older residents in Moreland are reliant on the age pension for their income;
- The rate of home ownership is high with 81% of 65-74 year olds, 78% of 75-84 year olds and 63% of persons over 85 years living in homes that are fully owned.
- The weekly individual income for older people in Moreland is significantly lower than the average. Almost 50% of people over 65 years are outright owners (no longer have a mortgage) but earn less than \$199 per week.
- Only 28% of people over 65 years earn between \$200-\$299 per week. This would indicate (and Centrelink data reinforces) that most Moreland residents over 65 years rely on the age pension for their weekly income.

#### **Property consultant advice**

Key issues for VWHA and MCC to investigate include:

- The value of land/property and building costs – focusing on the cost of buying a new unit in relation to income from a selling house. Will there be a significant enough profit?
- Is suitable land available?
- Local real estate agents should be consulted to draw on their immediate knowledge of demand as well as likely property exchange costs.

#### **Assessing the viability of the proposal**

##### **Initial property advice and modelling**

The following information was investigated to assess the viability of the proposal :

- Construction costs;
- Permit costs;

- Current sales register of all dwellings and vacant land in the Fawkner district; and
- Current sales register of all units in the Fawkner district.

#### **Assumptions:**

A number of assumptions were made for this analysis, which was initially based on a proposal for a double residential block. MMC planning, property and building officers provided much of the advice. A summary follows:

- 2 standard 600m<sup>2</sup> blocks will be purchased;
- A unit density of 4 units will be achievable with 300m<sup>2</sup> per unit.
- Construction costs assume single storey dwelling, brick veneer and garage with flat terrain. Such costs are base costs and there is an expectation that a profit and risk factor will be added. The cost estimates are as follows: -
  - 2 bed unit, approx 11 squares, cost @ \$8,500 per square (medium range fittings) plus 3% for accessibility features.
  - 3 bed unit, approx 16 squares, cost @ \$8,500 per square (medium range fittings) plus 3% for accessibility features.
- Permit phase will take 6 months;
- Construction phase will take 6 months;
- Open space contribution of 5% may be payable, per the MCC Planning. However for dual occupancy no contribution is required.
- Units will be sold off the plan and therefore stamp duty will be assessed on land value not improved value;
- Interest on development costs and land holding estimated at 7%;
- Contingency factor of 5% has been applied to the development costs;
- Profit and risk factor of 15% has been applied to the construction costs payable to a builder;
- The properties that will be sold by applicants will be a basic 600m<sup>2</sup> parcel of land with an average condition brick veneer dwelling of approximately 110 square metres.

This assessment takes account of current market conditions (2007-2008).

#### **Analysis**

Taking account of the assumptions listed above a cost analysis has been prepared to determine the cost to develop 4 units on 2 adjoining land parcels.

Two options have been considered: -

1. Four brick veneer units each with two bedrooms; and
2. Four brick veneer units each with three bedrooms.

A combination of configurations could be considered, however this has not been included in this analysis.

The summary of the total costs to carry out these developments follows. More detail of this summary is attached as Appendix A: -

Option	total cost of development	Cost per unit
1	\$1,020,000	\$250,000
2	\$1,236,000	\$305,000



It is difficult to anticipate the sale prices for the houses in Fawkner that will be sold by the applicants of this scheme, as the size and condition of properties will vary. Prices generally range between \$230,000-\$310,000, however the Council's sales schedule shows some sales clustered at either end of this range. It appears that a standard block of approximately 600 square metres of land with a brick veneer dwelling of 110 square metres in average condition, will achieve a sale price in the vicinity of \$255,000. After an allowance for marketing costs vendors will achieve approximately \$240,000.

### **Results of analysis**

From this investigation it is clear that for such a scheme to be viable MCC and VWHA will have to work to reduce costs in the development process. Some savings maybe achieved in the following ways:

- Council's Planning Department could approve a waiver of the open space contribution. (Note that if the application is dealt with as two dual occupancies no open space contribution will be charged);
- Council's Planning and Building Department could approve a waiver of all permit fees on the basis of the merits of the project for affordable housing;
- The tender of building works could include definitive costs of works, thus eliminating contingency inclusion. This may also indicate a lower profit and risk factor.
- Grants could make the project more viable.
- Council could fund the interest component associated with holding the land for one year and the interest component associated with the construction costs.

By the waiver of (or funding of) these costs in other ways and reducing the profit and risk factor to 10% for the construction company, the project appears to be viable for 2 bedrooms, as each unit would cost \$221,000. For 3 bedroom units the cost would be \$270,000.

(Note that MCC is unlikely to be able to provide waivers for a private development.)

### **Further issues to be resolved**

In order to carry out such a project a number of additional matters will need to be considered. These include: -

- Finding two suitable parcels of adjoining land. This will require two land parcels that have dwellings in poor condition, otherwise it will be necessary to pay extra for improvements to the land. It is expected that it will be difficult to find two parcels of land for sale at any one time. It may be necessary to purchase sites over a period of time or pay above the market value to attain the second parcel of land.
- Requiring a commitment from interested parties at the commencement of the project, as no costs have been factored in for Council or VWHA to market and sell units on the open market. If this were required, for example because an application fell through, extra costs would be incurred in marketing and agent's commission; and

- Changes in the market may substantially affect the outcome of both development costs and the sale price of houses of applicants.

### **Conclusion from property consultant analysis**

In order to make such a project viable MCC and VWHA will need to consider ways to discount costs associated with the development. On the basis of a development being carried out under normal market conditions, together with the inclusion of all expected costs, applicants are likely to pay in the range of an extra \$10,000 for a two-bedroom unit or \$65,000 for three bedroom units over and above the amount they are likely to achieve from the sale of their existing dwellings. Of course this amount will vary depending upon market conditions and the condition and size of the dwellings that would need to be sold by applicants to move to the new development. If the applicant owns a property at the upper end of the market they may receive some 'surplus' funds at the conclusion of the project.

On the current assumptions it appears that owner occupiers entering such a scheme are unlikely to receive a windfall surplus by committing to such a project, and will in many cases be required to commit funds to the development.

**Only if MCC, VWHA or another funding body is able to trim costs associated with the project, will the two bedroom development be achievable, but there is unlikely to be any significant margin or gain.**

This is a preliminary analysis and should only be considered as such. If a decision is made to proceed further, more detailed analysis should be carried out to consider the following factors: -

- Availability and inspection of properties suitable for unit developments;
- More detailed development costs, holding costs, contingencies, fees, survey and legal fees;
- Valuations of individual properties suitable for purchase;
- Valuations of properties that will be sold by applicants to fund such a development.

### **Proposed feasibility study**

The work undertaken to date suggests that the project is close to being feasible, and that options for both 2 and 3 bedroom dwellings should be further explored.

Funding will now be sought for a more detailed feasibility study. It is recommended that a further feasibility study will:

- Consult with potential key stakeholders;
- Consult with interested asset-rich income-poor households;
- Investigate more property options, including 3 and 4 lot sizes and properties currently owned by the Office of Housing in Fawkner;
- Investigate options in the pipeline with other aged care developments;
- Approach socially oriented property developers and financial institutions such as credit unions;
- Detail current costing (required for VWHA who would be the developers);
- Investigate additional funding options for the project.

The feasibility study should be undertaken by a consultant (team) with multi-disciplinary experience across property, project management, housing design, inter-generational and female headed household dynamics and financial planning at an individual level.

MCC and VWHA will develop a brief for quotation, and its scope should describe

- a) a survey of possible options;
- b) the preferred option for development into a demonstration project;
- c) opportunities, risks and threats associated with the preferred option;
- d) more detailed current cost estimates;
- e) any further legal, financial or planning advice required; and
- f) a 'packaged' proposal to communicate to women within the target group.

The consultant will be employed by the VWHA, and will work with a small steering committee made up of representatives from VWHA, MCC, a representative from a local support agency such as the Community Health Centre or WISHIN and chaired by an independent person with a strong knowledge of the property market, women and housing field.

June 2009

## Appendix A

### 2 bedroom unit : new building projected costs

#### Moreland older womens project feasibility

4 brick veneer 2 bedroom unit			
land purchase price for 600m2 block	600	340	204000
2 blocks required		2	408000
purchase costs SD			19428.57
holding costs			2000
open space contribution		5%	20400
land costs			449828.6
land interest component			31488
total land cost			<u>481316.6</u>
plan preparation			5000
permit costs*1			6500
demolition costs			10000
constructions costs	11	8500	93500
including accessibility factor			
accessibility factor %		3	96305
profit and risk of construction	15%		14445.75
construction contingency factor			4815.25
unit construction cost 1 unit			<u>115566</u>
total construction costs	4		<u>483764</u>
Interest on development costs			16931.74
total cost of construction			<u>500695.7</u>
survey and title office fees			7000
legals associated with sale			2000
total cost of development			991012.3
each unit will sell at			247753.1
stamp duty			
based upon land value of \$108,000			<u>2392</u>
total cost of unit to purchaser			<u>250145.1</u>



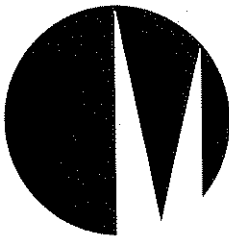
## Appendix A

### 3 bedroom unit : new building projected costs

#### Moreland older womens project feasibility

##### 4 brick 3 Bedroom Unit

land purchase price for 600m2 block	600	340	204000
2 blocks required		2	408000
			<hr/>
purchase costs			19428.57
holding costs			2000
open space contribution		5%	20400
land costs			449828.6
land interest component			31488
total land cost			<u>481316.6</u>
			<hr/>
plan preparation			5000
permit costs			6500
demolition costs			10000
constructions costs	16	8500	136000
including accessibility factor	accessibility factor %	3	140080
profit and risk of construction	15%		21012
construction contingency factor			7004
unit construction cost 1 unit			<u>168096</u>
total construction costs	4		<u>693884</u>
			<hr/>
interest on development costs			24285.94
total cost of construction			<u>718169.9</u>
survey and title office fees			7000
legals associated with sale			2000
total cost of development			<u>1208487</u>
			<hr/>
each unit will cost			302121.6
stamp duty	based upon land value of \$108,000		2392
total cost of unit to purchaser			304513.6



Moreland City Council

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Xref: N/A  
Doc. No. D09/111515  
Enq: Anne Gartner  
Tel: 9240 2484

Ms Jeanette Large  
The Victorian Women's Housing Association  
Level 3, 41 Exhibition Street  
MELBOURNE VIC 3000

Dear Jeanette

**FEASIBILITY PROPOSAL : OLDER WOMEN'S HOUSING PROJECT**

I am pleased to enclose a final version of the feasibility study for the attention of the Board of the Victorian Women's Housing Association. An electronic version will also be forwarded to you.

Thank you for noting the project as one of the highlights in the 2007-2008 Victorian Women's Housing Association Annual Report. The proposal is an excellent outcome of the relationship established between Council and your organisation and I hope that it will culminate in a demonstration project in the municipality.

If you have any inquiries about Council's future participation in the project please do not hesitate to contact Anne Gartner, Senior Housing Strategist, on 9240 2484 or [agartner@moreland.vic.gov.au](mailto:agartner@moreland.vic.gov.au).

Yours sincerely

Jenny Merkus  
**DIRECTOR SOCIAL DEVELOPMENT**

3 / 7 / 2009

Att: Older Women's Housing Project

**Language Link**

中文	9280 1910	Español	9280 1916
Italiano	9280 1911	Hrvatski	9280 1917
Ελληνικά	9280 1912	हिन्दी	9280 1918
العربية	9280 1913		
Türkçe	9280 1914	All other languages	
Việt Ngữ	9280 1915	9280 1919	

# rehousing *Nonna*

what if a group of nonnas invested in a development that gave them everything they want and a little bit more?

**nonna**

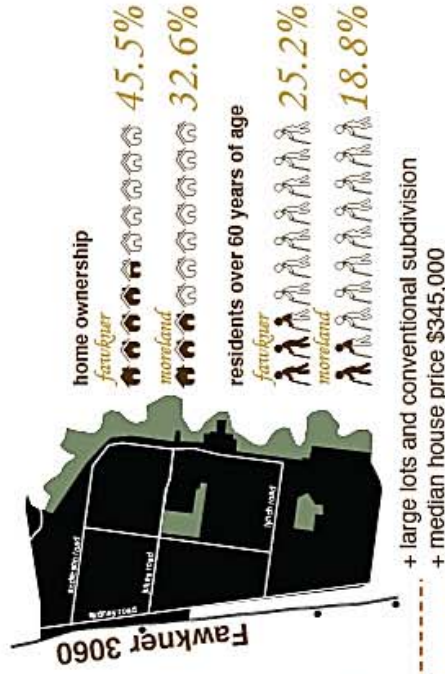
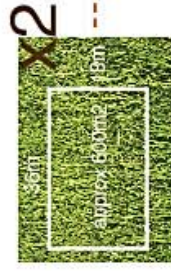
"I'm too old to start moving now"  
Giovanna, 66

"I wasn't expecting to be still alive"  
Maria, 72

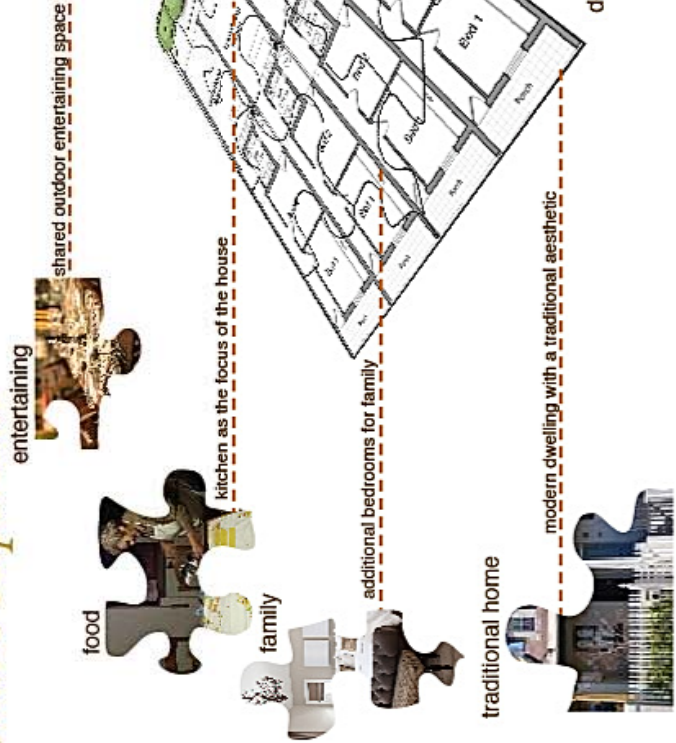
"I don't want to move"  
Maria, 73

"I don't want to borrow money"  
Irene, 68

- + Asset Rich Income Poor
- + Unable to maintain the family home
- + Emotional connection to home and area



## What's Important



## Benefits

**Financial**

**\$20,000** profit to invest

(the women can have up to \$161,000 in assets in addition to their home before it affects their pension)

**Operating**

- energy efficient
- adaptable
- low maintenance

**Social**

- + social web is maintained
- + allows for intergenerational suburban communities
- + remain an active member of their community
- + familiarity with local services allows for independent living



# DRI Design Challenge 2012: Ageing Rehousing Nonna

## DC12: Ageing Interim Report Meeting

### Progress of your research plans

- The research has been developing through understanding and determining the processes involved for this proposition to be successful, including financials, planning, and transfer of land.
- There has also been significant development on the design of the units and the site layout including a consideration to site orientation and how an the interior of an adaptable house could appear as any other house.
- The other significant discussion is about how this is different to and what can be learnt from traditional regiment villages. How could this development be a viable alternative to those seniors who don't want to move into retirement villages.

### Changes in direction or new developments

- There hasn't been any significant changes or new developments to the proposition. However there have been discussions about the need for the property to remain available to older members of the community in perpetuity and how the initial funding would be gained as banks in Australia don't have a history of supporting such developments.
- **Partnering opportunities**
- The main partnership is still between Women's Property Initiatives and Moreland City Council however there have been discussions about a share car company and an aged care service provider being minor partners.

### Concerns/questions

- How much information is required regarding the financials of this proposition?

### Changes to team members

There has been no changes to the team members. The team consists of:

- Naomi Barun, Urban Designer, Moreland City Council
- Anne Gartner, Housing Strategist, Moreland City Council
- Liz Harvey, Aged Care, Moreland City Council
- Stuart Harrison, Architect, Harrison and White
- Women's Property Initiatives

### Respond elements of the jury critique

Is there limited ability to extrapolate to wide community?

- The proposition was initiated on an understanding of older women in Moreland's north. The concept that women live longer, have strong connections to the family home, and are significant members of the social structure of a community is evident in various cultural groups and across various municipalities. We actually believe that if the financial and property process developed as a sound and secure concept it could apply to any group of homeowners who are looking to collocate. However this would still have a focus on seniors due to the justification for some of the planning dispensations.

There could be a suite of connected strategies to amplify the social capital value of this proposal. How do these house sit within the urban network? What other things might they contribute? This new typology could also transform positively other aspects of the suburbs functionality. Would this lead to other funding streams?

- The City of Moreland is looking at its 52 shopping strips and the importance of these strips in providing social meeting points, fresh food and local convenience resulting in a more connected, safer, and healthier community. The concept is to ensure a development like this sits within the community as any other development would. The key benefits is retaining the connection to a

familiar surrounding and existing networks of services and friends. We are currently exploring the possibility of other funding streams.

- There have been discussions around the potential to locate a carers unit on site as well which would be equally shared amongst the residents.

While a demonstrated success in the City of Moreland there are a number of factors that could challenge success with the idea elsewhere. These include a large enough group of residents who are willing to leave their homes, availability of adequate affordable land nearby to develop the 'village'. One element of success is that the relocated person has cash in her hands after the sale of her home and the purchase of the new one. This could be a challenge as identified by the property consultant.

- At the time of the research the women who were interviewed did indicate a reluctance in moving from the family home which led to ideas of incentives which made the concept more attractive. The site layout and unit design is also being explored further to explore ways that this proposition could be undertaken in an economically and physically efficient manner.

Has the basic proposition been tested in any way with potential customers - and their responses noted in order to understand what would motivate them to undertake what would in my opinion be quite a stressful move? Why is this better than equity release? In addition the opportunity would be to create services/activities that helped to make more of this transplantation, that helped perhaps to ease the transfer from the family home, full of memories, to this new place. How might this new place be given meaning?

- The basic proposition was tested through focus groups during the process of developing the initial research. Following the Masterclass the group has been working on developing personas based on the groups experience with seniors. The timeframes and ability to engage with suitable participants is difficult however Moreland has a seniors panel who have shown interest in engaging on various topics. We intend to utilise this panel to test the evolution of the proposal.
- Equity Release: we have considered the idea of equity release. We understand there are some impacts on pensions depending on what percentage of equity is released. We are currently undertaking a comparison of various financial models.
- Services and activities: We believe that this process is an opportunity for home owners to be significantly involved in the design and development of the proposition in order to develop a sense of ownership but also empowerment through education. Whilst this project is looking at older women now, so who were born around the 1940's or earlier, it is believed that this could apply to seniors to come. This has raised discussions around the adaptability of seniors particularly with technology advancements and how that might assist in reducing the concern of not understanding financial and statutory process that might currently be a limiting factor.
- Meaning: The group believe that the meaning and connection to the family home is two fold, both ritualistic and physical. The importance of providing large living/eating spaces will ensure the family can still gather at their parents home for key family events, and multiple bedrooms ensure that there is still room for children to visit and stay. Consideration has also been made to the dimensions of rooms generally with an attempt to find a balance between downsizing whilst also ensuring that there is enough space to allow for furniture and sentimental pieces in the home to be brought along. There is also the intangible element of memories. The group has considered the idea of a memory box that is created for the future owner of the old home as a way of sharing the stories of the old family home. In terms of the new home there is the possibility of reusing materials so there is a visual connection to the old home.

Regarding the preliminary drawings, consideration needs to be made towards the dwelling layouts (with long corridors), internal bedrooms with no aspect and poor quality common spaces. This needs work, but the concept is based on solid evidence and definitely worthy of further development.

- The architectural drawings and layout of the site and individual units has developed significantly. This has included looking at a variety of site orientations to ensure the site layout has maximum flexibility. It has also considered how to design adaptable units that don't look like they have been designed and built for an older person, ie grab rails that double as a towel rails etc.



This is an excellent concept that has obviously been around for a little while seeking to gain traction/support. It is worth pursuing needing to either demonstrate an ability to break even or better for 'Nonna' participants or secure clear access to a grant (government/private/community), land donated by Council and/or dispensations from the local Council.

- We are currently discussing the financial process and potential for grants including tapping not he aged care reform funding. We need to develop the movement of Council in the process as it is not necessarily council owned land that is being used however dispensation in terms of planning requirements may be possible.

Have the VWHA already established such solutions? Evidence of how well this kind of solution has worked in other place would be useful.

- The Women's Property Initiatives haven't seen a proposition like this in Australia. It has some similarities to the idea of community land trusts that work well in the UK and the US however have struggled to gain support from the financial institutions in Australia. In some ways the proposition is a smaller more independent version of a retirement village. However it's the difference that the group is focused on so that seniors have a choice of living arrangements based on their individual needs just as anyone else in the community.

### **Other areas you'd like to address like additional information and feedback.**

- None at the moment.

# ReHousing Nonna

## 2 site 5 dwelling option

land purchase price for 600m2 block		\$300,000	
2 blocks required	2	\$600,000	
stamp duty		\$20,000	
holding costs		\$2,000	
open space contribution	5%	\$30,000	
land costs		\$652,000	
land interest component		\$50,000	
<b>total land cost</b>			<b>\$702,000</b>
consultant costs		\$76,000	
permit costs*		\$2,500	
demolition costs		\$10,000	
construction costs		\$1,104,000	
profit and risk of construction			
construction contingency factor	5%	\$55,200	
<b>total construction costs</b>			<b>\$1,247,700</b>
survey and title office fees		\$7,000	
legals associated with sale		\$2,000	
<b>total cost of development</b>			<b>\$1,949,700</b>
number units	5		
<b>total cost of unit to purchaser</b>			<b>\$389,940</b>
each participant sells existing house			<b>\$410,000</b>
<b>amount remaining</b>			<b>\$20,060</b>



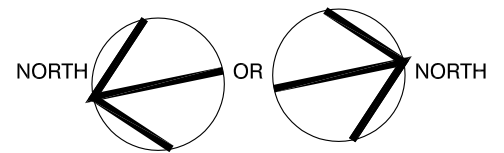
## ReHousing Nonna

### 2 site 4 dwelling option

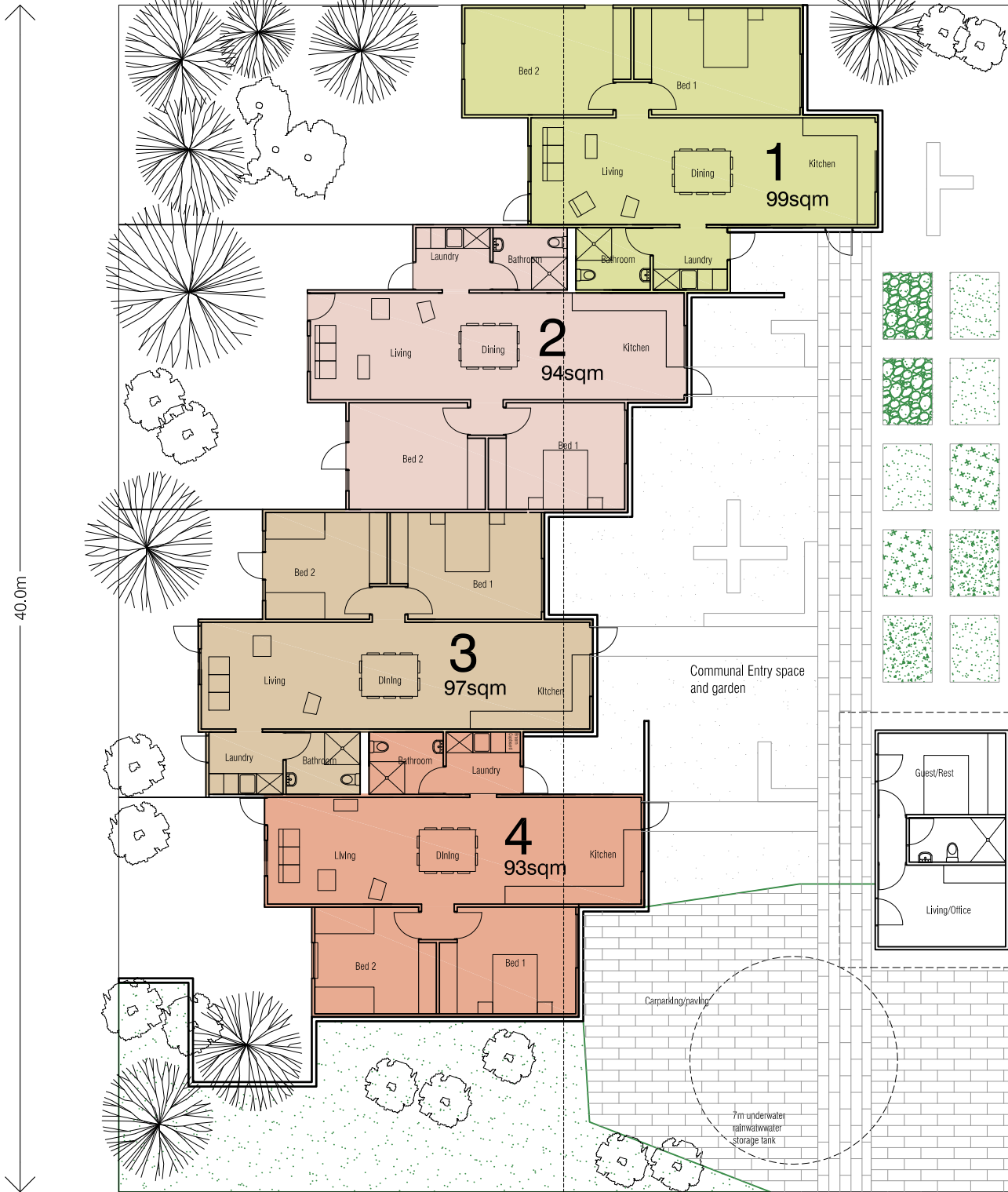
land purchase price for 600m2 block		\$300,000	
blocks required	2	\$600,000	
stamp duty		\$20,000	
holding costs		\$2,000	
open space contribution	5%	\$0	
land costs			<b>\$622,000</b>
<b>total land cost</b>			
consultant costs		\$31,630	
permit costs*		\$2,500	
demolition costs		\$10,000	
construction costs		\$861,000	
profit and risk of construction			
construction contingency factor	5%	\$43,050	
total construction costs			<b>\$948,180</b>
survey and title office fees		\$7,000	
legals associated with sale		\$2,000	
total cost of development			<b>\$1,570,180</b>
number units	4		
total cost of unit to purchaser			<b>\$392,545</b>
each participant sells existing house			<b>\$410,000</b>
amount remaining			<b>\$17,455</b>

waived by Council

4 DWELLINGS  
 2 SITE, STREET TO THE EAST or WEST  
 FAWKNER  
 15 X 40M, 600SQM X 2  
 GROUND FLOOR  
 1:200 at A4



30.0m



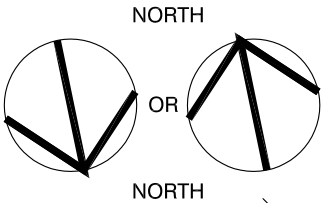
crossover

street



4 DWELLINGS  
2 SITE, NORTH AT SHORT END  
FAWKNER  
15 X 40M, 600SQM X 2  
GROUND FLOOR

1:200 at A4



30.0m



street