



## **A BETTER DEAL FOR MOBILE HOME OWNERS – Changes to the Mobile Homes Act 1983**

### **Impact assessment**



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<b>Title:</b> Park Homes: Reform of the Mobile Homes Act 1983  <b>IA No:</b> DCLG 12005  <b>Lead department or agency:</b> Department for Communities and Local Government  <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>	
	<b>Date:</b> 14/02/2012	
	<b>Stage:</b> Consultation	
	<b>Source of intervention:</b> Domestic	
	<b>Type of measure:</b> Primary legislation	
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<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> RPC Opinion Status	

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£-21.44m	£-9.41m	£1.03m	Yes   IN

**What is the problem under consideration? Why is government intervention necessary?**  
 Under the Mobile Homes Act 1983 residents have a statutory right to sell their homes, subject to the site owner receiving a commission on the sale and his approval of the purchaser. There is much complaint that some site owners withhold approval unreasonably with a view to secure sales to themselves at a fraction of a home's market value either to sell it at market value or let or replace it with a new unit for sale. The ability to do so is enforced through the uneven contractual arrangements between the parties, which can also lead to other abuses. Intervention is necessary to ensure residents can exercise their rights as homeowners and sell their homes in the open market.

**What are the policy objectives and the intended effects?**  
 To ensure park home residents are able to sell their homes without undue interference from site owners and to make the whole process as simple as possible. To improve the contractual relationship between the site owner and resident to ensure a level playing field between the parties and the scope for abuse is reduced.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**  
 0. Do nothing (i.e retain and rely on continued use of existing provisions without amendment or changes).  
 1. Strengthen the provisions in the Mobile Homes Act 1983 to prevent the blocking of open market sales and clarify and improve the contractual relationships between site owners and residents.  
 2. Voluntary compliance with an Industry code of conduct or best practice guidance, to supplement the existing legislative provisions.  
  
 Option 1 is the Government's preferred choice. This option would help ensure that residents are able to sell their homes in the open market without undue interference from site owners and improve their rights as homeowners.

<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> 04/2016					
Does implementation go beyond minimum EU requirements?			Yes / No / N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> No	<b>Large</b> No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b>		<b>Non-traded:</b>

**I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.**

Signed by the responsible Minister: Grant Shapps  Date: 10/04/2012

# Summary: Analysis & Evidence

# Policy Option 1

## Description:

### FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £-21.44m	High: £-21.44m	Best Estimate £-21.44m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£0.00	£2.6m	£21.5m

#### Description and scale of key monetised costs by 'main affected groups'

Substantive costs fall to siteowners, who will need to pay for applications and invest time in order to object to prospective purchasers of homes (estimated at Present Value of £5.9m). Other admin costs & cost of applications paid by site owners relate to disputes at tribunal over pitch fees, changing site rules (fees paid to local authorities), refusing permission for home improvements or physically moving homes (Present Value of £3.5m). Equivalent costs to residents of tribunals and admin costs total Present Value of £12.1m.

#### Other key non-monetised costs by 'main affected groups'

There may be additional costs to both site owners and residents in the form of legal and other professional fees if the parties choose to be represented in the tribunal. We have not attempted to quantify those costs because legal and professional representation is not required in the residential property tribunal.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£0.0m	£0.0m	£0.0m

#### Description and scale of key monetised benefits by 'main affected groups'

Small amount of benefit to local authorities with regard to fees paid by site owners to deposit site rules - £20k during transition and £17k thereafter.

#### Other key non-monetised benefits by 'main affected groups'

The proposal will make it easier for residents to sell their homes in the open market- and we estimate a 10% increase in the sale rate. Also the contractual arrangements between residents and site owners will be clarified, so that both parties have a clearer understanding of their contractual rights and responsibilities. This will lead to a reduction in abuse in the sector.

#### Key assumptions/sensitivities/risks

Discount rate (%) 3.5

There remains a risk that if some site owners are unable to block sales through the approval process they will turn to other means to do so. Bearing that in mind we are consulting on increasing sanctions in the criminal law to combat intimidation and harassment.

### BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: £1.09m Benefits: £0m Net: -£1.09m	Yes	IN

# Evidence Base (for summary sheets)

## Strategic Overview

1. The park home sector comprises about 160,000 residents living in 84,000 units on around 1,950 sites (laid out as estates) across England<sup>1</sup>. The sector is small, accounting for around 0.38% of the housing stock in England, and data is scarce. They are mainly (but not exclusively) in rural and seaside areas. Park home living has increasingly been promoted over the last couple of decades by the industry as an attractive affordable option to traditional housing especially for older people. In 1992, about 55 per cent of park homes were occupied by people aged 60 or over, this proportion had risen to over 68 per cent a decade later. About two thirds of park operators have age restrictions, with the most common minimum age limit being set at 50 or over<sup>2</sup>.
2. The 2001 census does not identify park homes as a distinct category. Instead they are included in wider groupings of caravans, which legally they are, or other mobile temporary structures such as houseboats. Whilst for these reasons census data can only be indicative of the situation in park homes, it points to a greater tendency for residents to suffer from long term limiting illnesses, which is likely be related to the age category. The 2001 Census showed that about 31 per cent of all people living in caravans or other mobile temporary structures reported a long term limiting illness, compared with the national average of 17 per cent. It is fair to say that residents of park homes tend to be older and more vulnerable than residents in other forms of accommodation.
3. It is also fair to say the sector, because of its aging resident population, unusual tenure arrangement, economic drivers and poor regulatory controls, has attracted its unfair share of rogue site owners who disregard statutory requirements and resident rights and exploit residents for their own financial gain, sometimes forcing them to sell their homes to the owner of the site at rock bottom prices. This is borne out by the volume of MP letters received in the Department on behalf of their residents,

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<sup>1</sup> *A new approach for resolving disputes and to proceedings relating to Park Homes under the Mobile Homes Act 1983 (as amended) A consultation paper*, CLG, 2008

<sup>2</sup> *Economics of the Park Homes Industry*, Office of the Deputy Prime Minister, 2002.

park home issues raised in parliament, the work of the parliamentary park home group and media coverage of the issues.

## **Current Position**

4. Strictly a park home is a mobile home (hence the title of the 1983 Act) which is itself legally a “caravan”. Most homes are similar in appearance to “bricks and mortar” bungalows, although they are factory made units mounted on jacks on a concrete base, which renders them technically mobile. The resident owns the home, but rents the pitch from the site owner.
5. Because park homes are “caravans” and not brick and mortar housing- no private rented sector or leasehold legislation applies to them. In fact the pitch agreement as a matter of common law merely confers on a resident a licence to occupy the pitch.
6. Contractual arrangements between site owners and residents are governed by the Mobile Homes Act 1983. This Act was amended in 2006 by the Housing Act 2004, in an attempt to improve residents’ contractual rights. It provides residents with full security of tenure and requires them to be given written agreements when they move onto the site. The Act also provides that certain key terms of those agreements are implied as a matter of law. Residents have an absolute right to sell their homes, but the site owner is entitled to approve the purchaser and receive a maximum 10% commission on sales to a third party.
7. In some respects the Act has been very successful in achieving its objectives. For example, giving full security of tenure and limiting the rights of the site owner to apply for possession except for specified reasons has largely removed the fear of arbitrary eviction. Almost all residents now have written agreements and the requirement that key terms are implied by law means that site owners cannot simply issue agreements at terms wholly favourable to themselves. The custom of requiring a resident to pay commission on the sale of a home was enshrined in statute, but limited to 10% of the purchase price. More recently in April 2011 the Government issued a new means for dispute resolution under the Act through the residential property tribunal, making it easier and cheaper for the parties to resolve issues between them.

8. However, the legislation is complex and as a result some site owners have used this to prevent residents from exercising their rights. In particular, the perennial problem of site owners preventing residents from selling their homes in the open market remains a key issue.

### **Policy issues**

9. Studies have consistently found that the majority of residents aspire to the park home lifestyle and are satisfied with the accommodation offered by their homes (which they own)<sup>3</sup>. However, complaints received by the Department, indicate there continues to be sharp practice in the sector ignoring residents rights and leading to exploitation.

10. The primary issue, for which there is little quantifiable data, but much secondary evidence through campaigns, complaints, media attention etc, is the routine blocking of resident sales by site owners. Although the site owner is entitled to a 10% commission on the sale of a home to a third party, there is considerably more profit to be made if the site owner can either sell the home himself, or where the home is of little monetary value replace it with a new home and sell that. Thus, there is much complaint that site owners abuse the approval process to put potential purchasers off proceeding with sales. This sometimes takes the form of simply refusing to approve, not responding to the request for approval or through contacting the prospective purchaser and making misrepresentations and sometimes even threats. Although if approval is unreasonably withheld the home owner can apply to a residential property tribunal for approval of the purchaser, more often than not the purchaser has walked away from the sale by the time this happens. Consequently, if purchasers are persistently put off in this way, residents who need to move or those who have inherited a home and continue to be liable for its outgoings will agree to sell it to the site owner at a fraction of its market value.

11. The problems, however, go further. Sometimes site owners will pursue a policy of getting residents off the sites, even if they do not want to leave - forcing them to sell the homes to the owner at a discount. This is pursued through a variety of tactics,

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<sup>3</sup> See, for example, *Mobile Homes Survey*, DoE, 1992; *Economics of the Park Homes Industry*, Office of the Deputy Prime Minister, 2002; and *Park Home Living in England: Prospects and Policy Implications*, Centre for Housing Policy, 2009

some subtle – many less so. These include (and are not limited to) requiring homes to be moved from part of the site to another; refusing permission for sometimes essential home improvements- for example installing wheelchair access and threatening pitch fee increases to unaffordable levels by including non eligible charges within it. Indeed even where approval of a sale is given it is sometimes on the condition that the incoming or outgoing resident agrees to enter into a new contract on more favourable terms to the site owner, most usually by a significantly higher pitch fee. Setting conditions on a sale is unlawful and the incoming resident is supposed to take an assignment of the outgoing one's pitch agreements on the terms therein.

12. It is difficult to quantify the scale of the problem due to the paucity of data on park homes. However, surveys suggest that between 7%<sup>4</sup> and 14%<sup>5</sup> of existing residents have directly experienced such harassment. We think these figures may underestimate the scale of the problem as residents who had been under pressure and left the park because of it, could not – by definition – participate in the surveys. These figures will almost certainly underestimate the extent of the problem, as residents who had been under pressure and left the park because of it, could not – by definition – participate in the surveys.

13. We know, however, from the survey data above that 53 % of new residents bought their homes directly from the site owners- compared to 39% from an existing home operator. 34 % of purchases from the site operators were of new homes and whilst some of this can probably be accounted for by the sale of homes on newly created pitches- it also shows that very probably many residents sold their existing homes to the owner. Whilst there is little quantitative evidence in the data of these sales being forced though at discounted rates; it is perhaps surprising that 19% of second hand homes are re-sold by site owners. Assuming these homes were sold at market value any profit in the sales would depend on how much the site owners acquired them from the former residents at below market value. We are aware of more recent informal research that suggests that the problems of sale blocking and forced sales may be far more widespread. We welcome views on this from respondents.

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<sup>4</sup> *Economics of the Park Homes Industry*, Office of the Deputy Prime Minister, 2002.

<sup>5</sup> *Park Home Living in England: Prospects and Policy Implications*, Centre for Housing Policy, 2009

## Policy Objective

14. Our objective is to ensure residents are able to exercise their rights as home owners more effectively. In particular that they are able to sell their homes in the open market without undue interference from the site owners and to reduce the opportunity for site owners to employ tactics to force residents to sell their homes at discounted rates. Through this we will be opening up the market and enabling more residents to sell their homes at their full market value.

## Review of options identified – summary

Option 0 – Do Nothing: Retain existing provisions without amendment or changes;

Option 1 – Strengthen provisions in the MHA 1983 with regard to contractual relationships;

Option 2 – Voluntary compliance with a code of conduct or similar facility.

These options are discussed in more detail under separate headings, below.

### Option 0 – Do nothing

15. There would be no monetised costs by doing nothing. Retaining and relying on the continued use of existing provisions without amendment or changes would allow unscrupulous site owners to continue to operate in the sector largely unchecked. Sale blocking would continue and residents would continue to sell their homes to site owners at a fraction of the market value causing them financial loss while allowing site owners to unreasonably profit by the process. The government would come under increasing pressure including from MP's and campaign groups.

### Option 1- Strengthen the provisions in the Mobile Homes Act 1983 and improve the contractual relationships between site owners and residents.

16. A new regime would need to be simple, transparent and find a better balance between the interest of the resident and site owner. The new system would:

- *Improve the buying and selling process and prevent unreasonable blocking of sales by restricting the opportunity or ability of a site owner to unreasonably interfere with a resident's sale of a home to a third party. As explained in paragraph 18 under the present regime a site owner can effectively veto a resident's sale of a home to a*

third party without a legitimate reason for doing so. Our proposal is to remove the opportunity for this to happen and by doing so we estimate an increase in third party sales by around 10%. We have identified three different ways unreasonable sale blocking could be eliminated and are seeking views from consultees on which of these options they prefer. One way to achieve this would be to remove the requirement for the resident to seek the site owner's approval of the purchaser at all. A second would be for the purchaser to be deemed to have been approved unless within a specified time, the site owner has lodged an objection in the tribunal to approval on the basis of information supplied to them by the seller. A third would be to allow a resident to apply to a tribunal for a declaration that a site owner has acted unreasonably in withholding approval of a purchaser (whether or not there is currently a willing purchaser). If the tribunal rules that the site owner has acted unreasonably in withholding sales, then it can remove the owner's right to approve future sales for a specified period. During that period any further approvals would need to be sought from the tribunal itself. For the purposes of this impact assessment we have costed the latter two approaches.

- *Modernise other elements of the Act to improve the contractual relationship between site owners and residents and remove the barriers for open market sales and prevent site owners from profiteering through inflated pitch fees. Clarify the law on who is entitled to live in the home if an owner dies and change the law so tribunals can award damages where parties incur a loss.*

17. To achieve the second element above we are consulting on proposals to:

- *Provide that either party can challenge a contractual term of an agreement but only within six months of the agreement being entered into or it being assigned in the residential property tribunal. This would extend the current rule, which only apply to new agreements, to cover assignments and would give a site owner or new resident a right to apply to the tribunal to have an erroneous or outdated term removed or changed. Both parties will be able to make representations.*
- *Require consultation for site rules to be changed and that such rules be deposited with the local authority. Site owners will be required to deposit the site rules with the local authority, which will make it available for public inspection, together with the site licence. The intention is to ensure that residents (and prospective purchasers)*

know the type of restrictions that apply to live on a site and also prevent site owners from unilaterally imposing or changing site rules. Rules may cover such matters as the age of residents, family composition and the keeping of pets. Any changes or new rules will need to be consulted on with residents and if a majority of the residents object to them the rules cannot be imposed unless the site owner has obtained approval of them from a residential property tribunal.

- *Permit residents to make home improvements without needing the site owner's consent and to carry out improvements to the exterior and pitch with permission which cannot be unreasonably withheld.* We propose to give residents an absolute right to make internal improvements to their homes and a qualified right to carry out external improvements to it and the pitch. For the latter the site owners consent must not be unreasonably withheld. The resident will be required to seek written permission and if the site owner fails to respond within a specified time consent will be deemed to have been given, but if it is refused and the resident thinks that refusal is unreasonable an application can be made to a residential property tribunal for its approval.
- *Provide new rules about moving a home.* The present rules permit a site owner to move a home from one pitch to another and requires him to meet the costs in doing so. In general the site owner can only move a home with the approval of a residential property tribunal and it will only give approval if it is reasonable to do so. However, there is an important exception to that rule which we understand can result in it being used or threatened to be used inappropriately. This exception provides that the site owner may require a home to be moved, but without the approval of the tribunal, if essential repairs or emergency works are required to the pitch or the base of the home. We are consulting on whether this provision is used or has been threatened to be used inappropriately and if so whether all home moves should be approved by the tribunal, including those for emergency or essential repairs, which can be dealt with the tribunal quickly under its urgency procedure powers.

*Do you think that the rules governing a home move need to be changed? If not, please give your reasons.*

- *Require site owners to provide a written statement of how a new pitch fee is made up.* When site owners carry out pitch fee reviews (normally once a year) they are

required to supply the residents, on request and free of charge, documentation which supports the claim for the proposed pitch fee. However, surprisingly, the site owner is not required to provide a summary of how the proposed new pitch fee is made up in the notice proposing the increase. Our proposal is to reduce information asymmetry whereby residents may not have sufficient details to make informed judgements on whether to agree the proposed new charge. The absence of relevant information can lead to residents seeking additional documents. Our proposal is to ensure the pitch fee notice gives residents sufficient information to know how it has been calculated by identifying:

- (i) The rate of change in the Retail Price Index since the previous review and how that rate has been applied to the existing pitch fee;
  - (ii) Any adjustments (including reductions) that are required or are proposed to be made to that pitch fee in account of relevant changes since the last review and his statement will include a brief description and explanation of those changes.
- *Provide a statutory definition of repairs that are the responsibility of the site owner to prevent these from being passed on through pitch fee increases and to make new rules about charging for improvement works.*
  - *Provide a new right to either party to claim damages for breach of contract.*
  - *Provide new rules for succession.*

*Do you think that the rules governing a home move need to be changed? If not, please give your reasons.*

18. We propose to undertake a review of the policy three years after implementation to ensure that it has delivered its objective of improving the contractual relationship between site owners and residents.

#### Option 2 – Voluntary Compliance

19. Any voluntary compliance would need to be in the form of a code of conduct or through best practice guidance. It would need to supplement the existing legal

regime, rather than be free standing. But given the existing level of non compliance with the law- there is no likelihood that those perpetrators would comply with such a code or practice even if they signed up to it- which would be unenforceable since these people are often not members of Trade Bodies. Even requiring compulsory membership of a trade body would not be the solution, since they have made it clear that they do not support self regulation and would not want the rogue element as members.

20. For these reasons it has not been possible to cost this option, although it clearly would involve costs to site owners and their trade bodies.

## **COSTS AND BENEFITS**

### **Establishing a baseline**

21. In 1992, resident to third party sales of park homes were estimated to be around 6% of the stock i.e. about 5,000 units per annum. We have assumed that growth in the sector is driven principally by demand from retired individuals, given the demographic makeup of the community and the styling of most parks as a retirement lifestyle option. The ONS forecasts that the number of individuals of retirement age and above will grow on average by 1.85% a year over the next decade<sup>6</sup>, and this is assumed to drive growth in the number of third party sales (and stock – therefore the proportion of third party sales to total stock remains at a constant 6%) over the ten year horizon of our assessment. We have applied historic growth rates to the 1992 data up to 2010, and then the 1.85% growth rate (as described above) to arrive at an estimated 6,584 sales in 2012 - the starting date for our assessment.

### **Cost of Option 1**

22. Some of the measures we are consulting on will not incur monetised costs- for example clarifying rules on succession, damages and giving a statutory definition to repairing obligations and what constitutes site improvements. Under the existing rules costs are already incurred and our proposals are to simplify the contractual arrangements between the parties and ease understanding of rights and obligations.

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<sup>6</sup> 2010-based National Population Projections, ONS, 2011

23. However, the new proposals would still impose a number of new costs on both site owners and residents. It is difficult to predict how the burden of additional costs would be split between site owners and residents, and we do not attempt to do so here. Where we assign costs to a site owner in the below analysis, we are mindful that the cost may ultimately be passed through to the resident, but this should not make a difference to the resulting aggregated costs and benefits of the proposal.

24. As the residential property tribunal is likely to be part of the First Tier Property Tribunal by the time the legislation comes into force, the fees will be set by the Lord Chancellor and will be set at a level which reflects the actual cost to the tribunal service in processing and disposing of the application, with certain exemptions. The Lord Chancellor will consult on fees for applications to the new Property Chamber.

25. Having regard to that and to the fees charged by the Upper Tribunal (Lands Chamber) in 2010, the fees below are indicative only:

- An application by a resident for a declaration that the site owner has acted unreasonably in withholding approval of a purchaser: £800.00.
- An application of objection by a site owner to the approval of a purchaser : £800
- An application by a site owner for new or changed site rules to be approved: £500
- An application by a site owner for approval to move a home: £800.
- An application by either a site owner or resident delete or vary an express term in an agreement: £250
- An application by a resident to make improvements following site owner's refusal:£200

26. We assume that

- 10% (658) of all resident proposed **sales** will be referred to the tribunal each year.
- Around 1% (840) of **pitch agreements** will be challenged in the tribunal a year.
- About 70% of all sites have **site rules** (1,365) – which we assume a constant profile will be changed over 10 years. In line with our growth assumption, this implies a transition of 1,390 sites depositing rules in 2012. We estimate that in about 2.5% of those cases (35) and in subsequent cases, residents will object to the changes and the site owner will pursue the matter in the tribunal.

- We estimate that the site owner will refuse residents permission to make external **improvements** in about 0.25% of the total stock of approximately 84,000 homes per year. In all those cases (200), an application will be made to the tribunal.
- Of the 84,000 homes on sites we consider applications for the purpose of **moving a home** in a genuine emergency will be rare. We have estimated a notional figure of about 50 such moves per year.
- All of the above assumptions are projected forward for the 10 year appraisal period in line with the 1.85% growth assumption.

27. In the various applications to the residential property tribunal, outlined in paragraph 25-

- Both site owners and residents will require 2 hours for compiling the evidence and completing the application form and a further 1.5 hours for presenting the case to the tribunal.
- We estimate that it will cost both site owners and residents an hourly rate of £50.00 to complete application forms, compile the evidence and present the case to the tribunal. These do not include the cost of legal representation because it unnecessary for a party to be legally represented in tribunal proceedings.

28. The proposals :

- Relating to **site rules** will require consultation with all residents on a site and involve:
  - (a) Writing to them enclosing a copy of the proposed change and inviting written comments on those proposals, considering the representations and notifying home owners of the outcome of the consultation and the decision reached. We estimate this process will take the site owner approximately 5.5 hours.
  - (b) Printing and distributing the consultation paper and the decision will cost the site owner approximately £5 per home per site with an average of 43 homes on each site.
- To require all **site rules** to be deposited with the local authority will involve an estimated one off cost to site owners of £15 per site.
- Relating to **pitch fee review information** require site owners to serve notice of a review in writing and ought to have to hand any supporting documentation.

Requiring this information to be provided to residents is simply an issue of transposing it to the notice and we estimate this will cost about £10.00 per site.

29. In addition, we believe there may be costs to:

- Site owners who may need to seek advice on new provisions.

We have not attempted to directly quantify these costs due to not knowing the likelihood of these costs arising – if at all.

*Due to the small size of the sector, we have limited data to work with. We would welcome respondents' comments or suggestions on whether our calculations provide a fair reflection of the likely costs to different parties, and if not, how our analysis could be strengthened.*

30. The monetised costs for option 1 have been summarised below.

<b>Costs of option 1</b>			
<b>Groups Affected</b>	<b>Source of cost</b>	<b>Total Net Present Value over ten-year horizon</b>	<b>Comments on the calculation of annual costs</b>
<b>Site owners</b>	a. Estimated application fees and administration costs of making an application to object to a purchaser deemed to have been approved	£5,882,620	[Admin costs (£175) * Number of objection cases each year (base=658)] + [court costs (£800) * Number of cases appealed (base=658)]
	b. Estimated administration costs of responding to applications by residents for a declaration that the site owner acted unreasonably	£1,055,855	Admin cost (£175) * Number of objection cases each year (base=658)
	c. Estimated costs of responding to applications for a Tribunal to agree to a variation of a term in an agreement	£1,347,081	Admin cost (£175) * number of pitch fee agreements challenged each year (base=840)
	d. Cost of consulting on new/changes to site rules	£85,977	Cost per hour (£50) * number of hours in consultation process (5.5) * number of affected sites (base=35)
	e. Estimated application fees and admin costs of applying to a tribunal to approve site rules where residents object to the new rules	£41,509	[Court costs (£500) * number of objection cases per year (base=35)] + [Admin cost (£175) * number of objection cases each year (base=35)]

	f. Admin cost of preparing, delivering and depositing rules with LA	Transitional: £20,149 Cumulative Annual: £16,748	Transitional: Admin cost (£15) * total number of sites (1,390) Annual: Admin cost (£15) * number of sites that change rules every year (base=1,365 over 10 years)
	g. Estimated admin cost to site owner of responding to application where he has refused permission for improvements	£336,770	Admin cost (£175) * number of cases each year (base=200)
	h. Estimated application fee and admin costs of application to tribunal to move a home	£446,736	[Court costs (£800) * number of cases per year (base=50)] + [Admin cost (£175) * number of cases each year (base=50)]
	i. Estimated admin costs of providing residents with pitch fee review supporting documents	£178,694	Estimated cost per site (£10) * number of sites (base=1,950)
<b>Residents</b>	j. Estimated admin cost of responding to an objection to a purchaser deemed to have been approved	£1,055,855	Resident admin cost (£175) * Number of objection cases each year (base=658)
	k. Estimated application fees and admin costs for a declaration that site owner acted unreasonably	£5,882,620	[Court costs (£800) + Admin cost (£175)] * Number of objection cases each year (base=658)
	l. Estimated admin cost of application for approval of purchaser	£1,055,855	Resident admin cost (£175) * Number of objection cases each year (base=658)
	m. Estimated application fees and admin costs to vary terms in an agreement	£3,271,482	[Tribunal costs (£250) + Resident admin cost (£175)] * number of pitch fee agreements challenged each year (base=840)
	n. Estimated application and admin costs of applications where site owner refuses permission for improvements to the home.	£721,650	[Tribunal costs (£200) + Resident admin cost (£175)] * number of cases (base=200)
	o. Estimated admin cost of responding to an application to move a home	£80,183	Resident admin cost (£175) * number of cases (base=50)
<b>Total Monetised costs</b>		<b>£21,479,803</b>	

## Benefits

31. There are a number of significant benefits that are expected to arise from adopting option one:

- the benefits to residents from the ability to sell their homes at the market value without site owners blocking or otherwise interfering with their right to sell their homes. This has the wider benefit of opening up the market and making the match up of prospective buyers and sellers more efficient;
- potential benefits to the exchequer through the additional payment of stamp duty on transactions. However, given the lowest duty threshold of £125,000 compared to average sale price of £40,000, likelihood seems low and has not been quantified here;
- the benefits to residents from the ability to carry out alterations within the home or pitch without any unreasonable interference by site owners;
- owners will no longer be able to use the threat of moving the home or of termination of the agreement because of emergency repairs, as a means of terminating an agreement;
- benefits to purchasers from being able to see, from site rules deposited with the local authority, what the regulations are for living on the site without having to make direct contact with the owner before purchase;
- benefits to responsible site owners through an enhanced reputation of the sector's product; and
- benefits to residents by reducing the potential for harassment and intimidation leading to improved quality of life, health and wellbeing.

*Due to the small size of the sector, we have limited data to work with. We would welcome respondents' comments or suggestions on whether our calculations provide a fair reflection of the likely benefits to different parties, and if not, how our analysis could be strengthened. How can we quantify these benefits?*

32. The table below provides our estimate of the net present value of the benefits from adopting option one. Consultees' comments or suggestions are welcome on these estimated benefits, or whether any others would arise and what these are likely to be.

<b>Benefits of option 1</b>			
<b>Groups Affected</b>	<b>Source of Benefit</b>	<b>Total Net Present Value over ten-year horizon</b>	<b>Comments on the calculation of annual costs</b>
<b>Local Government</b>	Revenues from fee charged to deposit site rules with LAs	Transitional: £20,149 Cumulative annual: £16,748	See cost f, above. This is a transfer from site owners to local government.
<b>Total</b>		<b>£36,897</b>	

### **Re-distributional impacts**

33. In line with earlier assumptions, around 10% of residents experience harassment and problems in selling their homes in the open market. Correspondence received in the Department also suggests a discount of up to 2/3rds of the property value when the resident sells to the site owner. Therefore, we have estimated the maximum transfer from site owners to residents as £15.8m per annum (658 transactions). This assumes an average property value of £40,000. This constitutes the difference of £24,000 per property - between a reduced sale value of £13,000 (less the 10% commission to site owners), compared to full sale value of £40,000 (again, less 10%).

We would be grateful for consultee's comments on these assumptions and the impacts.

### Other impacts of option 1

<b>Summary of other impacts</b>		
<b>Impact</b>	<b>Overall Effect of Initiatives</b>	<b>Reasons</b>
<b>Competition</b>	None	
<b>Small/Micro Firms</b>	Possible adverse effect	Most of the costs outlined above will be incurred by small/micro firms, as site owners typically employ very few staff. We shall be seeking a waiver to include micro businesses within the scope.
<b>Legal Aid</b>	None	
<b>Sustainable Development</b>	None	
<b>Carbon</b>	No overall consequential effects	

<b>Other environment</b>	Yes – some consequential positive effect overall.	Should improve the effectiveness, use, safety, security etc of housing stock, park homes and sites within and for local communities.
<b>Health</b>	Yes – some consequential positive effect overall	Should improve health, safety and wellbeing via inclusion and prevention agenda, health and safety of housing, park homes and sites within and for local communities.
<b>Race</b>	None	
<b>Disability</b>	Yes – some consequential positive effect likely.	Should make park homes, sites and services more secure, fairer, inclusive and accessible overall, especially to vulnerable people who may otherwise suffer from harassment or poor standards of accommodation.
<b>Gender</b>	None	
<b>Human Rights</b>	None	
<b>Rural proofing</b>	Yes – some consequential positive effect likely.	Likely to affect rural more than urban communities. Should make park homes, sites and services more inclusive and accessible in all locations overall, especially to those hardest to reach and in most need.

## Consultation

34. We hope that this consultation can help to provide further information on costs and benefits especially where there are gaps in monetised values as indicated.

Respondents are therefore invited to comment or provide information which they feel should apply or be taken into account in this impact assessment. This applies especially to site owners, local authorities, and residents of park homes.