

**Notes from a visit to Parkwood Retirement Village with Chris Lee –chairman of the Trust Board  
November 2012**

Thanks to Chris Lee for the time he spent answering my questions about Parkwood, and for taking me on a tour of the village. His insights and assistance gave me a good insight into the evolution of a very successful retirement village run by a community trust on a not-for-profit basis. I apologise if there are any details I may have got slightly wrong.

The salient points in the success of Parkwood, according to Chris, are:

- Community Trust model
- Culture of kindness to staff and residents
- Growth in affordable stages
- Correct pricing

Chris also emphasised the importance of “doctrinaire financial supervision and an outstanding workaholic chief executive with business skills, not nursing skills, but empathy with people.” He commented “Frankly, Golden Bay’s culture and unique community may make it feasible to revert to the 1970’s attitude and culture that are required to build a community-sponsored trust model. But it will be a huge ask. Parkwood’s model is probably an anachronism but if GB could do it, the GB retirement village would be a standout.”

- **Community Trust model** - Parkwood Trust began operating as a retirement village in 1971. It is a charitable entity under the Charities Act 2005, and has a Statutory Supervisor approved by Trustees Executors. The Statutory Supervisor is totally independent and is one of 6 trustees in NZ approved to oversee retirement villages

The Trust was set up with community support, and the initial Trustees were from respected community organisations such as the Salvation Army, churches, and the Council. These organisations acted as guarantors for the bank loan. The Trust Board of nine now includes professionals with a wide range of skills experience, including most importantly financial skills, and two representatives elected by residents.

Trustees make their services available to the Trust on a voluntary basis. As a charitable trust, any financial surpluses made on operations are used to improve facilities for the convenience and support of residents.

- **Culture of Kindness to staff and residents** - Good relationships between management, board and residents is most important. The CEO needs excellent business skills as well as an empathy with people. The CEO they appointed 19 years ago has been outstanding, with finance and accounting skills, good community judgement and had looked after his own elderly parents. Chris shortlisted the 110 applicants to 10, then had met each of the remaining 10 to get to know them, before finally presenting a shortlist of 3 to the Board for them to make a decision. The CEO is paid what it would cost to get a replacement. The Board paid for him to do an MBA course.

All staff are paid above union award, and \$40,000 is put aside each year for bonus payments of up to \$1500 per recipient.

The Resident’s association raises its own money at the annual fair and organise a weekly dinner which makes a small profit. The Board is open to requests – eg for a swimming pool which for which the residents provide supervision, vegetable allotments, and a paid organiser for the Seekers group which organises trips to China, Alaska etc (residents pay their own way for the trips). The Board also pays for 6 village carers who assist residents with problems, and keep an eye on them. There are 4 gardeners.

- **Growth in affordable stages** - The founder, Lloyd Parker, who had experience in construction, had a vision of a botanical garden setting, and the development has been landscaped with beautiful grounds using community labour and the help of Rotary and similar organisations. The first development was Parklands which had 100 houses, and then the Community Hall and workshops were built.

Some houses were pre-sold to service the debt, and in the 80's a bank loan was taken out to build a 50 bed rest home and hospital bed unit, the Lodge. There is no psycho geriatric unit to accommodate those with Alzheimer's, but they try to keep people in the Lodge for as long as possible.

Loans were also raised from residents themselves, with a prospectus issued, and above bank interest rates paid – this raised an astonishing amount of money. After a restructuring, debts were paid off and a second development, Woodlands, was built. There are now over 200 villas in the combined Parklands / Woodlands village, now known as Parkwood.

There are 200 names on waiting list – when a vacancy arises, people are contacted from the top of the list down until someone takes up the offer. This is a good way to clean up the list as often people will have moved somewhere else, died etc. About 30 places come up each year out of 250. Almost no one leaves – 5 people in 20 years.

- **Correct pricing** - Residents buy a License to Occupy when they move into a house, which gives them the right to occupy for life, the use of all community facilities and preferential access to Parkwood Lodge, the Trust's Stage 2 rest home and geriatric hospital. The price includes a once only contribution of \$15,000 for the use of all the community facilities. Prospective residents need a medical report before they can buy in.

Residents pay \$440 a month to cover rates, exterior maintenance, gardening, lighting, water, community facilities. The Trust makes a profit of about \$200,000 a year – which is used to keep the village up to scratch for the future.

Residents in the Lodge also purchase a License to Occupy, but these were sold too cheaply to begin with. The monthly charges cannot exceed the amount the Government pays for a fully subsidised place, so the rest home is subsidised from the 10% from sales of the villas.

When residents leave Parkwood they get back 90% of the current market value of the license, with the remaining 10% retained by the Trust for the further development of the village and its facilities. No legal fees are charged for either the purchase or the sale of Licenses, but an administration fee is charged on the sale of a house license to cover the costs of valuation, cleaning, etc. Licenses to Occupy can be sold to approved purchasers, or back to the Trust. Rest home units are sold in the same way as the villas. Commercial retirement villages often return only 70% of the purchase price, not the current market value, when the villas are sold.

Parkwood is big enough to make a small profit, and because there are no shareholders, there are no dividends to pay out. Making a profit is essential for keeping the facilities well maintained and up to scratch

- Parkwood is a flagship for Waikanae, and its success has been due to the founder's vision and commitment. Seven Oaks in Paraparaumu is a similar, user friendly retirement village. Parkwood works together with other providers such as Rymans and Summerset, to put in submissions on matters of common interest.