

Submission
No 62

INQUIRY INTO HOMELESSNESS AND LOW-COST RENTAL ACCOMMODATION

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Legislative Council Committee on Social Issues
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This submission is intended to inform Committee of the increasing financial difficulties faced by Age Pensioners, particularly single pensioners, who live in Residential Parks, throughout New South Wales. Difficulties that are a direct result of park owners steadily increasing the percentage of a pensioners income that they are demanding in site rents.

For the benefit of the Committee, we will first provide an abbreviated explanation of what residential parks are and some statistics relating to both the number and the social demographics of their residents.

The Residential Parks Act, 1998, provides the following definition:-

“residential park means:

- (a) a caravan park (that is, land, including a camping ground, on which caravans, or caravans and other moveable dwellings, have been, are or are to be placed, installed or erected), or
- (b) a manufactured home estate (that is, land on which manufactured homes have been, are or are to be placed),

whether or not the caravan park or manufactured home estate is the subject of an approval under the Local Government Act, 1993.”

It is important, here, to differentiate residential parks from the popular concept of “caravan parks”. The definition above, unfortunately, fails to explain an essential distinction, dealt with elsewhere in the Act; That the Act relates only to those residents of residential parks whose homes are their “principal place of residence”.

A few parks are a mixture of permanent residents and holidaymakers, and some of those have only caravans, but the majority of the parks are occupied by permanent residents, living in manufactured homes. Almost all of them own their own dwelling and rent the site (owner-renters), there area small number who rent both dwelling and site (renter-renters). It is important to emphasise, that none of the residents actually own their sites.

Those who own their home, the majority, are responsible for all the normal outgoings that apply to any home owner, maintenance, insurance, utility costs, etc. What they do not pay are council rates. Instead they pay rent for the small piece of land, on which their home stands.

Usually the site is just that, the land occupied by the building. No front or back yard, often no more than a metre or two between them and their next door neighbours.

In the case study that will be presented later in this submission each resident pays \$6,500.00 per year, in site rent. A considerably greater commitment than the average home owner’s council rates bill.

Most parks contain only manufactured homes, typically with two or three bedrooms. But in some parks, the dwellings may be a mix of manufactured homes, cabins or caravans with rigid annexes.

Obtaining accurate statistics is not easy, since the Australian Bureau of Statistics has chosen only to record, in its published data, those manufactured homes that are unoccupied at the time

of each census. This, perhaps, reflects a feeling common to many residents; The feeling that their existence is largely unknown.

The most recent figures available are from several years ago, but in April 2002 there were 962 residential parks, in NSW, providing 26,169 sites. Parks vary, in size, from 20 or so sites to 200 or more.(1)

Since 2002, some parks have closed but new ones have also opened and a conservative estimate now puts the number of parks, in NSW, at 980 and the number of sites at 27,000. We are also aware of several current applications for developmental approval for new parks, mostly in coastal areas.

It is highly probable, that about 60,000 people currently live in residential parks, in NSW. The majority, of these residents, are over 55, and around two thirds are believed to be receiving age or other pensions.

Also, the Australian Bureau of Statistics, in 1999, estimated that across Australia, one percent of people aged over 65, or 16,200 people were usual residents of caravans, cabins or houseboats (note this does not include manufactured homes). It would be a reasonable assumption, 10 years later, that, say, 3,000 of these caravan and cabin residents would be in NSW parks that contain a mixture of permanent and tourist accommodation. There are very few houseboats occupied permanently in NSW. (2)

According to the Combined Pensioner and Superannuants Association of NSW, a high proportion of park residents are older people on fixed incomes. "For many older people the option to live in a residential park represents an affordable life style choice for retirement." They report that many retired people have chosen to invest their superannuation or the proceeds from the sale of their house in a small home on a rented site, in a location where they have previously spent holidays and that they then thought would be affordable. (3)

The standard of life, in parks, varies considerably. Most are well maintained, with polite resident managers and community facilities that might include a community hall, swimming pool, tennis court, bowling green, community bus, proximity to beaches and river fronts, and at the other extreme, parks where there are either no facilities or they are poorly maintained and the managers seem to believe that they are the warders in a prison complex. A bullying, aggressive nature would sometimes seem to be the desired qualification for a park manager's position. (4)

Managers of motels, retirement villages and strata title complexes, are required, by legislation, to have completed a TAFE course in facility management. Managers of residential parks are not.

Owners of residential parks also vary considerably; There are those who are aware that what they own is not just a piece of land, on which there happen to be some homes in which people live, but that it is, in fact, the site of a community of mainly older people who have chosen to live there.

But there are others who see the park they own as a "licence to print money", and who seem determined to extract the maximum profit from their investment, with little or no regard to the capacity of the residents to pay, and who are also unwilling to foster the well being of the community that has become their "golden goose". These are the park owners who tend to seek out aggressive bullies as their managers.

It is pertinent, here to compare the “investment” of a typical park owner, with that of the residents of the park.

“A.....R” park, with 97 homes, in the Port Stephens area, was recently purchased for \$4,000,000. The residents homes, at current local market value, are worth more than \$15,000,000. There are many parks in which the disparity in investment is even greater than this.

Name	Land Value Rental Property	Rents Charged for the Rental Property Which in the case of Residential Parks is for the small piece of land on which the renter has their own home, with all that that entails
Macquarie Shores	\$954,000.	230 sites at approx rent of \$116.00 a week = \$1,387360.00 annually, which is \$433360.00 more than the value of the RENTAL PROPERTY, THE LAND
Valhalla	\$1,430,000	258 sites at approx rent of \$118.00 a week = \$1,583088.00 annually which is \$153088.00 more than the value of the RENTAL PROPERTY
Heritage Toukley	\$2,030,000	239 sites at approx rent \$120.00 a week = \$1491360.00 which is 73.46% of the value of the RENTAL PROPERTY collected annually
Lakeland Buff Point	\$1,240,000	140 sites at \$117.25 a week = \$853580 annually, which is 68.84% of the Land Value of the RENTAL PROPERTY
Bevington Shores	\$1,230,000	130 sites at approx rent of \$130.00 = \$1,264,120.00 annually which is \$34120.00 more than the value of the RENTAL PROPERTY

But, at” A.....R” park, the new owner’s first notice of an increase, in the rent payable for the residents’ sites, sought an increase of \$7.50 per week, for the next twelve months. The residents’ Site Agreements (the form of lease, proscribed by the Residential Parks Act) all contained a clause that limited their rent increases to the Sydney Consumer Price Index, at six monthly intervals. The CPI would have provided the owners with an increase of only \$1.33.

In this matter, the residents appealed to the Consumer, Trader and Tenancy Tribunal, a right that is provided by the Residential Parks Act. After a compulsory mediation session, that lasted almost two hours, the owners reduced their demand to \$5.00 and the residents, quite unnecessarily, but obviously stressed out, accepted that figure, conditional on it applying for the next twelve months. They actually surrendered their contractual rights, that the CTTT is supposed to protect.

Unfortunately, appealing to the CTTT creates other problems for park residents. If they choose to take an issue to the CTTT, they can be represented by experienced volunteer advocates, provided by their local Park Residents Association. The park owners are almost always represented by a professional advocate, employed by their industry association. Legal representation is, normally, not permitted.

In a CTTT hearing, the onus of proof lies with the appellants. They have to prove that a rental increase claim, by the park owner, is excessive. By contrast, the park owner, who will often refer to increased costs of operating the park, is not required to prove those cost increases.

There are many other issues, relating to the operation of the CTTT, that may be best dealt with in a later submission.

To return to the purpose of this submission; In the Case Study offered as a typical residential park rental increase history, related to pensioners' incomes, the park is simply referred to as the "Idyllic Village" which is how many of the residents saw it when they purchased their sites.

At "Idyllic Village", the table below illustrates how the proportion of pensioners' income, paid out as site rent has steadily increased, over a period exceeding twenty years:-

Date	Pens. Single	Pens. Married	Rent	%S Pens.	%M Pens.
June 87	\$112.15	\$187.00	\$40.00	35%	22%
Apr 90	\$141.20	\$235.40	\$58.00	41%	25%
Apr 09	\$284.90	\$475.90	\$125.00	43.88%	26.27%

The most concerning aspect, of this steady increase in the percentage of pension income that is being demanded in rent, is that single pensioners are now paying almost half of their pension income in rent.

The Henderson Poverty Lines Index, for the Dec. Quarter, 2008, show a single pensioner's total income, with maximum rental assistance payment, as \$336.15pw, and the Poverty Line as \$336.56pw. A difference of only 40cents! (4)

In that same period, the Sydney CPI figure, which is suggested by the Residential Parks Act, as one of the factors that the CTTT should consider, in rent issues, has increased by only 48.8%.

We respectfully submit that this situation is one that falls within the parameters of this Committee's brief on "Homelessness and low-cost rental accommodation".

We are,

Ron McLachlan.

VICE President Port Stephens PRA

References

- (1) Planning NSW Database: Caravan Parks in NSW, April 2002.
- (2) Australian Bureau of Statistics, Older people, Australia: A Social Report. Catalogue no. 41090, ABS Canberra, 1999.
- (3) Connor, J and Ferns, S , Combined Pensioners and Superannuants Association N SW, Sydney. 2002.
- (4) Wensing, E., Holloway, D., & Wood, M. (2003). On the Margins? Housing risk among caravan park residents. Sydney. Australian Housing and Urban Research Institute.