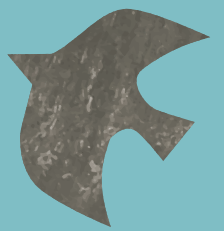




KEY INSIGHTS

Life in Residential Parks

Key insights and recommendations from CPRC's research into the residential parks market across Victoria



CPRC

The Consumer Policy Research Centre (CPRC) is an independent, not-for-profit, consumer think-tank. CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

Acknowledgements

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Statement of Recognition

CPRC acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

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Introduction

The residential parks market in Victoria has become an increasingly popular form of housing for older Victorians, with the industry growing at a rapid rate.¹

Residential parks are spaces where a person owns a dwelling (such as a moveable cabin, caravan or other form of dwelling) and rents a site in the park for their dwelling.² Residential parks in Victoria are regulated by Part 4A of the Residential Tenancies Act 1997.

In 2024, the Victorian Government announced funding for a program of work into the residential parks market across Victoria, led by the Commissioner for Residential Tenancies (CRT), Dr Heather Holst, in partnership with the Consumer Policy Research Centre (CPRC). The CRT and CPRC undertook extensive research with residents and operators of residential parks, alongside policy analysis, to determine what is working well at residential parks, challenges faced by residents and operators, and options for reform for consideration by the Victorian Government.

This briefing note provides a synopsis of the key findings and recommendations from the research. The following reports provide deep dives into the research for further information:

- **Life in Residential Parks - Research insights from residents and operators.**
- **Life in Residential Parks - Key insights and recommendations.**

These reports are available at: cprc.org.au/report/life-in-residential-parks



¹ Housing for the Aged Action Group, 2023, Residential Parks and Villages: Falling Through the Gaps, https://www.oldertenants.org.au/sites/default/files/briefing_note_-_residential_parks_falling_through_the_gaps_v_4.pdf

² Commissioner for Residential Tenancies, 2024, Residential Parks Project, https://www.rentingcommissioner.vic.gov.au/index.php/rental-reform/residential-parks-project#:~:text=Residential%20parks%20are%20areas%20of%20land%20where%20people,a%20site%20in%20the%20park%20for%20their%20dwelling_

Key research findings

Community Benefits



Management Issues



Financial Concerns



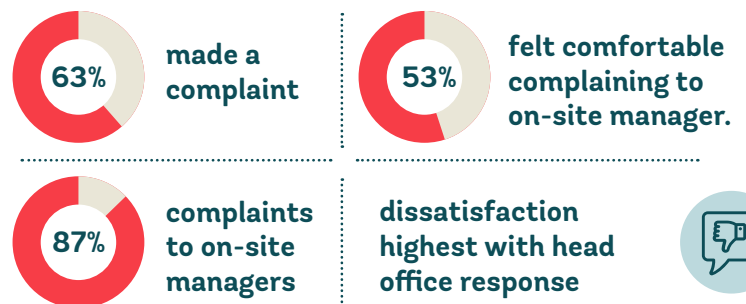
Understanding Site Agreements



Maintenance Satisfaction Gap



Complaints Process



Accessibility Challenges

Residents report difficulty with disability modifications

Some parks not suitable for upgrades; aesthetic preferences can override needs

Support for Reform

Operators support code of conduct and licensing

Contracts often skewed toward resident responsibilities



Most residents love the community but cite poor value for money and issues with management

Findings show that residential parks can offer sought after benefits to people in the housing market. Downsizing/rightsizing, lifestyle, and safety or health were the top three reasons residents chose to purchase a home in a residential park (all more than 50%).

Most residents surveyed confirmed they are satisfied with living in their park (65%), with the majority enjoying the community and social feel of living in the park (53%).

Although resident satisfaction is relatively high, **two in five residents surveyed reported not liking the site agreement and associated costs of living in the park (39%), with the largest proportion reporting issues with management of the park (41%).**

More than two thirds (68%) of residents surveyed consider the value of money for what they receive to be average or poor.

The majority of residents surveyed who live in residential parks are retired (83%), with only a small proportion working to some degree (14%). In terms of main source of income, **75% of residents receive the age pension**, 35% receive government rent assistance, and 33% rely on their superannuation.

Considering the financial situation of most residential park residents, any residential park should be designed and operated in a way that factors the needs of residents, most of whom have fixed incomes and require certainty in rental assessments.

Site fees and exit fees / Deferred Management Fees (DMFs) are primary concerns for park residents

More than half of residents surveyed are concerned about site fees (57%) and exit fees/DMFs (52%). Inconsistent and uncertain site rent and DMF/exit fee pricing structure at parks means that residents are confused about price and concerned about cost affordability.

Research findings show there is an inconsistent logic behind DMFs, which are exit fees charged to residents when they leave their park. Operators who participated in interviews gave a range of reasons why DMFs were required. Some explained that the main purpose is to allow operators to provide more affordable homes than could or would be made by operators who are looking to make development profits upfront. Industry participants explained DMFs are also for the purpose of investing in the ongoing management of the park.

The way DMFs are calculated also varies across parks: fees can be based on the selling price (which cannot be known at the point of purchase), the purchase price, or through a different mechanism.

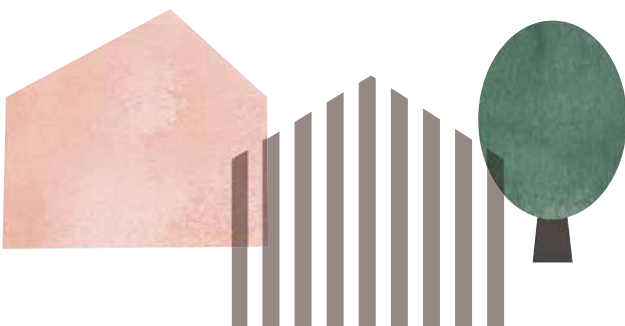
At the time they signed their site agreement, half of residents (50%) had a poor or average understanding of exit fees.

Residents need help to understand opaque and inconsistent site agreements

Findings reveal residents can struggle with complex legal site agreements, including the types of fees and charges they are expected to pay.

Three out of five (59%) residents surveyed believe they had a good or very good understanding of their site agreement at the time of signing and feel confident to some degree that they know how rent amounts and increases are calculated. However, two out of five residents reported average, poor or very poor understanding of their site agreement (39%), and a lack of confidence regarding calculation of rent amounts and increases (42%).

Despite most residents citing a good understanding of their site agreement, 80% of residents overall indicated they needed or received help to understand the contents of their site agreement. A total of 27% of residents surveyed received help from the sales team or park manager only.



Stark differences among residents and operators regarding upkeep of communal maintenance at parks

There is a considerable difference between resident and operator levels of satisfaction with maintenance at residential parks: 85% of operators surveyed are very satisfied with the upkeep and maintenance of their park's community facilities, amenities and grounds, in contrast to 23% of residents surveyed. Four out of five residents surveyed noted that they faced communal maintenance challenges at their park while living there. Issues with street lighting (36%), controlled access to the park and security (34%), pool maintenance (30%) and roadways and speeding (30%) are the most widely felt challenges.

There was a significant discrepancy between residents and operators surveyed with respect to how long it usually takes for repairs and maintenance of communal facilities and grounds to be carried out. **Four out of five operators (83%) report that repairs and maintenance are carried out within the week, in contrast to only one in five residents (19%) reporting that they had experienced this timeframe.**

Some residents surveyed reported extensive problems getting disability modifications approved in their park. Some industry participants indicated that they weigh up accessibility needs against community visual or aesthetic needs. This industry preference for uniform appearance of resident homes can clash with clear resident health and safety needs. Industry participants also indicated that some sites are unsuitable for some disability modifications. For example, some sites on steep ground would be difficult to adapt at a later date. This indicates a need for clearer disclosure at the point of sale, combined with greater planning to ensure modifications can be made for all homes.



Dissatisfaction among residents with complaints processes

Three in five residents surveyed (63%) have made a complaint about their park. Survey findings reveal nine out of ten complaints from residents were made to the park's on-site manager, caretaker or owner operator (87%) but **the easiest way residents make a complaint is through the Residents or Homeowners Committee.**

Many residents are dissatisfied with navigating the process to make a complaint, and with the process itself. Residents surveyed are most dissatisfied when making complaints to interstate or head office management of their land lease company. **Despite most residents who make a complaint raising the complaint to their on-site manager, caretaker or owner operator, only half (53%) of residents surveyed feel comfortable doing so.**

More than 30% of recent complaints reported by residents related to home repairs, the behaviour of management or repairs or cleanliness of communal areas within the park. Operators surveyed identified behaviour of other residents (66%) as the most widely reported complaint.

Support among operators for a code of conduct and licensing scheme for park operators

The contract review found site agreements contained much more detail about the responsibilities of residents, compared to the responsibilities of operators. Operators who participated in interviews generally support a mandatory code of conduct for park operators, including a fit and proper person test and a licensing scheme for operators.



Options to reform the residential parks industry

The following recommendations seek to improve resident experience at all stages of their journey buying into and exiting from, a residential park. The proposed reforms seek to outline clear expectations of industry, helping them to maintain positive relationships with residents and to support the sector as it grows.

Any changes to the residential parks market need to be future-proofed to ensure resident experience and industry practice is substantially improved in the long-term.





Foundations for a fair market



Recommendation 1.

Amend legislation governing residential parks to be stand alone: either in a new and separate Act, or in a clear, stand-alone version of the *Residential Tenancies Act 1997*

In reality, the primary characteristic of a residential park is the land lease arrangement rather than the type of dwelling and irrespective of lease type. **Residential parks should be defined in legislation as single and mixed-use land lease communities where a person owns the dwelling and it is their primary place of residence. Legislation should also be amended to define people who live in land lease communities who own their home as ‘homeowners’ as opposed to ‘residents’.**

Park rules can often contain some of the most restrictive rules for residents’ day-to-day lives in a residential park. Currently, operators have broad discretion as to the content of these rules. **The Director of Consumer Affairs Victoria (CAV) should have the ability to determine when park rules are unreasonable, ruling out common harmful terms.**

The Act should also require repair processes for residential park common areas, in line with residential tenancies and rooming houses.

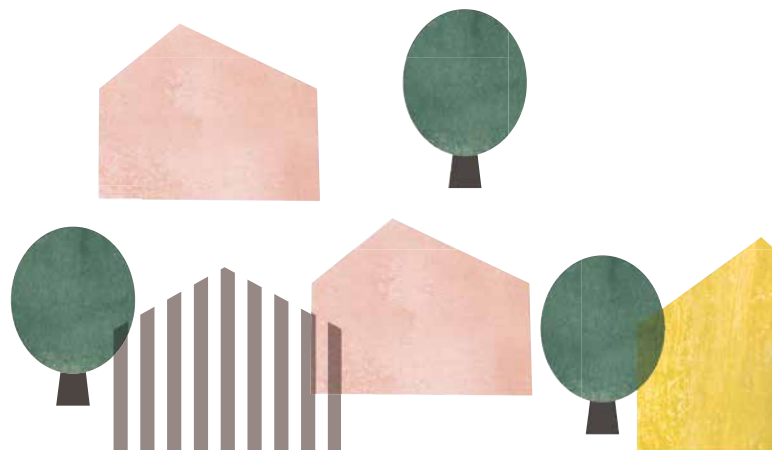


Recommendation 2.

License residential park operators, register residential parks, and introduce a mandatory code of conduct

Residential parks should be registered state-wide with CAV, and a licensing scheme for park operators and managers established to better equip CAV to undertake enforcement activities including auditing.

A mandatory code of conduct should also be introduced, developed by a committee comprised of residents, industry and an independent chair to be independently reviewed and updated every five years at minimum.





Recommendation 3.

Expand funding for a permanent legal advice, support and advocacy service for residents

Residents need help to understand the contract they are entering into right from the on-set. Providing people with easy access to independent, accurate and clear information and advice from the time a person first considers buying into a residential park is essential.

Additionally, in the instance a resident or group of residents needs to make a complaint about their park, an on-hand support service to assist residents at all stages of dispute resolution is necessary. Ideally, this service would be available over the phone and in-person for residents who have a strong preference for offline support.



Recommendation 4.

Improve regulation of dwelling standards and address planning ambiguities at residential parks

Further work is needed to investigate solutions to address issues with dwelling standards and ambiguities with planning at residential parks.

Currently, resident and operator responsibilities are frequently confused when it comes to maintenance, repairs and building defects affecting residents' dwellings. We recommend CAV develop clear guidance and information to be provided to residents and operators. Greater clarity is also needed with respect to information sharing regarding dwelling standards in the sales process.



Recommendation 5.

Provide residents with collective powers to make a complaint alongside access to the newly established alternative dispute resolution (ADR) service

Residents of residential parks need reliable, fair processes in the instance they need to make a complaint about their park. Victorian Civil and Administrative Tribunal (VCAT) is highly inaccessible and expensive to residents, with lengthy wait times.

We recommend residents and advocacy organisations be given the power to make complaints to CAV as a collective, with requirements on the regulator to respond and report on complaints received at a high level.

To deal with disputes between operators and residents or between residents, **we recommend residents of residential parks be included as users of the Victorian Government's new alternative dispute resolution (ADR) service set up within the Department of Government Services for residents of retirement villages.**



Recommendation 6.
Consumer Affairs Victoria (CAV)
to establish a transparent,
compliance and enforcement
approach and commit to
consistent reporting of its
effectiveness

A strong enforcement approach is essential to industry compliance across the sector.

We recommend CAV is funded to set up a taskforce to develop an enforcement approach which ensures the following:

- A focus on ensuring operators are adhering to requirements outlined in the code of conduct, as well as pre-sale obligations to residents.
- Regular audits of residential parks state-wide, enabled through a licensing scheme.
- Educating park operators as well as administering fines where appropriate.
- Consistent and transparent public reporting of compliance to measure effectiveness of CAV's enforcement approach.



Buying into a residential park



Recommendation 7. **Update legislation to require transparent information sharing and disclosure pre-sale**

Information about fees, site services and site rules can be difficult to understand for potential residents. **Legislation should be updated to allow CAV to mandate key information fact sheets that must be provided in the sales process.**

We also recommend **CAV prescribe specific information operators must provide potential residents regarding a dwelling and the park pre-sale.**



Recommendation 8. **Revise matters to be included in standard-form site agreements, including fee calculations to provide residents certainty**

The Victorian Government's commitment to standardise site agreements will enable greater consistency across the residential parks sector while assisting with regulation. Requiring transparent communication of fee and calculation amounts will provide residents with greatly needed certainty regarding costs they will incur going into the future.

At a high level, a standardised agreement should include the following:

- Be in plain, easy to understand English.
- Advise how increases to site rent are set and calculated, according to a single method.
- State whether a resident is eligible for rent assistance / if the property is a moveable dwelling for the purposes of claiming rent assistance.
- Require DMFs if they are charged, to be limited to a known specific dollar amount based on the dwelling purchase price, disclosed as a dollar amount at the point of sale.
- Not include unnecessary or restrictive rules for residents.
- Identify shared facilities and services provided at the park with a note that rent must be reduced if services are reduced.
- Provide for additional terms in clear, concise language that do not contravene the Act of regulations or any other law and are not inconsistent with the standard terms listed.

We also recommend prescribed prohibited terms including a ban on market rent reviews, DMFs calculated according to a dwelling's sale price and unfair warranties.

Living in a residential park



Recommendation 9. Introduce sector-wide perpetual leases

Residents living in residential parks must have security in their lease tenure, especially as they own the home sitting on the land they lease. In practice, many residents cannot move this home or cannot afford to move this home.

Legislation should require that all leases have an unlimited lease length. This will give residents certainty that the land their home resides on is theirs to occupy for as long as they choose, with limited and specific reasons for park operators to seek to terminate the lease.



Recommendation 10. Specify a single method for calculating site rent increases to give residents certainty and confidence

Residents need to be confident they can continue to keep up with ongoing costs over time. Most residents of residential parks have very limited ability to pay significantly more year on year given their fixed incomes (typically a pension or superannuation).

We recommend the Victorian Government introduce a requirement that a single method for site rent increases (as per Western Australia) must be specified for all site agreements.



Recommendation 11. Support Residents Committees to give homeowners greater transparency and control in their community

Presently, many Residents Committees play an essential role in managing resident complaints and issues, yet they often lack the support or resources to deal with these disputes.

To strengthen the rights of Residents Committees, we recommend the following minimum requirements as outlined in a code of conduct:

- One Resident Committee per park irrespective of the nature of the park (mixed use or Part 4A exclusive).
- All permanent residents are permitted to join the Residents Committee.
- The Residents Committee must have general membership.
- Park managers and operators see Residents Committees as the go-to point for consultation.
- A requirement for park operators to provide Residents Committees with financial information regarding their park.
- A requirement for park operators to provide maintenance schedules for common property on request to the Residents Committee.

An entitlement for Residents Committees to make group 'super' complaints to CAV.

Exiting a residential park

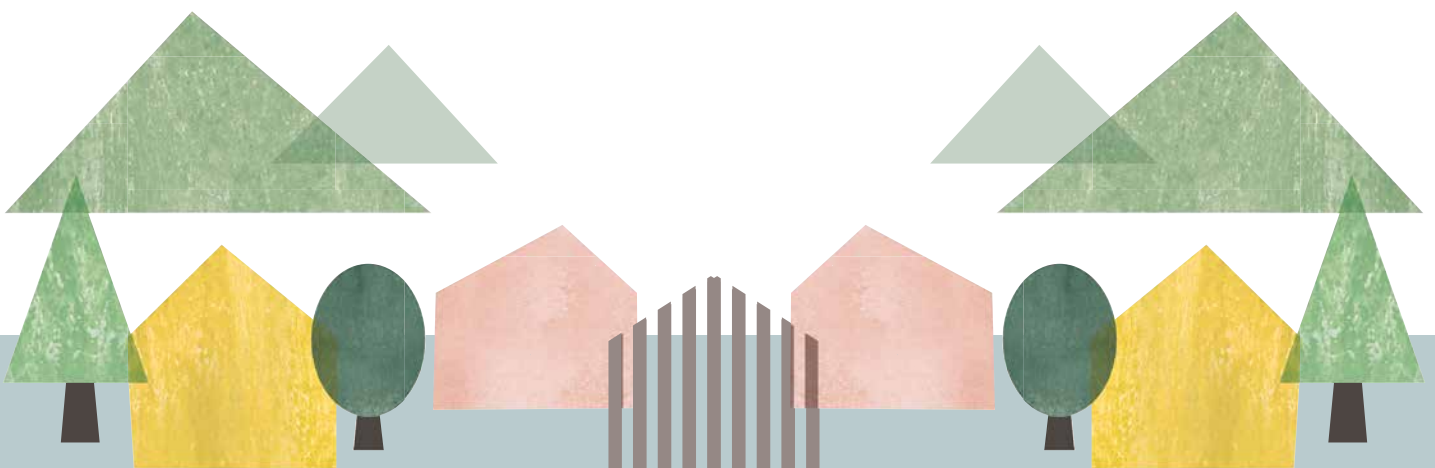


Recommendation 12.

Improve the method of sale should a resident choose to sell their own dwelling and provide for maximum time periods where operators sell a residents' dwelling

Residents need clear rights to autonomously sell their dwellings, without unreasonable interference from operators. As an option to improve the process of sale where a resident sells their dwelling, we recommend applying the United Kingdom model of lease assignment by notice to Victoria.

To avoid the delay of sales and payment of ongoing fees after a resident vacates a dwelling (e.g., following the death of a resident), we recommend amending the Residential Tenancies Act 1997 to introduce a maximum time period applicable to operators in the selling process relating to a pre-loved dwelling.



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