

Outasite Lite



Homes at Palm Lake Resort, Tweed River are on sale for between \$428,000 and \$1 million.

MILLION DOLLAR HOME

Manufactured home estates (MHEs) and caravan parks (collectively called residential parks) provide long-term accommodation to around 34,000 people in NSW, according to Fair Trading. Parks have for a long time provided an affordable home ownership option and today 87% of residents own their homes.

Affordability is not the sole reason people choose to live in residential parks however. For many it is the lifestyle, the community and the location. Unfortunately this lifestyle is becoming unaffordable for many current residents and beyond the reach of others who are chasing the dream.

Like towns and suburbs throughout the State, residential parks in NSW are undergoing gentrification. Older homes are being replaced with new ones, infrastructure is being upgraded, and in newly developed parks extensive communal facilities are the new norm.

Gentrification can have a positive impact on parks – it often leads to a more pleasing aesthetic and better amenities, but it also affects affordability. Site fees

inevitably increase and so do the price of homes.

The biggest increase in home purchase prices are for new homes because corporate park owners have branched out into sales in a big way. These new owners only recently entered the industry but their impact was immediate. In most of their parks they buy up older style homes when the opportunity arises, often for less than they are actually worth. The older homes are then replaced with new homes on site that the park owners sell for huge profits.

In a marked change from 15 years ago when residential parks were closing, some are now being redeveloped and new parks are opening. Palm Lake Resort Fern Bay is a new residential park on the Hunter River. The price of homes ranges between \$369,000 and \$560,000. The same company has opened a similar park on the Tweed River where home prices range from \$428,000 to \$1million for the ‘Marina Penthouse’.

Facilities offered in parks like Fern Bay are exceptional. They include a clubhouse, library

with free internet access, gym, a cinema, swimming pools and more. The Palm Lake Resort brochures boast 'we don't just sell a home, we sell everything else that comes with it – a lifestyle'. What they fail to make clear in promotional materials is that the 'resorts' are actually residential parks and the right to occupy a home is a leasehold right only. Despite the high cost of homes residents do not have any land rights.

A \$1million home in a residential park is at the extreme end of the scale, but it demonstrates the changing nature of parks. Walter Elliot Holdings, the company behind the Palm Lake Resort developments has 19 similar villages across Australia. Ingenia Communities has 18 lifestyle estates in NSW and two in Queensland, and Gateway Lifestyle has 36 parks in NSW, Queensland and Victoria after a recent merger with Tasman Lifestyle.

These companies claim they are providing 'affordable living' but how affordable is it really and are these homes a good investment?

In 2008 the Land and Environment Court rejected an appeal by Wygiren Pty Ltd against the decision of Kiama Municipal Council to refuse a development application for a residential park at Tooijooa near Kiama (*Wygiren v Kiama Municipal Council and Anor [2008]* NSWLEC 1233). One of the many issues the Court considered before making its decision was whether the proposed development provided for affordable low cost housing. The likely cost of a premium dwelling located in the development was to be up to \$280,000 despite the fact that an equivalent dwelling could be purchased directly from the manufacturer for \$156,000 installed.

The Court found 'that when the cost of a dwelling is compared to other housing options in the area, it is not low cost housing'. Further, for people on low to moderate incomes who would have to borrow to purchase a dwelling, this type of housing is likely to constitute a poverty trap that is exacerbated by security of tenure issues.

The entry of these corporations to the industry has seen an increase in residential parks marketed at older people. A large number of parks are now advertised as active 'lifestyle villages' for over 50s or over 55s. Such marketing enables park owners to tap into an expanding retiree market who are looking for an alternative to more traditional retirement communities. This type of marketing can mislead because people may expect certain services or facilities to be provided and they are usually disappointed - residential parks are not retirement villages.

Recently the Senate Economics References Committee released its report from their Inquiry into Affordable Housing. The report noted that issues of concern in residential parks include the lack of security of tenure and the sale of parks to developers with consequent displacement of residents. Recognising the shift to marketing long-term accommodation in residential parks to an older demographic, the Committee also noted that the legislative environment is much patchier than retirement village legislation. The Report suggested the regulatory environment needed to be examined carefully to make sure there were good consumer protections in place.

In NSW the legislation governing residential parks has been under review since late 2011. The new *Residential (Land Lease) Communities Act 2013* that came out of the review is due to commence in the latter part of this year. Disappointingly for residents the Act provides improved benefits to park operators but a reduction in consumer rights for residents.

So what does the future hold for residential parks in NSW? People will always be attracted to the park lifestyle and in some parks affordable homes will remain available. Only time will tell whether slick marketing by the corporate operators will continue to attract retirees to part with ever increasing amounts of money for a home with very limited security of tenure.

ELECTRICITY: CHANGES ON THE HORIZON

There are changes afoot to the financial assistance available for NSW park residents who need help paying their energy bills.

REBATES

From 1 July 2015 park residents will be eligible for all electricity rebates provided by the NSW Government. The rebates available are the:

- Low Income Household Rebate
- Family Energy Rebate
- Life Support Rebate
- Medical Energy Rebate

Residents of residential communities and retirement villages need to fill in specific application forms. These are available from the Energy Consumers section of the NSW Trade & Investment website (www.resourcesandenergy.nsw.gov.au).

VOUCHERS

The NSW Government Energy Accounts Payment Assistance (EAPA) scheme provides assistance to people who are facing short-term financial crisis or emergency to help them pay their electricity or gas bill. The scheme provides customers with vouchers, each worth \$50, which can be used as part payment of a bill.

At the moment park residents who purchase electricity from the park owner are not eligible for assistance through the scheme. However an EAPA voucher system is currently being piloted in two residential parks in Sydney – Gateway Lifestyle Bass Hill and the Nepean River Holiday Village. If all goes well with the trial hopefully the scheme will be extended to all park residents in the future.

Get advice from your local service:

NSW Tenants Advice and Advocacy Services

Eastern Sydney	9386 9147
Inner Sydney	9698 5975
Inner West Sydney	9559 2899
Northern Sydney	8198 8650
Southern Sydney	9787 4679
South Western Sydney	4628 1678
Western Sydney	8833 0933
Blue Mountains	4782 4155
Central Coast	4353 5515
Hunter	4969 7666
Illawarra South Coast	4274 3475
Mid Coast	6583 9866
Northern Rivers	6621 1022
North Western NSW	1800 836 268
South Western NSW	1800 642 609

Aboriginal services

Greater Sydney	9698 0873
Western NSW	6884 0969
Southern NSW	1800 672 185
Northern NSW	1800 248 913

Tenants NSW website

www.tenants.org.au

CPSA Factsheets

www.cpsa.org.au/pavsfactsheets



The Tenants' Union of NSW is:

- A community legal centre specialising in NSW residential tenancies law.
- The peak resourcing body for the NSW Tenants Advice and Advocacy Program.

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We also invite contributions.

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