

## Response to Questions on Notice Page 11 of Highlighted Transcript

**CHAIR:** You mentioned future investment in these parks and that they are becoming very attractive to corporations. For the record please give the Committee your solution to the problems raised in that table.

The Table referred is reproduced here:

	<b>2006 Site fee</b>	<b>2012 Site fee</b>	<b>% Increase</b>	<b>CPI increase</b>	<b>Difference</b>
<b>Site a</b>	\$145.80	\$202.00	38.55%	17.40%	<b>21.15%</b>
<b>Site b</b>	\$147.95	\$202.00	36.53%	17.40%	<b>19.13%</b>
<b>Site c</b>	\$142.85	\$194.95	36.47%	17.40%	<b>19.07%</b>
<b>Site d</b>	\$145.95	\$198.80	36.21%	17.40%	<b>18.81%</b>
<b>Site e</b>	\$115.00	\$162.80	41.57%	17.40%	<b>24.17%</b>

The table highlighted issues that all NSW Residential Park residents face over time whereby annual increases in site fees compound over time, and especially where annual above-CPI increases are awarded in Tribunal or otherwise applied.

The Table shows that over five years, rents have increased over double the CPI movement during that the period in Dural Village Caravan Park, Dural NSW 2158, during the time the Residential Parks Act 1998 operated.

These massive increases result from a number of small annual above-CPI incremental increases. Such increases are very difficult to defend against in Tribunal, and often not worth taking to Tribunal due to the ease with which Park Operators have had in receiving increases in the past.

During this time the CTTT never considered "affordability" of the site fee increases in matters brought before it. This seems an opportunity missed in terms of keeping site fees somewhat in line with the CPI, and hence "affordable" for the vast majority of Park residents on fixed incomes (aged pensions and the like).

This could be a simple change that could would assist in stopping the 'ambit claims' mentality of operators in setting site fee increases, and allow the Tribunal wider discretion in setting increases.

*We respectively submit that Select Committee members address the Fair Trading discussion paper 'Improving the governance of residential parks' pages 9-13 , being Key issue 3.*

*We submit that in the following six years, if this pattern continues, those on "fixed income" including aged pensions, simply will not be able to live, eat, and pay their weekly site fees (rent), nor be able to sell nor relocate their home.*

*We submit that there is multiple examples of this type of "asset stripping" available in NSW Residential Parks, and submit it is impossible to ignore this likelihood of people being evicted from their own home.*

Park Owners must be compelled to provide proper standards of evidence to justify their site fee increases. In Tribunal it is common practice for Park Owners to turn up with enough invoices for (for example) electricity, water, Land Tax and rates to demonstrate how their costs have risen, without any consideration given to the net overall impact of these individual elements on their annual accounts, nor how their revenues may have fluctuated.

The introduction of the R(LL)C Act 2014, will dramatically affect the way Site fee increase hearings are dealt with in Tribunal. Put simply, and copied from s.74 of the R(LL)C Act 2014:

*"The Tribunal cannot make an order that would result in an increase lower than that needed to cover any actual or projected increase (established to the satisfaction of the Tribunal) in the outgoings and operating expenses for the community since the previous increase (if any) in site fees for the community."*

*We submit that the R(LL)C Act 2014 will result in unprecedented access to site fee (rent) increases by Park Operators, the loss of affordable housing, and potentially loss of assets and housing to those who are unable to afford their weekly site fees (rent).*

*We submit that the Committee may consider recommending an immediate freeze on Site fees within NSW Residential Parks, Caravan Parks and Mobile Home Estates pending a review of the R(LL)C Act 2014.*

Excessive rent increases have been a contentious issue for more than a decade, while the Industry claim parks are no longer viable and significant numbers of long term sites are being used for tourism purposes.

Currently the resident is required to prove to the Tribunal that the increase is excessive when above the CPI, when the onus of proof could instead be on the Park Owner to justify any increase in excess of the CPI.

The rent increase process advocated in the new Residential (Land Lease) Communities Act is inherently unfair, convoluted and will not ease resident's fears with regards to affordability. In fact it binds the Tribunal to award site fee increases without any discretion, effectively eliminating the Tribunal's intended role in these matters.

One solution would be to appoint a Fair Rent Commissioner based with Fair Trading. We envisage a park owner would inform residents that he was making an application to the Commissioner for a rent increase. Supplying proper supporting operating data to the commissioner (we recognise that commercial confidentiality has been a problem in the past). The Commissioner would visit the park and meet with residents to assess their input.

The Commissioner would have the power to determine the size of any increase with due regard to Clause 74 Matters to be considered about excessive increases. The Commissioner would also deal with Clause 64 Reduction of site fees.

The aim would be to simplify the process and would require Part 6 of the R (LL) C Act to be reviewed.

If rents continue to rise at the rate indicated in our submission residents will be forced into a voluntary sharing arrangement and this is the beginning of an asset stripping process by current home owners in Residential Parks ultimately lose their house and its value and become homeless.

To respond directly to the question in terms of 'solutions', we summarise our submissions:

- Implement an immediate freeze on Rent/Site Fees in parks operating under the Residential Parks Act 1998, and implement a review of Site Fees throughout NSW.
- Ensure NCAT may consider affordability in site fee increase matters before it.
- Ensure NCAT may consider historic site fee levels in determining the justness of future increases.
- Limit site fee increases to one annually and then limit such an increase to CPI.
- Ban any increase in Site fees when a home is sold to a new resident.
- Ensure that Park Operators must identify the costs relating only to the Residential Section of the Park in providing evidence to justify an increase.
- It should be mandatory for Park Owners to apply for and pass savings associated with Land Tax exemptions under ruling LT71 on to all residents of their Parks who meet the criteria set out therein.
- Place the onus of proof onto Park Owners rent increase matters.
- Implement safeguards to protect Residents in financial stress from eviction and loss of their home.
- Implement a review of Part 6 of the Residential (Land Lease) Communities Act 2014, and
- Delay the commencement of the R(LL)C Act 2014 pending outcomes of this review.

## RENT INCREASES COMPARED TO SYDNEY ALL GROUPS CPI, VARIOUS SITES 2006 TO 2012 SEPTEMBER QUARTERS

Dural Village Caravan Park, Dural, NSW 2158

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
20/10/2009	\$176.55	\$183.45	\$6.90	2009	3.91%	1.20%	2.71%
30/11/2010	\$183.45	\$191.90	\$8.45	2010	4.61%	2.40%	2.21%
2/12/2011	\$190.80	\$199.95	\$9.15	2011	4.80%	3.60%	1.20%
18/12/2012	\$199.95	\$207.95	\$8.00	2012	4.00%	2.30%	1.70%
<b>TOTAL</b>			<b>\$31.40</b>		<b>17.79%</b>	<b>9.50%</b>	<b>8.29%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
26/10/2007	\$160.00	\$166.55	\$6.55	2007	4.09%	1.10%	2.99%
24/10/2008	\$166.55	\$176.55	\$10.00	2008	6.00%	3.60%	2.40%
23/10/2009	\$176.55	\$183.45	\$6.90	2009	3.91%	1.20%	2.71%
26/11/2010	\$183.45	\$190.80	\$7.35	2010	4.01%	2.40%	1.61%
2/12/2011	\$190.80	\$199.95	\$9.15	2011	4.80%	3.60%	1.20%
21/12/2012	\$199.95	\$207.95	\$8.00	2012	4.00%	2.30%	1.70%
<b>TOTAL</b>			<b>\$47.95</b>		<b>29.97%</b>	<b>14.20%</b>	<b>15.77%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
October 19, 2006	\$145.80	\$155.50	\$9.70	2006	6.65%	3.20%	3.45%
October 25, 2007	\$155.50	\$161.85	\$6.35	2007	4.08%	1.10%	2.98%
October 23, 2008	\$161.85	\$171.55	\$9.70	2008	5.99%	3.60%	2.39%
October 25, 2009	\$171.55	\$178.25	\$6.70	2009	3.91%	1.20%	2.71%
December 2, 2010	\$178.25	\$185.35	\$7.10	2010	3.98%	2.40%	1.58%
December 1, 2011	\$185.35	\$194.25	\$8.90	2011	4.80%	3.60%	1.20%
December 20, 2012	\$194.25	\$202.00	\$7.75	2012	3.99%	2.30%	1.69%
<b>TOTAL</b>			<b>\$56.20</b>		<b>38.55%</b>	<b>17.40%</b>	<b>21.15%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
20/10/2006	\$115.00	\$122.50	\$7.50	2006	6.52%	3.20%	3.32%
23/10/2007	\$122.50	\$130.00	\$7.50	2007	6.12%	1.10%	5.02%
23/10/2008	\$130.00	\$137.50	\$7.50	2008	5.77%	3.60%	2.17%
23/10/2009	\$137.50	\$142.85	\$5.35	2009	3.89%	1.20%	2.69%

21/10/2010	\$142.85	\$149.40	\$6.55	2010	4.59%	2.40%	2.19%
2/12/2011	\$149.40	\$156.55	\$7.15	2011	4.79%	3.60%	1.19%
20/12/2012	\$156.55	\$162.80	\$6.25	2012	3.99%	2.30%	1.69%
<b>TOTAL</b>			<b>\$47.80</b>		<b>41.57%</b>	<b>17.40%</b>	<b>24.17%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
22/10/2006	\$147.95	\$155.50	\$7.55	2006	5.10%	3.20%	1.90%
28/10/2007	\$155.50	\$161.85	\$6.35	2007	4.08%	1.10%	2.98%
26/10/2008	\$161.85	\$171.55	\$9.70	2008	5.99%	3.60%	2.39%
25/10/2009	\$171.55	\$178.25	\$6.70	2009	3.91%	1.20%	2.71%
28/11/2010	\$178.25	\$185.35	\$7.10	2010	3.98%	2.40%	1.58%
4/12/2011	\$185.35	\$194.25	\$8.90	2011	4.80%	3.60%	1.20%
23/12/2012	\$194.25	\$202.00	\$7.75	2012	3.99%	2.30%	1.69%
<b>TOTAL</b>			<b>\$54.05</b>		<b>36.53%</b>	<b>17.40%</b>	<b>19.13%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
20/10/2006	\$142.85	\$150.00	\$7.15	2006	5.01%	3.20%	1.81%
22 October 2007	\$150.00	\$156.15	\$6.15	2007	4.10%	1.10%	3.00%
24/10/2008	\$156.15	\$165.50	\$9.35	2008	5.99%	3.60%	2.39%
23/10/2009	\$165.50	\$171.95	\$6.45	2009	3.90%	1.20%	2.70%
26/11/2010	\$171.95	\$178.85	\$6.90	2010	4.01%	2.40%	1.61%
2/12/2011	\$178.85	\$187.45	\$8.60	2011	4.81%	3.60%	1.21%
21/12/2012	\$187.45	\$194.95	\$7.50	2012	4.00%	2.30%	1.70%
<b>CUMULATIVE TOTALS</b>	<b>\$142.85</b>	<b>\$194.95</b>	<b>\$52.10</b>		<b>36.47%</b>	<b>17.40%</b>	<b>19.07%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
October 22, 2006	\$145.95	\$152.50	\$6.55	2006	4.50%	3.20%	1.30%
24 October 2007	\$152.50	\$159.25	\$6.70	2007	4.40%	1.10%	3.30%
October 26, 2008	\$159.25	\$168.80	\$9.55	2008	6.00%	3.60%	2.40%
October 25, 2009	\$168.80	\$175.40	\$6.60	2009	3.90%	1.20%	2.70%

November 27, 2010	\$175.40	\$183.45	\$8.05	2010	4.59%	2.40%	2.19%
December 4, 2011	\$183.45	\$191.15	\$8.75	2011	4.80%	3.60%	1.20%
December 22, 2012	\$191.15	\$198.80	\$7.65	2012	4.00%	2.30%	1.70%
<b>TOTAL</b>			<b>\$53.85</b>		<b>36.90%</b>	<b>17.40%</b>	<b>19.50%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
20/10/2009	\$168.30	\$174.85	\$6.55	2009	3.89%	1.20%	2.69%
24/11/2010	\$174.85	\$181.85	\$7.00	2010	4.00%	2.40%	1.60%
29/11/2011	\$181.85	\$190.55	\$8.70	2011	4.78%	3.60%	1.18%
21/12/2012	\$190.55	\$200.00	\$9.45	2012	4.96%	2.30%	2.66%
<b>TOTAL</b>			<b>\$31.70</b>		<b>18.84%</b>	<b>9.50%</b>	<b>9.34%</b>

Site ID removed

Date of Increase Taking	Rent prior	Rent after	\$ change		% change	Sydney All Groups	% Increase Above
23/10/2009	\$176.55	\$183.45	\$6.90	2009	3.91%	1.20%	2.71%
2/12/2010	\$183.45	\$191.90	\$8.45	2010	4.61%	2.40%	2.21%
2/12/2011	\$190.80	\$200.90	\$10.10	2011	5.29%	3.60%	1.69%
21/12/2012	\$200.90	\$207.95	\$7.05	2012	3.51%	2.30%	1.21%
<b>TOTAL</b>			<b>\$31.40</b>		<b>17.79%</b>	<b>9.50%</b>	<b>8.29%</b>