Supplementary Submission No 236b

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Independent Park Residents Action Group NSW Inc

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IPRAG NSW INC

Independent Park Residents Action Group NSW Incorporated

Supplementary Submission to the Select Committee of Inquiry into Social and Affordable Housing.

We seek to provide this supplementary submission to the Inquiry which addresses:

- **Justifications for special protections for residents who own their homes and rent the land on which it sits in Caravan Parks, Manufactured Home estates and the like in New South Wales.**

Summary

This is an intentionally brief overview of this issue.

Put simply, many owners of relocatable homes in NSW cannot afford to relocate their home even if they were forced to by the sale and/or closure of a Park, or simply by their inability to meet the weekly rent (Site Fee) payments.

The current industry trends towards corporate ownership includes the trend that not a single Park that we are aware of will accept a home to be relocatable home to be installed into it unless purchased from the Park Owner.

This puts the residents in a uniquely vulnerable position, as even if they could afford to relocate their home, it is all but impossible to find a site to do so. In effect, then, these residents are “captive customers” of the Park Owner, and as such are vulnerable to price gouging and the like.

They cannot simply move as a Lessee in suburbia would, and risk losing their asset (the relocatable home) if an eviction proceeds.

They also risk losing their asset in the event of Park Closure, and other change of use provisions detailed below.

It must be remembered that these people all provide their own homes at no cost to governments at any level, and the risk is not that they will become homeless due to an unviable industry but will become homeless due to their spiralling rent levels becoming simply unaffordable.

Thus the need for special protections, which are expanded on overleaf in terms of Site Fees, and Compensation under the R(LL)C Act2014.

Re Site Fees and Affordability

Firstly, NSW Park Residents save Government the massive expense of providing their own housing. There is no direct cost to Government and the taxpayer.

The situation as a homeowner in a Park could be described as akin to being providers of affording housing rather than the situation of public housing tenants who are consumers of public housing.

But, rent paid by residents of Government funded housing is capped at between 25% and 30% of household income, and even lower for special cases.

With no cap on site fees many park residents on low incomes equivalent to tenants of public housing are already paying 50% or more of household income.

Park Owners and their representatives have said repeatedly that greater increases in site fees will allow them to provide more affordable housing.

However, they have made no commitment to do any such thing, nor do they define what they actually mean by "affordable".

To date none of our recent several Fair Trading Ministers have raised this issue.

Certainly, with most NSW Park Residents living in "rent stress" or "extreme rent stress" currently, we submit that this alone justifies certain protections against future rent increases beyond CPI.

Re Section 141 R(LL)C Act, sub-section (4) Compensation provisions.

This is about the serious problem of residents being forced, because of development applications (either for change of use or for upgrading / gentrification) to eventually walk away from their homes with whatever tiny price the PO might feel inclined to offer, or whatever minor condition that a council might eventually attach to approval of a DA.

People are not only turned out of their homes and their communities, they -- and their families -- also lose the investment that was sunk into buying the home.

No-one denies that this happens. Park owners don't deny it. Government does not deny it. This has happened to more than 5,000 former home owners since the year 2000.

People have been lucky to leave with $2,000 or less for their homes from the park owner, one such home being valued for insurance at $150,000 at La Mancha. A $2,000 "walk away" condition was applied to council approval at Casa Paloma after a 3 year campaign by residents assisted by community legal, social impact assessment etc.

That is all they got because the PO/developer has all the legal "rights" -- and will continue to have all the rights because so few homes can, in reality, be relocated to anywhere else. And, that lack of relocation sites doesn't change just because we have a new Act.

Also, there are still problems with compensation for relocation under the new Act, as explained elsewhere..

However, the devastating reality of this disgusting exploitation of residents was acknowledged as a fact in the reviewed Act in 2006 at Section 130A -- *"Tribunal may value dwellings to facilitate sale. (1) .... where there is a proposed sale of the dwelling from the resident to the park owner."*

The Tribunal's role was *"advisory only",* and there was no requirement for the PO to pay anything for a home that he has every right to take possession of once the termination period has expired.

So people simply continued to lose their homes and their investments. All perfectly legal because the PO has all of the power and all of the rights, and all of the ability to make profits from the cheaply acquired homes.

Different conditions apply to the various forms of social housing, and our situation can't be equated to retirement village residents - overall they have much better financial protections than Residential Park residents. For instance, under s136 the Retirement Villages Act -- *Termination for upgrade or change of use*, residents cannot be terminated unless the operator has first obtained alternative accommodation of similar standard and that accommodation is acceptable to the resident. Their investment in their dwelling is protected from DA's, and their continuing accommodation is guaranteed by their Act.

If you look again at Hansard, the second reading of the Bill on November 12th, you will see that a lot of time was given to this issue of residents losing their homes and their investments. And, you will see that Mr Mason-Cox refers to the fact that compensation will now be available in this situation under the new Act.

What he doesn't explain is that under S 141 (4) the real financial / re-sale value of the home may be reduced by a Member's discretion to a paltry sum which could be decided on totally irrelevant factors such as how long the resident has lived in the park.

To safeguard against this sort of thing, we submit that that the only fair factor to be considered should be the on-site re-sale value of the home before being devalued by the PO's actions.

After release of the draft bill, the newly formed Independent Park Residents Action Group -- IPRAG NSW Inc -- also lobbied hard for this -- refer to IPRAG's List of Issues for Proposed Amendments. PAVS, IPRAG and Karalta Road Inc continued to request that all sub-sections of what became s141 (4) should be deleted except for, *(c) the current on-site market value of the home, determined as if the termination were not to occur.*

With corporate investors, as well as smaller operators, now rushing to buy up as many existing "cash cow" parks as possible, with some openly stating their intention to remove existing residents for replacement with more upmarket homes, we submit this is a further justification for the ongoing provision of legislation and protections to NSW Park Residents.

We submit that the new Residential (Land Lease) Communities Act 2014 undermines certain protections of the Residential Parks Ac,1998, and will lead to spiralling rents/site fees and will lead to lesser affordability, and greater defaults, evictions, and loss of homes in NSW.

End of Submission.