

# Design & Construction Forum

## Refurbishment Case Studies: “The Good, The Bad and The Ugly”



# Introduction

- Recent changes in LLLB, Accommodation Pricing and Significant Refurbishment have highlighted the more market response to refurbishment in aged care.
- These changes mirror those of new design and construction generally: that of Hotel design for FFE
- However paradoxically, trends in social aspects of Aged Care point to the need for more sub-acute Hospital Health care settings:
- So Good News is 'Hotel look' is in, Bad News! Hospital need is on the rise, and rising
- but Ugly Truth, 'there's no place like home....'

# Good News – Hotels are in!

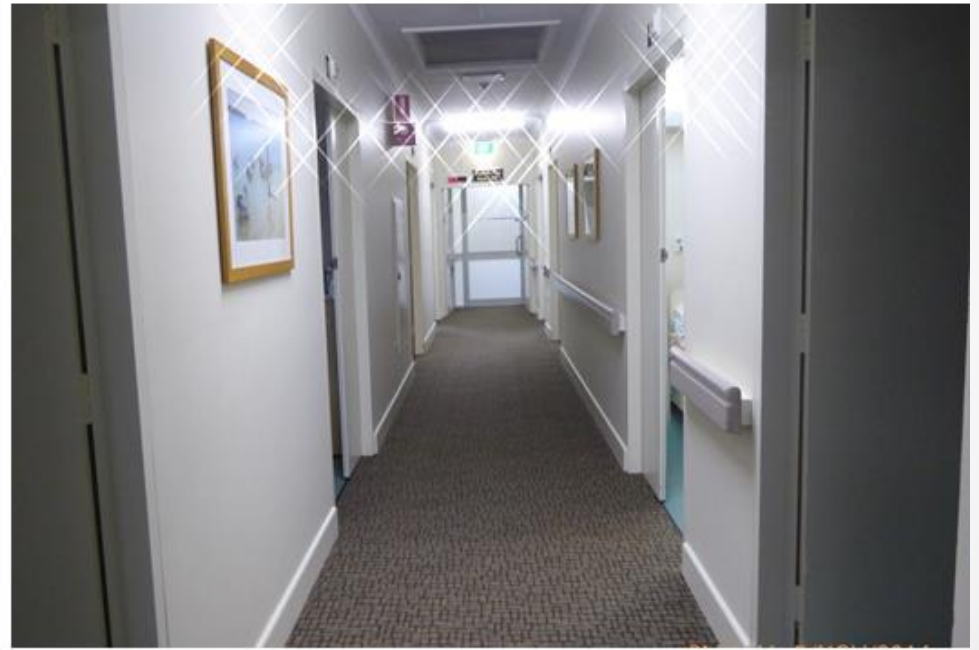


# Good News – Hotels are in!



# Good News – Hotels are in!

- Carpet vs vinyl



## About SummitCare's Significant Refurbishment

In addition to sprinklers ( \$2.75 Million – \$3.5 k per bed)

No loss of bed days/occupancy – 5 Sig. Refurb. applications

Near 60% on average concessional – \$5M ROI over three years

\$52 PRPD x 2 equates to RAD/DAP of 275 k bond...so

Had to demonstrate 'significant' ( carpet obvious example)

Legislation was not tightly drafted (40% supported ....or... )

Environment

Meaningful  
Activities

Personal  
Preference

Personal  
Relationship

Optimal  
Health

# Bad News – Hospitals aren't out!

- Despite the trend: Health Care – “hospital settings”
- Higher level of Acuity, Shorter Length of Stay, Older Age at Admission, reduced mobility
- Dementia and particular demands –being met
- Palliative Care - emerging speciality – in home
- Clinical demands – co-morbidities, complex wound care, etc. – means age care health settings are increasingly becoming sub-acute hospitals
- Daily cost of care etc. ACFI costs reflects this
- Listed companies – 3 recent Japara, Regis & Estia
- All based in effect on the growing ‘transfer’ from tax

# Bad News – Hospitals aren't out!

- Intergenerational Report - longer and more of us
- (ACAR) rounds – increasing y reflect this –high level
- Concessional Rate – 40% not sustainable ?
- RADs v DAPS – combination
- Income & Assets testing
- Technology – always the innovative answer
- Rates of Dementia stabilising ?
- 50sqm per resident – similar to residential density
- 75% of cost is direct government transfer
- Labour issues, equipment size , etc.

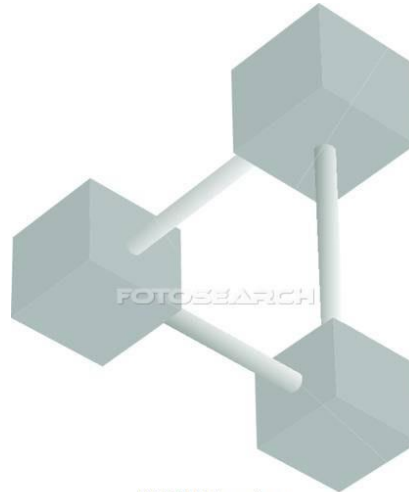


# 'Triple H' Health Care Challenge

has lead to a paradox: We call this the HHH challenge

**Look of a Hotel**

*Worth of a hotel guest*



k17375191 fotosearch.com

**Feel of Home**

*Warmth of a resident*

**Care of a Hospital**

*Wellbeing of a patient*



Hotel?



Hospital?



Home?

# The Ugly Truth – There's no place like home!

- CDC and Growth of Home Care – Level 5 required?
- Huge implications for existing high spec'd aged care market ROI?
- Design & Construction costs at heart of this:
- Land cost per sqm varies, not ACFl /construction per sqm
- Need to understand maintenance costs : \$53 PRPD
- How to accommodate the 'low care' hostel market?
- How to answer the call : 'home -like' not sexy, but key to answering emerging demand for new supply

# The Ugly Truth – There's no place like home!

- The new challenge - how to compete with 'home'
- Cost P.D: home \$100, RACF \$400, hospital \$1100
- New Additional Services – extra services stalled
- Everyone now gets a standard room (18sqm plus en-suite) – this means the base satisfied – garden?
- Nearly 80 % of older people prefer to stay home
- Only 1% of population in residential aged care
- Top –end of the market is saturated
- Occupancy has been in decline on average
- The regulated supply of beds / packages –reducing

## Our Approach to Aged Care



# Summing Up: The Challenges Ahead

- Consumer and customer different: baby boomers
- Social isolation, safety and care can be provided in less expensive ( compliance 300k ) buildings
- IT and innovation part of this: tyranny of time /space
- Design and Construction – need to move to more whole of life ‘continuum of care’ design solutions
- Significant Refurbishment Policy – catch up..but
- Accommodation conundrum 550K - \$100 PRPD
- Diseconomies of scale – back to cluster housing
- Seniors assisted living with Home Care –ad hoc

**Thank you!**

