

24th November 2021

Mr Simon Militano
Development Director – Over 55's Development
Platino Properties
Suite 11, 20 Young St
Neutral Bay, NSW, 2089

BY EMAIL: Simon@platino.com.au

Dear Simon

RE Skyline Place – Stage 2, Senior Housing Demand Analysis – Response to Council

Macroplan have been engaged by Platino Properties (Client) to make representations and commentaries on its behalf with respect to Stage 2 of the over 55's Retirement community development in Frenchs Forest – Skyline Place. The subject proposal comprises 98 independent living units (ILU's), 15 affordable and disability housing units, associated common areas and approximately 1,000 sqm of floorspace for commercial / medical suites / health care related uses. Upon our initial appraisal (February 2021), Macroplan addressed the current and projected demand and supply of ILUs in Frenchs Forest (suburb) and the Northern Beaches (LGA).

In conforming with our previous findings, Macroplan have addressed and made commentaries on the following factors which we believe are supportive of the proposed Skyline Place Stage 2:

- There is a clear and significant public interest benefit in this proposed development.
- Frenchs Forest and Northern Beaches immediately requires a development that addresses the needs of the 'rapidly' aging population.
- Frenchs Forest and Northern Beaches requires an increase in modern senior housing product that is designed for local senior residents seeking high quality housing proximate to friends and families.
- The recent COVID impact is influencing housing product demand towards 'independent' living environments. COVID has also raised awareness and differentiated modern ILU product (which is bigger and more spacious) from more crowded care homes or existing old ILUs (or serviced apartment offerings).
- The proposed development can allow for more synchronicities and integration of services for local senior residents.
- There is a longstanding undersupply of suitable Specialist Disability Accommodation (SDA) in Northern Beaches. There appears to be a mismatch of adequate support for NDIS participants seeking better design and quality, and the current supply of SDAs. This mismatch is further exacerbated when noting that there are only two new SDA projects in the current pipeline, accommodating only 9 residents in total.
- COVID has a devastating impact on existing and future NDIS participants in Northern Beaches, in particular people with intellectual disabilities are more likely to have additional health conditions that contribute to a more severe course of COVID-19 disease.
- The proposed development will provide a significant contribution to the needs of existing and future NDIS participants in Frenchs Forest and Northern Beaches.

The proposed development will be in the public interest

The Council has argued that the public interest does not support this development. However, particularly in an area such as the Northern Beaches LGA, there must be a very significant public benefit in having a development which will meet what will be a growing and substantial shortfall in housing options for retirees and persons with disability. The retiree age cohort will rise sharply over the next 20 years, which will see a corresponding rise in demand for independent retirement living in Northern Beaches which will see a significant shortfall in supply of ILU emerge. The proposed development, through the delivery of sustainable, modern, and integrated ILU product will go some way to meeting that shortfall. Further to this, the proposed development also has the potential to provide a range of benefits to the wider community including improved access to modern disability and affordable housing, new local employment opportunities, industry diversification, and complementation of Council's vision and strategies for the Frenchs Forest precinct and Northern Beaches Hospital.

We would also observe that the Northern Beaches Council has widely acknowledged that housing affordability is a major issue for the LGA with additional housing supply needed to address affordability issues and to provide a greater choice of housing options to a changing and ageing community. The Northern Beaches Local strategic Planning Statement (LSPS) specifically states that significant additional housing is *"needed to address affordability issues and to provide a greater choice of housing options to a changing and ageing community"* (p128). The lack of options for retirees to downsizers leads to a greater propensity to stay put in large, detached houses which might otherwise be available to the next generation of younger households. The options which the proposed development will create are a benefit not just to retirees but to younger households in the LGA. That is, it will go towards meeting the public interest benefits identified in the Council's LSPS.

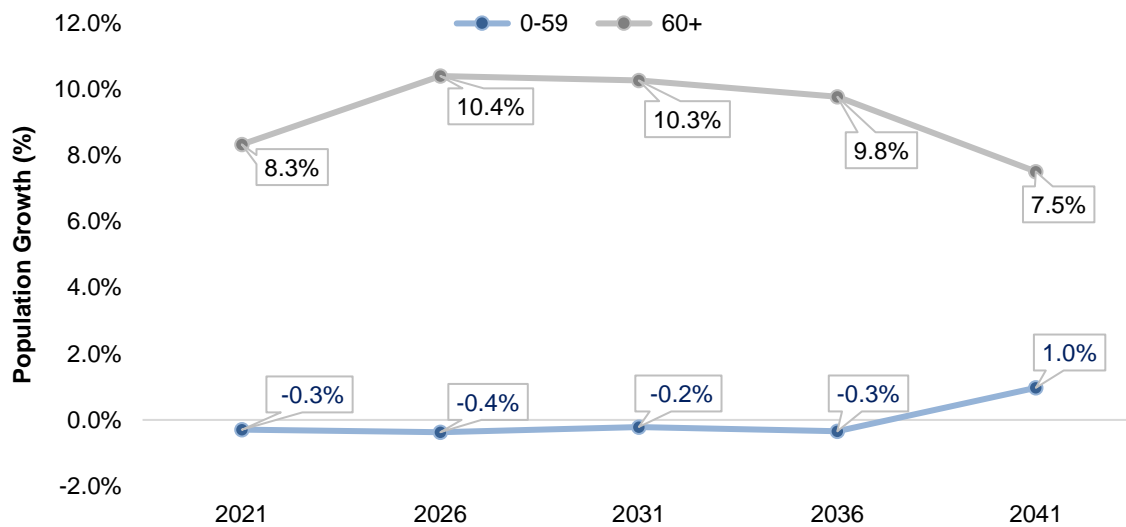
A rapid emergence of the senior demographic

Based on its current demographic profile and population outlook, the Northern Beaches LGA has a rapidly ageing population. To ensure senior housing supply is sufficient to meet forecasted demand levels, immediate consideration must be given to the streamlined delivery of modern, sustainable, and ready-to-develop retirement product such as the proposed development.

As of 2016, the median age of the Northern Beaches resident is 39.5 whilst 11.6% of the population is aged 70+ (with only 11.1% of the population aged 20-29). This compares to Greater Sydney where the median age is 37.5 and 9.8% of the population is aged 70+ (whilst 16.7% of the population is aged 20-29). Whilst this provides an indication on the existing senior demographic, the outlook is for long-run growth in the Northern Beaches to be heavily skewed towards older age cohorts. As it currently stands, by 2036 one in twenty seniors of Greater Sydney will be living in Northern Beaches.

Projections by the Department of Planning, Infrastructure and Environment (DPIE) for the Northern Beaches LGA (Figure 1) have an unprecedented boom in population growth attributed to the 60+ age cohort, reflected through an average annual growth rate of 2% per annum over the next 10 years and 1.8% per annum over the next 20 years. A further break-down of this demographic indicates that the 70-84 age cohort (a key driver of demand for ILUs) will be at the core of this growth. Comparatively, the 0-59 age cohort will experience negligible growth over the long run, reflected through an average annual contraction of -0.06% over the next 10 years and an average annual growth rate of just 0.002% over the next 20 years.

Figure 1 Population growth rates (0-59 & 60+ Age Cohorts), Northern Beaches LGA, 2016-2041



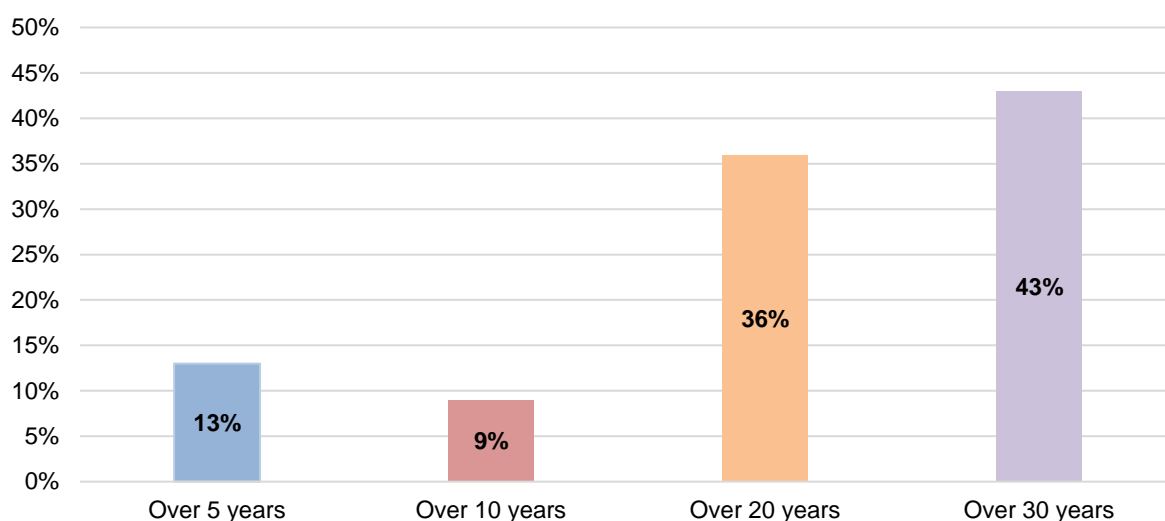
That is, the demographic profile of the Northern Beaches LGA is expected to undergo a significant transformation over the coming years. With a notable increase in seniors projected for the long-run, attention must be given to the effective immediate delivery of new senior housing supply in order to meet the projected demand. Based on current housing supply, if new projects such as the proposed development are not approved and ultimately delivered in the interim, Northern Beaches will be well behind the supply threshold to meet anticipated demand, thus forfeiting its capacity to support the emerging senior demographic (effectively resulting in this market segment seeking out other areas where supply has been sufficiently met).

The deteriorating supply shortage of modern senior housing product

Whilst the general requirement for additional senior housing product has been acknowledged, observation of the existing Northern Beaches market also indicates a severe shortage of new/modern ILU product. With wealthy retirees and empty nesters as the key market segment for senior housing in the LGA, it is unlikely that the quality of current supply will be sufficient to meet the demand requirements of this market segment. If retirees and empty nesters are to be encouraged to sell large houses and downsize (which will facilitate Council’s objectives to increase housing capacity) there needs to be a scope for new ILU product which makes it attractive for this market segment to downsize. With this in mind, the proposed development has the potential to both meet forecasted demand levels, whilst also ensuring that quality of supply is sufficient to meet the requirements of potential occupiers (e.g., quality of product, increased space, integration of services, proximity to transport, hospital services and amenities, etc).

In terms of existing supply within Northern Beaches (Figure 2), the vast majority of ILUs are over 20 years old and becoming less attractive. Most of the stock was developed in the 1980s, under the superseded SEPP5. Standards for access, open-space, internal unit accessibility amongst many other elements have taken on much greater consideration statutorily as well as in relation to market expectations. Our analysis indicates that 79% of the total retirement villages were built pre-2000, 43% were built pre-1990, whilst a mere 13% were developed after 2015 and only one village (Marston Living – Beacon Hill) was established in the past three years.

Figure 2 Aged of stock, retirement villages, Northern Beaches LGA



With respect to the above, observation of the Northern Beaches LGA current and forecasted population levels (60+ age cohort) against the current and projected stock of ILU's indicates that long-run demand will not be sufficiently met by supply. At present the market is saturated, however, with new supply lagging, this position will deteriorate fast. Our assessment indicates that there will be a shortage of 90 ILUs in 2026, 745 ILUs in 2031 and 1,440 ILUs in 2036 if there is no further supply (see Table 1).

Table 1. Gap assessment, Independent living dwellings, Northern Beaches LGA

	2021	2026	2031	2036
Supply	4,272	4,700	4,700	4,700
Demand	4,241	4,790	5,445	6,140
Undersupply/Oversupply	31	-90	-745	-1,440

Source: ABS Census, DPIE, Macroplan

However, as previously mentioned, Northern Beaches is significantly behind in terms of providing new/modern housing and lifestyle choices for retirees and empty nesters. Based on observations of current supply, we envisage that up to 30% of the existing stocks is not relevant to the current housing market and its movers today. Thus, the 'real' effective shortfall could be significantly worse than the above technical shortfall indicates. Based on a conservative estimate, that a minimum, 10% of total stock within the LGA is considered as 'not suitable', we have factored in a total supply figure equating to 90% of (actual) existing supply.

That is, in terms of meeting the expectations of retirees for ILU product which would induce them to downsize, there is at present a shortage of approximately 250 dwelling in Northern Beaches. We envisage this gap will only widen to an undersupply of about 360 dwellings in 2026, further deteriorating to over 1,000 by 2031 and 1,700 in 2036 (see Table 2).

Table 2. Gap assessment, Independent living dwellings (i.e., 90% of supply), Northern Beaches LGA

	2021	2026	2031	2036
Supply	3,984	4,427	4,427	4,427
Demand	4,241	4,790	5,445	6,140
Undersupply/Oversupply	-257	-363	-1,018	-1,713

Source: ABS Census, DPIE, Macroplan

In short, there is a critical need for additional (modern) ILU's in the Northern Beaches LGA in order to cater to the LGA's ageing population. In light of this, if approved, the proposed development could provide a key contribution in both addressing the deteriorating senior housing supply shortfall, whilst ensuring that the quality of new supply is sufficient to meet the standards demanded by the current market.

The growing impact of COVID-19 and the behavioural response in housing demand

Whilst COVID has had a short-term impact on Greater Sydney's population growth (particularly on inner areas), the behavioural response to COVID has seen an increased preference towards outer locations which offer proximity to the recreational amenities offered by open space and beaches (i.e. Northern Beaches). With regard to this, we envisage that future demand levels (both short- and long-run) could intensify beyond current estimates. In reference to our pre-COVID forecasts (which are already linked to a severe supply/demand gap), recognition of the potential surge in post-COVID demand for senior housing indicates that further consideration must be given to the effective immediate delivery of senior housing communities which display these qualities (i.e., the proposed development) in order to accommodate for this unaccounted demand shock.

A number of surveys¹ have examined the influence that COVID has had on the type of seniors housing products in demand. The surveys indicate that there has been strong interest in downsizing throughout the COVID-19 pandemic. Notably, about 30% of survey respondents were rethinking their options in light of COVID-19 whilst 60% of survey respondents were considering downsizing during the pandemic to be in a 'supportive and helpful community'. The same percentage of respondents also wanted to live in a 'modern low maintenance home'.

This strongly suggests that more senior residents will appreciate an 'independent' living environment. COVID has raised awareness of the retirement living sector in general and it has differentiated independent retirement living from more crowded care homes. It has highlighted the benefits of containment in a village community setting that has a large community area to walk around and more facilities available on-site. Developers will need to respond to this potentially significant demand shift in housing preference, and we note that the proposed development very much fits the bill. Councils will need to acknowledge this shift in demand.

Achieving synchronicities through integration of services and amenities

Based on our assessment, and given current development capacity constraints, Frenchs Forest cannot realistically accommodate the expected quantum of additional retirement housing demand without large-scale sites becoming available. With locations at a premium, the market in Sydney generally is having to look to higher density options

¹ downsizing.com. 2021. OverSixty.com.au and Downsizing.com.au combine forces to reach over one million consumers per month. [online] Available at: <<https://www.downsizing.com.au/news/730/OverSixtycomau-and-Downsizingcomau-combine-forces-to-reach-over-one-million-consumers-per-month>> [Accessed 17 November 2021].

and this applies to Northern Beaches. In this respect, the proposed development is strategically located and presents a key opportunity to contribute to the delivery of sustainable, high-quality senior living communities, with density to support the integration of medical services and facilities onsite, and accessibility to transport, hospital and retail services.

This primary focus of the proposed development will be to contribute to modernising the existing retirement living dwelling offering in Frenchs Forest and Northern Beaches. By allowing for retirement living to be provided in a vertical retirement living format, senior residents are offered a higher quality experience through lower maintenance (and its costs), privacy and personal use. Further to this, higher density formats also provide opportunities to enhance personal experience through the streamlined integration and improved accessibility to key services and facilities that traditional horizontal villages are unable to provide. In the case of the proposed development, synchronicities can be achieved through the proposed allocation of medical, health, commercial uses, a café and other facilities which are easily accessible to residents in a single location. This is a key feature which will significantly enhance the personal experience of senior residents and provide an element of differentiation against the current market.

Addressing the shortfall of disability housing

Whilst the above components signify a requirement for additional senior housing dwellings, market indicators sourced from the National Disability Insurance Scheme (NDIS) suggest that the shortfall in disability housing supply in Frenchs Forest and Northern Beaches is another factor that must be addressed. The proposed development will incorporate 15 affordable and disability housing² units and will be a major contributor to meeting the immediate needs of existing and future NDIS participants in the area.

Macroplan envisage that there is a significant mismatch between what participants are seeking in terms of liveability and support and the current supply of specialist disability accommodation (SDA) dwellings in Northern Beaches (Tables 5 & 6).

- According to the latest NDIS data, as of June 2021, there are 422 NDIS active participants (i.e., currently residing in SDA) with identified SDA needs in the Northern Sydney District, about 20% of whom are seeking alternative SDA accommodation for better design or quality (much higher than the NSW benchmark of 14%). Narrowing these statistics to the Northern Beaches LGA, the data indicates that there is a much higher percentage of active participants seeking alternative SDA options, around 26% active participants (Table 4).
- The latest NDIS data also suggests that there are 10,132 residents participating in the scheme across the North Sydney District, reflecting a 40% increase since 2019 (i.e., 3,042 residents). Narrowing the scope to Frenchs Forest and its surrounds, the evidence from the NDIS Demand Map³ indicates that the number of NDIS participants is expected to increase from 2,613 to 3,245 (Table 2) participants in fiscal year 2023 (up from 1,901 to 1,910 participants in fiscal year 2020). Effectively, this will result in a direct increase in participants seeking SDA accommodation (in order of approximately 30-70%).
- This mismatch is further exacerbated when noting that there are only two new SDA dwellings (accommodating a total of 9 residents) in the current pipeline for Northern Beaches.

² Specially designed for residents with intellectual disabilities

³ Published by the Department of Social Services

Macroplan's assessment also highlights the devastating impact that the pandemic will have on Northern Beaches residents with intellectual disabilities, and the importance of delivering new SDA dwellings with better support and quality. If approved, the proposed development will provide a significant contribution to the needs of existing and future NDIS participants in Frenchs Forest and Northern Beaches generally.

- There is a recent study⁴ which highlights the compounding impact that COVID-19 has had on people with intellectual disabilities, with data suggesting that these individuals are 2.5 times more likely to contract COVID and 5.9 times more likely to die from infection.
- The results of the above study highlight how these issues are compounded in this population as people with intellectual disabilities are more likely to have additional health conditions that contribute to a more severe course of COVID-19 disease.
- With respect to the Northern Beaches LGA, the total number of NDIS recipients aged 65+ has doubled since 2019 from 259 to 527 (noting that intellectual disability is one of the three most common disabilities for the 65+ population in Northern Beaches), whilst the number of recipients with intellectual disabilities has increased by about 47%.

Conclusion

In summary, with the fast growth in the senior demographic in Northern Beaches and the increased appetite for more modern, spacious, and integrated ILUs, demand is already strong and is only going to get stronger. If immediate action is not taken, then the projected senior housing supply shortage could generate significant stress, at a cost, to future senior residents but also to future young households looking for housing options.

The proposed development which will deliver a modern, sustainable, and integrated retirement community, presents an opportunity to address this demand and provide a benefit to both senior and young households in the Northern Beaches LGA.

Should you wish to discuss any of the information contained in this response, please contact Gordon Yoon on 0433704986.

Yours sincerely,

Gordon Yoon
Senior Manager
gordon.yoon@macroplan.com.au

Dr. Nigel Stapledon
Chief Advisor
nigel.stapledon@macroplan.com.au

⁴ Jonathan Gleason, Wendy Ross, Alexander Fossi, Heather Blonsky, Jane Tobias, Mary Stephens. The Devastating Impact of Covid-19 on Individuals with Intellectual Disabilities in the United States. New England Journal of Medicine (NEJM) Catalyst, March 5, 2021; DOI: 10.1056/CAT.21.0051

Appendix

Table 3. Number of NDIS participants, current & future demand, Selected postcodes⁵

	2020	2023 (f)
Autism	451 - 460	679 - 999
Intellectual disability & Down Syndrome	401 - 410	441 - 606
Developmental Delay	141 - 150	142 - 558
Mental Illness Associated Disability	191 - 200	213 - 407
Neurological Disorder	351 - 360	246 - 367
All other disabilities	71 - 80	183 - 268
Vision, Hearing, Speech or Other Sensory Impairments	161 - 170	177 - 252
Disability caused by Injury	71 - 80	111 - 190
Total	1,901 - 1,910	2,613 - 3,245

Source: Department of Social Services

Table 4. NDIS Participants with identified SDA needs by current status

Identified SDA needs	NSW (State)	North Sydney and Hornsby (SA4)	Northern Beaches (SA4)	Warringah SA3	Pittwater SA3	Manly SA3
Currently in SDA dwellings	4,787	148	156	130	24	2
Currently in SDA dwellings, but seeking alternative	785	18	57	48	9	0
Not currently in SDA, seeking dwelling	433	28	9	7	0	2
Total Participants with SDA need	6,005	194	222	185	33	4
% of participants in currently in SDA dwelling seeking alternative	14%	11%	27%	27%	27%	0%

Source: Department of Social Services

⁵ 2085, 2086, 2087, 2092, 2093, 2095, 2096, 2099, 2101

Table 5. NDIS Participants with identified SDA needs by 'required' SDA design category

SDA Design Category	NSW (State)	North Sydney and Hornsby (SA4)	Northern Beaches (SA4)	Warringah SA3	Pittwater SA3	Manly SA3
Not Defined	121	4	3	3	0	0
Improved Liveability	478	25	33	29	4	0
High Physical Support	337	8	19	15	2	2
Robust	60	2	0	0	0	0
Fully Accessible	222	7	11	8	3	0
Total Participants with SDA need	1,218	46	66	55	9	2

Source: Department of Social Services

Table 6. Current SDA dwellings by SDA design category

SDA Design Category	NSW (State)	North Sydney and Hornsby (SA4)	Northern Beaches (SA4)	Warringah SA3	Pittwater SA3	Manly SA3
Not Defined	1,115	33	30	25	5	0
Improved Liveability	404	7	6	5	1	0
High Physical Support	456	9	13	12	1	0
Robust	77	2	0	0	0	0
Fully Accessible	233	0	9	9	0	0
Total number of enrolled dwellings	2,285	51	58	51	7	0

Source: Department of Social Services